

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

	Three-months period ended September 30		Nine-months period ended September 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>REVENUE</b>				
Other revenue	-	-	4 591	-
Interest	3 306	3 696	8 956	8 443
	<u>3 306</u>	<u>3 696</u>	<u>13 547</u>	<u>8 443</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Stock based compensation		-	54 275	-
Public relations	8 191	500	24 545	16 134
Professional fees and consulting	8 019	17 159	27 502	33 067
Informations to shareholders	2 200	5 535	18 811	20 743
Registration fees	1 125	5 959	12 595	14 948
Office	1 961	-	7 614	1 432
Communications	1 541	467	4 198	930
Insurance, taxes and permits	1 175	-	7 398	250
Internet	612	2 500	1 224	5 000
Interest and bank charges	340	60	573	220
	<u>25 164</u>	<u>33 180</u>	<u>158 735</u>	<u>92 724</u>
NET LOSS BEFORE INCOME TAXES	(21 858)	(28 484)	(145 188)	(84 281)
Future income taxes	(12 163)	-	(59 292)	-
NET LOSS	<u>( 9 695)</u>	<u>(28 484)</u>	<u>(85 896)</u>	<u>(84 281)</u>
DEFICIT AT BEGINNING	(822 567)	(314 680)	(602 220)	(109 804)
SHARE ISSUANCE EXPENSES	(83 713)	( 2 919)	(227 859)	(151 998)
DEFICIT AT THE END	<u>(915 975)</u>	<u>(346 083)</u>	<u>(915 975)</u>	<u>(346 083)</u>
NET LOSS PER SHARE	(0,002) \$	(0,004) \$	(0,008) \$	(0,010) \$

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

	September 30, 2003 (unaudited) \$	December 31, 2002 (audited) \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	306 311	272 045
Receivable (note 2)	<u>655 591</u>	<u>59 697</u>
	961 902	331 742
FUNDS HELD FOR EXPLORATION EXPENSES	-	391 200
MINING PROPERTIES	871 992	783 446
DEFERRED EXPLORATION EXPENSES (note 3)	<u>1 996 142</u>	<u>708 702</u>
	<u>3 830 036</u>	<u>2 215 090</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	814 353	80 519
FUTURE INCOME TAXES	<u>235 594</u>	<u>106 585</u>
	1 049 947	187 104
<b>SHAREHOLDER' EQUITY</b>		
Share capital (note 4)	3 566 788	2 555 206
Stock options	129 276	75 000
Deficit	<u>(915 975)</u>	<u>(602 220)</u>
	2 780 089	2 027 986
	<u>3 830 036</u>	<u>2 215 090</u>

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

	Three-months period ended September 30		Nine-months period ended September 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	( 9 695)	(28 484)	(85 896)	(84 281)
Future income taxes	(12 163)	-	(59 292)	-
Stock based compensation	-	-	54 275	-
Change in non-cash working capital items	11 802	(54 827)	137 940	(34 316)
	<u>(10 056)</u>	<u>(83 311)</u>	<u>47 027</u>	<u>(118 597)</u>
<b>FINANCING ACTIVITIES</b>				
Share capital issuance	757 000	-	1 011 582	815 705
Share issuance expenses	(33 693)	(2 919)	(39 557)	(151 998)
	<u>723 307</u>	<u>(2 919)</u>	<u>972 025</u>	<u>663 707</u>
<b>INVESTMENT ACTIVITIES</b>				
Deferred exploration expenses	(755 634)	(274 376)	(1 287 440)	(566 332)
Funds held for exploration expenses	11 978	274 376)	391 200	54 093
Acquisition of mining properties	(59 896)	(3 431)	(88 546)	(118 676)
	<u>(803 552)</u>	<u>(3 431)</u>	<u>(984 786)</u>	<u>(630 915)</u>
<b>CASH VARIATION</b>	(90 301)	(89 661)	34 266	(85 805)
<b>CASH POSITION, BEGINNING</b>	396 612	269 462	272 045	265 606
<b>CASH POSITION, END OF PERIOD</b>	<u>306 311</u>	<u>179 801</u>	<u>306 311</u>	<u>179 801</u>

**DIOS EXPLORATION INC.****NOTES TO FINANCIAL STATEMENTS** for the nine-months ended September 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. Receivable**

As per an agreement with De Beers Canada Inc. in which this corporation may earn up to 60% interest in the 33 Carats property, a total of \$ 490 511 has been spent in mining exploration in this property. From this amount a total of \$ 445 000 is in the receivable account.

**3. Deferred exploration expenses**

Mining properties	As at December 31 2002	Addition	As at September 30 2003
	\$	\$	\$
33-carrats	182 547	1 928	184 475
Hotish	349 136	1 085 957	1 435 093
Schofield	123 769	-	123 769
Trans Taiga	4 260	-	4 260
Fontange	22 205	23 472	45 677
Misti	-	75 061	75 061
Eastmain	-	22 464	22 464
Coral Rapids	-	51 203	51 203
Autres	26 785	27 355	54 140
	708 702	1 287 440	1 996 142

**4. Share capital**

Authorized

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

	September 30, 2003	December 31, 2002
	(unaudited)	(audited)
Shares issued		
10 272 607 common shares	\$ 3 566 788	\$ 2 555 206

During the period 2 010 050 common shares (\$ 1 011 582 ) 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 nine-months period ended September 30, 2003, remuneration expense in the amount of \$54 275 has been accounted for.

**DIOS EXPLORATION INC.****NOTES TO FINANCIAL STATEMENTS** for the nine-months ended September 30, 2003 (unaudited)

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**4. Share capital (continued)***Warrants*

<b>Number</b>	<b>Exercise price</b>	<b>Expiry date</b>
333 333	\$ 0.51 - \$ 0.58	November 2003
337 744	\$ 0.51 - \$ 0.58	June 2004
500 000	\$ 0.65	April 2004
400 000	\$ 0.65	July 2005
500 000	\$ 0.65	July 2004
300 000	\$ 0.58 - \$ 0.65	February 2005
62 800	\$ 0.65 - \$ 0.70	February 2005
23 864	\$0.53	February 2005