

**DIOS EXPLORATION INC.**  
**EARNINGS AND DEFICIT**  
unaudited

	Three-months period ended		Six-months period ended	
	June 31		June 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>REVENUE</b>				
Other revenue	4 591	-	4 591	-
Interest	3 006	3 141	5 650	4 747
	<u>7 597</u>	<u>3 141</u>	<u>10 241</u>	<u>4 747</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Stock based compensation	-	-	54 275	-
Public relations	7 428	12 835	16 354	15 634
Professional fees and consulting	6 805	4 462	19 484	15 908
Informations to shareholders	13 601	10 351	16 611	15 208
Registration fees	3 847	4 314	11 470	8 990
Office	2 216	751	5 653	1 431
Communications	1 360	303	2 656	462
Insurance, taxes and permits	1 936	-	6 223	250
Internet	612	2 500	612	2 500
Interest and bank charges	95	103	233	160
	<u>37 900</u>	<u>35 619</u>	<u>133 571</u>	<u>60 543</u>
NET LOSS BEFORE INCOME TAXES	(30 303)	(32 478)	(123 330)	(55 796)
Future income taxes	(14 949)	-	(47 129)	-
NET LOSS	<u>(15 354)</u>	<u>(32 478)</u>	<u>(76 201)</u>	<u>(55 796)</u>
DEFICIT AT BEGINNING	(722 646)	(161 175)	(602 220)	(109 804)
SHARE ISSUANCE EXPENSES	( 84 567)	(121 026)	(144 146)	(149 079)
DEFICIT AT THE END	<u>(822 567)</u>	<u>(314 679)</u>	<u>(822 567)</u>	<u>(314 679)</u>
NET LOSS PER SHARE	\$ (0.002)	\$ (0.004)	\$ (0.009)	\$ (0.007)

**DIOS EXPLORATION INC.**  
**BALANCE SHEETS**

	June 30, 2003	December 31, 2002
	<u>(unaudited)</u>	<u>(audited)</u>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	396 612	272 045
Receivable	<u>149 161</u>	<u>59 697</u>
	545 773	331 742
FUNDS HELD FOR EXPLORATION EXPENSES	11 978	391 200
MINING PROPERTIES	812 096	783 446
DEFERRED EXPLORATION EXPENSES	<u>1 240 508</u>	<u>708 702</u>
	<u>2 610 355</u>	<u>2 215 090</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	296 121	80 519
FUTURE INCOME TAXES	<u>197 738</u>	<u>106 585</u>
	493 859	187 104
<b>SHAREHOLDER' EQUITY</b>		
Share capital	2 809 788	2 555 206
Stock options	129 275	75 000
Deficit	<u>(822 567)</u>	<u>(602 220)</u>
	2 116 496	2 027 986
	<u>2 610 355</u>	<u>2 215 090</u>

**DIOS EXPLORATION INC.**  
**CASH FLOW**  
(unaudited)

	Three-months period ended June 30		Six-months period ended June 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(15 354)	(32 478)	(76 201)	(55 796)
Future income taxes	(14 949)	-	(47 129)	-
Stock based compensation	-	-	54 275	-
Change in non-cash working capital items	146 763	(9 597)	126 138	20 511
	<u>116 460</u>	<u>(42 075)</u>	<u>57 083</u>	<u>(35 285)</u>
<b>FINANCING ACTIVITIES</b>				
Share capital issuance	254 582	806 628	254 582	815 705
Share issuance expenses	(5 864)	(121 026)	(5 864)	(149 079)
	<u>248 718</u>	<u>685 602</u>	<u>248 718</u>	<u>666 626</u>
<b>INVESTMENT ACTIVITIES</b>				
Deferred exploration expenses	(375 109)	(223 282)	(531 806)	(291 956)
Funds held for exploration expenses	370 109	(288 957)	379 222	(220 283)
Acquisition of mining properties	9 756	(53 942)	(28 650)	(115 246)
	<u>4 756</u>	<u>(566 181)</u>	<u>(181 234)</u>	<u>(627 485)</u>
<b>CASH VARIATION</b>	369 934	77 346	124 567	3 856
<b>CASH POSITION, BEGINNING</b>	26 678	192 116	272 045	265 606
<b>CASH POSITION, END OF PERIOD</b>	<u>396 612</u>	<u>269 462</u>	<u>396 612</u>	<u>269 462</u>

**DIOS EXPLORATION INC.****NOTES TO FINANCIAL STATEMENTS** for the six-months ended June 30, 2003 (unaudited)**1. Significant accounting policies**

The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as outlined in Note 2 of the financial statements for the year ended December 31, 2002. These financial statements must be read in parallel with the financial statements for the year ended December 31, 2002.

**2. Deferred exploration expenses**

Mining properties	As at March 31 2003	Addition \$	As at June 30 2003 \$
33-carrats	182 825	19 539	202 364
Hotish	454 679	248 016	702 695
Schofield	123 769	-	123 769
Trans Taiga	17 435	(13 175)	4 260
Fontange	44 245	-	44 245
Misti	13 000	43 447	56 447
Eastmain	22 464	-	22 464
Coral Rapids	-	39 515	39 515
Autres	6 982	37 767	44 749
	865 399	375 109	1 240 508

**3. Share capital**

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the board of Directors

	June 30, 2003 (unaudited)	December 31, 2002 (audited)
Shares issued		
8 774 307 common shares	\$ 2 809 788	\$ 2 555 206

During the period 511 750 common shares (\$ 254 582 ) were issued.

*Options*

Beneficiaries	Number of shares	Price (\$)	Expiry date
Directors and managers	500 000	0.30	10 janvier 2007
Directors and managers	325 000	0.36	6 février 2008

In February 2003, the company granted 325 000 five-years stock purchase options to some of its directors and officers at a exercise price of \$ 0.36. The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions: estimated weighted average duration of three years for these options, risk free interest rate of 4.5%, forecast volatility of 65 % and no forecast dividend. During the six-months period ended June 30, 2003, remuneration expense in the amount of \$54 275 has been accounted for.

*Warrants*

Number	Exercice price	Expiry date
333 333	\$ 0.58	November 2004
337 744	\$ 0.58	June 2004
500 000	\$ 0.65	April 2004

**DIOS EXPLORATION INC.**

**NOTES TO FINANCIAL STATEMENTS** for the six-months ended June 30, 2003 (unaudited)

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**4. Subsequent events**

- i) As per an agreement dated July 11, 2003, Diarough N.V. subscribed a placement of \$250 000 for 500 000 shares of the company at \$ 0.50 per share with 500 000 warrants exercisable at \$0.65 for twelve months.
- ii) As per an agreement dated July 15, 2003, an Ontario resident subscribed a placement of \$200 000 for 400 000 shares of the company at \$ 0.50 per share with 400 000 warrants exercisable at \$0.65 for twelve months