

DIOS EXPLORATION INC.

Interim Financial Statements

September 30, 2009

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The attached interim financial statements have been prepared by Dios Exploration Inc. and its external auditors have not reviewed these unaudited financial statements.

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DIOS EXPLORATION INC.**Earnings, comprehensive loss and deficit (unaudited)**

	Three-month period ended		Nine-month period ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
ADMINISTRATIVE EXPENSES				
Stock based compensation	42 630	126 420	115 060	370 770
Salaries-management and directors	11 016	4 816	41 643	17 502
Professional fees	8 447	7 223	62 534	88 495
Publicity and promotion	5 190	39 590	15 604	130 405
Office expenses	3 694	8 975	9 087	18 633
Trustees and registration fees	1 420	2 136	8 194	19 618
Shareholders information	894	3 920	17 455	29 950
Insurances, taxes and permits	-	276	11 224	14 549
Rent	-	-	-	2 250
Bank fees and interests	163	303	604	703
	73 454	193 659	281 405	692 875
OTHER INCOME AND EXPENSES				
Interests income	24 826	54 796	68 520	186 460
Write-off of mineral properties	(105 640)	-	(105 640)	-
Write-off of deferred exploration expenses	(325 552)	-	(325 552)	-
Unrealized gain (loss) on listed shares	-	(40 702)	15 160	(36 180)
	(406 366)	14 094	(347 512)	150 280
LOSS BEFORE INCOME TAXES	(479 820)	(179 565)	(628 917)	(542 595)
Future income taxes	17 598	369 807	51 160	498 399
NET LOSS AND COMPREHENSIVE INCOME	(497 418)	(549 372)	(680 077)	(1 040 994)
DEFICIT AT BEGINNING	(5 985 189)	(5 148 788)	(5 802 530)	(4 657 166)
NET LOSS	(497 418)	(549 372)	(680 077)	(1 040 994)
DEFICIT AT END	(6 482 607)	(5 698 160)	(6 482 607)	(5 698 160)
NET LOSS PER SHARE	(0.014)	(0,016)	(0.029)	(0,03)
Weighted average number of outstanding common shares	34 333 839	34 333 839	34 333 839	34 333 839

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Balance sheets

	As at September 30, 2009 (unaudited) \$	As at December 31, 2008 (audited) \$
ASSETS		
CURRENT ASSETS		
Cash	-	165 142
Short term investments (note 3)	2 499 120	2 013 633
Listed shares held for trading at market value (cost of \$104,417)	25 713	10 552
Sales tax receivable	58 992	462 962
Exploration tax credit receivable (note 4)	347 268	2 331 278
Accounts receivable from related company (note 10)	35 333	125 645
	2 966 426	5 109 212
LONG TERM INVESTMENTS (note 5)	1 233 251	-
MINING PROPERTIES (note 6)	1 137 781	1 076 826
DEFERRED EXPLORATION EXPENSES (note 7)	7 170 166	6 743 832
	12 507 624	12 929 870
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	193 324	-
Accounts payable and accrued liabilities	6 512	108 225
	199 836	108 225
FUTURE INCOME TAXES	860 420	809 260
	1 060 256	917 485
SHAREHOLDER'S EQUITY		
Share capital (note 8)	16 146 451	16 146 451
Contributed surplus (note 9)	1 783 524	1 668 464
Deficit	(6 482 607)	(5 802 530)
	11 447 368	12 012 385
	12 507 624	12 929 870

Going concern (note 1)

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
DEFERRED EXPLORATION EXPENSES (unaudited)

	Three-month period ended		Nine-month period ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
BALANCE, BEGINNING OF THE PERIOD	7 023 515	5 495 496	6 743 832	4 423 904
ADD:				
Geology	277 667	340 103	407 906	440 246
Transport, lodging and logistic	120 218	1 605 566	177 745	2 093 762
Geophysics	63 993	171 258	85 118	176 244
Furnitures, office and small tools	10 325	9 290	25 244	64 083
Sampling and analysis	-	32 932	18 223	43 052
Diamond drilling	-	922 578	37 650	1 335 932
Total expenses of the period	472 203	3 081 727	751 886	4 153 319
Write-off of deferred exploration expenses	(325 552)	-	(325 552)	-
NET DEFERRED EXPENSES	146 651	3 081 727	426 334	4 153 319
BALANCE, END OF THE PERIOD	7 170 166	8 577 223	7 170 166	8 577 223

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
Statements of cash flows (unaudited)

	Three-month period ended		Nine-month period ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(497 418)	(549 372)	(680 077)	(1 040 994)
Non-cash items				
Stock based compensation	42 630	126 420	115 060	370 770
Write-off of mineral properties	105 640	-	105 640	-
Write-off of deferred exploration expenses	325 552	-	325 552	-
Unrealized (gain) loss on listed shares	-	40 702	(15 160)	36 180
Future income taxes	17 598	369 807	51 160	498 399
	(5 998)	(12 443)	(97 825)	(135 645)
Changes in non-cash operating working capital items				
Prepaid expenses	-	-	-	(2 543)
Deposits paid	-	316 533	-	-
Sales tax receivable	(42 704)	(284 511)	403 970	(236 320)
Tax credit receivable	-	66 282	1 984 010	873 847
Accounts receivable from related company	94 044	(377 491)	90 311	(286 948)
Accounts payable and accrued liabilities	(89 796)	370 674	(101 713)	(127 046)
Deposit received	-	(75 000)	-	-
Account payable to a related party	-	(16 825)	-	-
	(44 454)	(12 781)	2 278 753	85 345
INVESTING ACTIVITIES				
Investments purchased (redeemed)	415 112	3 022 789	(1 718 738)	4 068 130
Mining properties	(95 374)	(33 263)	(166 595)	(153 512)
Deferred exploration expenses	(472 202)	(3 081 727)	(751 886)	(4 153 319)
	(152 464)	(92 201)	(2 637 219)	(238 701)
NET INCREASE (DECREASE) IN CASH	(196 918)	(104 982)	(358 466)	(153 356)
CASH, AT BEGINNING (BANK OVERDRAFT)	3 594	468	165 142	48 842
CASH, AT END (BANK OVERDRAFT)	(193 324)	(104 514)	(193 324)	(104 514)

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

1. NATURE OF ACTIVITIES AND GOING CONCERN

The Company was incorporated under the *Canada Business Corporations Act* to purchase, explore, develop, and eventually operate mining properties.

The Company is in the process of exploring its mining property interests and has not yet determined whether its mining property interests contain mineral deposits that are economically recoverable.

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis on the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern is dependant upon its ability to raise additional financing to further explore its mineral properties. The current conditions of the capital market are unfavourable for raising additional equity financing and even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Management assesses its need for financing and its alternatives in strategic changes, including potential changes to its mineral properties agreements, its exploration programs and its discretionary expenses.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required if the going concern assumption were not appropriate.

2. ACCOUNTING POLICIES

The unaudited interim financial statements must be read in conjunction with the financial statements for the year ended December 31, 2008. They have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as outlined in Note 3 of the financial statements for the year ended December 31, 2008.

On March 27, 2009, the Emerging Issues Committee (EIC) from the Canadian Institute of Chartered Accountants issued EIC-174 "Exploration Expenses" to provide additional guidance to mining exploration companies in circumstances where it is necessary to perform an impairment test. This EIC applies for financial statements issued after March 27, 2009. During the quarter, the Company decided to write-off the Opinaca-Nord option property

In February 2008, Canada's Accounting Standards Board ('AcSB') confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ('IFRS'). The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan convergence to be ready for the changeover planned in 2011.

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

3. SHORT TERM INVESTMENTS

As of September 30, 2009, short term investments include term deposits, investments and money funds from a canadian financial institution of \$2,499,120 cashable at any time except for an amount of \$2,013,490 maturing during the next year. These investments bear interest at annual rates of 0.5% to 3.5%.

4. EXPLORATION TAX CREDIT RECEIVABLE

The Company is entitled to a refundable tax credit for mining exploration companies on qualified explorations expenditures incurred after March 29, 2001. This tax credit refundable for the nine-month period ended September 30, 2009 is estimated to \$291,356 and will be recorded at the 2009 year-end financial statement.

The Company is also entitled to a refundable mining rights tax credit on mining exploration expenditures incurred in Quebec. This tax credit refundable for the nine-month period ended September 30, 2009 is estimated to \$55,264 and will be recorded at the 2009 year-end financial statement.

5. LONG TERM INVESTMENTS

As of September 30, 2009, long term investments include guaranteed investment certificates and others investments from a canadian financial institution of \$1,233,251 maturing before January 30, 2012 and bearing interest at annual rates of 1.5% to 3,85%.

6. MINING PROPERTIES

	As at December 2008	Additions	Write-off	As at September 30, 2009
	\$	\$	\$	\$
33 Carats	454 458	13 930	-	468 388
Hotish	191 265	72 447	-	263 712
Pontax	53 979	2 666	-	56 645
Opinaca-Nord	93 140	12 500	(105 640)	-
Upinor	50 075	14 940	-	65 015
PAM and Ugo	72 565	29 280	-	101 845
Chibouki	94 379	312	-	94 691
U2 and U3	53 280	20 520	-	73 800
Lac Chabran	13 685	-	-	13 685
	1 076 826	166 595	(105 640)	1 137 781

Opinaca-Nord

On May 15, 2007, the Company concluded an agreement to option Opinaca Nord property. The Company shall be granted a 50% interest in the property for \$1.25 M in exploration expenditures on the property over 5 years with a firm \$250,000 commitment the first year as well as yearly instalment of \$25,000 (in cash or shares). During the quarter, the Company decided to write-off this mining property.

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

7. DEFERRED EXPLORATION EXPENSES

	As at December 31, 2008	Additions	Write-off	As at September 30, 2009
	\$	\$	\$	\$
33 Carats	1 332 852	8 766	-	1 341 618
Hotish	2 812 172	619 670	-	3 431 842
Pontax	906 720	83 798	-	990 518
Pontax-Lithium	-	23 776	-	23 776
Opinaca-Nord	323 809	1 743	(325 552)	-
Upinor	437 636	6 899	-	444 535
PAM and Ugo	42 521	2 941	-	45 462
Chibouki	855 349	1 491	-	856 840
U2 and U3	16 659	1 454	-	18 113
Lac Chabran	13 575	1 348	-	14 923
Others	2 539	-	-	2 539
	6 743 832	751 886	(325 552)	7 170 166

8. SHARE CAPITAL

Authorised

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

Issued and fully paid

	Number	Amount \$
Balance December 31, 2008	34 333 839	16 146 451
Balance September 30, 2009	34 333 839	16 146 451

Options

The Company has established a stock option plan ("the plan") whereby the Board of Directors may from time to time grant options to purchase common shares to employees, officers, directors and consultants, for such terms and at such exercise prices as may be determined by the Board.

The plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the stock option plan is equal to 6,600,000 and that the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant. These options may be exercised for a period of 5 years after the grant date. The options granted vest in stages over a period of 18 months after the grant date, at the rate of 15% per quarter, at the exception of 10%, which may be exercised from the date of the grant. For the options granted to a consultant, it vests in stages over a period of 12 months after the grant, at the rate of 25 % per quarter.

The option's exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

8. SHARE CAPITAL (continued)

Options (continued)

Variation in outstanding options since the beginning of year is as follows:

	Number	Average Exercise Price (\$)
Balance as at December 31, 2008	3 390 000	0.48
Granted	980 000	0.15
Expired	(640 000)	0.37
Balance as at September 30, 2009	3 730 000	0.41

On May 19, 2009, the Company granted to certain employees, directors and officers a total of 980,000 stock options that may be exercised over a period of 5 years, at an exercise price of \$0.15 and a fair value of \$0.08.

Options granted and exercisable as at September 30, 2009

Expiration date	Number of options		Exercise Price (\$)
	Outstanding	Exercisable	
April 7, 2011	270 000	270 000	0.33
January 29, 2012	450 000	450 000	0.50
March 8, 2012	1 000 000	1 000 000	0.75
October 29, 2012	50 000	50 000	0.38
February 12, 2013	980 000	980 000	0.31
May 19, 2014	980 000	245 000	0.15
	<u>3 730 000</u>	<u>2 995 000</u>	

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions: estimated average duration of 5 years for these options, risk free interest rate of 1.65% to 4.5%, forecast volatility of 49% to 113% and no forecast dividend.

Warrants

Variation in outstanding warrants since the beginning of year is as follows:

	Number	Average Exercise Price (\$)
As at December 31, 2008	6 450 183	1.00
Expired	(6 450 183)	1.00
As at September 30, 2009	-	-

9. CONTRIBUTED SURPLUS

	\$
Balance, December 31, 2008	1 668 464
Options granted and exercisable	115 060
Balance, September 30, 2009	1 783 524

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

10. RELATED PARTY TRANSACTIONS

The Company is related to another company since they have certain directors in common.

As at September 30, 2009, there is a balance of \$35,333 (\$125,645 as at December 31, 2008) receivable from this company. This receivable bears a monthly interest of 0.5% (1% in 2008).

Also, for the nine-month period ended September 30, 2009, in the normal course of activities, a company with a common director invoiced the Company \$27,800 (\$27,345 in 2008) for professional fees.

These transactions were measured at the exchange amount that is the amount established and accepted by the parties.

11. FINANCIAL INSTRUMENTS

Objectives and politics concerning financial risks management

The Company is exposed to different financial risks resulting from both its operations and investing activities. The management of the financial risks is done by the management of the Company.

The Company does not conclude agreements for financial instruments including financial derivatives for speculation purpose.

Financial risks

The principal financial risks to which the Company is exposed as well as its politic concerning the management of the financial risks are detailed as follow:

Interest rate risk

The term deposits and the account receivable from a mining company are at fixed rates and therefore expose the Company to risk of fair value variation due to interest rate variation. The other financial assets and liabilities of the Company does not represent interest risk because they are conclude without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity risk

The management objective is to maintain sufficient cash to ensure that the Company has at its disposal sufficient sources of financing such as private financing. The Company also establishes budget and liquidity forecasts to ensure that it has to its disposal sufficient funds to meet its financial obligations. Obtaining additional funds make it possible to the Company to continue its operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash, term deposits and account receivable from a mining company. The Company reduces its credit risk by maintaining its cash and term deposits in financial instruments guaranteed by and held with a Canadian chartered bank. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

DIOS EXPLORATION INC.

Notes to the financial statements

For the nine-month period ended September 30, 2009 (unaudited)

11. FINANCIAL INSTRUMENTS (continued)

Financial risks (continued)

Market risk related to listed shares

The listed shares held by the Company are exclusively shares from venture issuers acting in the mineral exploration area.

Fair value of listed shares

The fair value of investments is equivalent to the market value based on the current bid price.

Interest rate sensitivity analysis

Assuming that the Company will keep the financial assets and financial liabilities held as at September 30, 2009 until their maturity of settlement, without taking any measures to change the interest rate risk, an immediate and sustained 1% variation in the market interest rates for all maturities would make a variation in the Company's net loss for the year and its equity by \$37,300 respectively.

12. CAPITAL DISCLOSURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations as well as its acquisition and exploration programs. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares and acquire or sell mining properties to improve its financial performance and flexibility.

The Company's capital is composed of shareholders' equity. To effectively manage the Company's capital requirements, the Company has in place a rigorous planning and budgeting process to help determine the funds required to endure the Company has appropriate liquidity to meet its operating and growth objectives. The Company is not subjected to any externally imposed capital requirements.

As at September 30, 2009, the Shareholders' Equity totals \$11,447,368 (\$12,012,385 as at December 31, 2008).