DIOS EXPLORATION INC.

Interim Financial Statements

June 30, 2010

Content

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

1000, St-Antoine west street, suite 711, Montreal QC H3C 3R7
Tel: 514-483-5149 514-510-7962 Fax: 514-510-7964 www.diosexplo.com

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

	Three-month period ended June 30		Six-month period ended June 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
ADMINISTRATIVE EXPENSES				
Stock based compensation	**49 980**	40 135	**87 220**	72 430
Publicity and promotion	**40 382**	2 795	**72 008**	10 414
Professional fees	**20 320**	22 430	**52 020**	54 087
Salaries-management and directors	**18 429**	20 264	**38 261**	30 627
Shareholders information	**9 310**	11 561	**17 925**	16 561
Insurances, taxes and permits	**8 889**	829	**12 927**	11 224
Office expenses	**7 063**	2 539	**15 982**	5 395
Trustees and registration fees	**6 722**	5 497	**7 926**	6 773
Bank fees and interests	**184**	225	**390**	441
	161 279	106 275	**304 659**	207 952
OTHER INCOME AND EXPENSES				
Interests and others	**16 108**	24 379	**34 605**	43 695
Write-off of mineral properties	**(61 030)**	-	**(61 030)**	-
Write-off of deferred exploration expenses	**(442 389)**	-	**(442 389)**	-
Change in fair value of listed shares held for trading	**(7 538)**	6 115	**(12 060)**	15 160
	(494 849)	30 494	**(480 874)**	58 855
LOSS BEFORE INCOME TAXES	**(656 128)**	(75 781)	**(785 533)**	(149 097)
Future income taxes	**(6 160)**	17 009	**47 548**	33 562
NET LOSS AND COMPREHENSIVE INCOME	**(649 968)**	(92 790)	**(833 081)**	(182 659)
DEFICIT AT BEGINNING	**(6 687 104)**	(5 892 399)	**(6 503 991)**	(5 802 530)
NET LOSS	**(649 968)**	(92 790)	**(833 081)**	(182 659)
DEFICIT AT END	**(7 337 072)**	(5 985 189)	**(7 337 072)**	(5 985 189)
NET LOSS PER SHARE basic and diluted	**(0.019)**	(0.002)	**(0.024)**	(0.005)
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 June 30, 2010 (unaudited)	As at December 31, 2009 (audited)
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**97 885**	546 534
Investments (note 3)	**1 607 136**	1 153 619
Listed shares held for trading at market value (cost of $104,417)	**15 075**	27 135
Sales tax receivable	**69 477**	39 730
Prepaid expenses	**20 351**	49 841
Exploration tax credit receivable	**439 539**	862 815
	2 249 463	2 679 674
INVESTMENTS (note 3)	**979 435**	1 446 170
MINING PROPERTIES (note 4)	**1 362 985**	1 180 129
DEFERRED EXPLORATION EXPENSES (note 5)	**7 060 013**	7 021 120
	11 651 896	12 327 093
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**68 008**	43 717
Account payable to a mining company, 0.5% interest per month (note 8)	**1 923**	3 098
	69 931	46 815
FUTURE INCOME TAXES	**890 082**	842 534
	960 013	889 349
SHAREHOLDERS' EQUITY		
Share capital (note 6)	**16 146 451**	16 146 451
Contributed surplus (note 7)	**1 882 504**	1 795 284
Deficit	**(7 337 072)**	(6 503 991)
	10 691 883	11 437 744
	11 651 896	12 327 093

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
DEFERRED EXPLORATION EXPENSES (unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2010	2009	**2010**	2009
	$	$	**$**	$
BALANCE, BEGINNING OF THE PERIOD	**7 468 684**	6 881 778	**7 021 120**	6 743 832
ADD:				
Transport, lodging and logistic	**101 916**	39 812	**110 390**	57 526
Diamond drilling	**89 011**	-	**258 276**	37 650
Geology	**87 712**	53 612	**142 390**	130 239
Sampling and analysis	**61 657**	18 223	**108 212**	18 223
Geophysics	**40 287**	21 125	**202 858**	21 125
Furnitures, office and small tools	**10 468**	8 965	**16 489**	14 920
Total deferred expenses of the period	**391 051**	141 737	**838 615**	279 683
Exploration tax credits	**(357 333)**	-	**(357 333)**	-
Write-off of deferred exploration expenses	**(442 389)**	-	**(442 389)**	-
NET DEFERRED EXPENSES OF THE PERIOD	**(408 671)**	141 737	**38 893**	279 683
BALANCE, END OF THE PERIOD	**7 060 013**	7 023 515	**7 060 013**	7 023 515

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
Statements of cash flows (unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2010	2009	**2010**	2009
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(649 968)**	(92 790)	**(833 081)**	(182 659)
Non-cash items				
Stock based compensation	**49 980**	40 135	**87 220**	72 430
Write-off of mineral properties	**61 030**	-	**61 030**	-
Write-off of deferred exploration expenses	**442 389**	-	**442 389**	-
Unrealized (gain) loss on listed shares	**7 538**	(6 115)	**12 060**	(15 160)
Future income taxes	**(6 160)**	17 009	**47 548**	33 562
	(95 191)	(41 761)	**(182 834)**	(91 827)
Changes in non-cash operating working capital items				
Prepaid expenses	**(9 209)**	-	**29 490**	-
Sales tax receivable	**(29 714)**	13 151	**(29 747)**	446 674
Tax credit receivable	**76 008**	1 830 833	**423 276**	1 984 010
Accounts receivable from related company	**-**	1 482	**-**	(3 732)
Accounts payable and accrued liabilities	**(109 559)**	16 038	**24 291**	(11 917)
Account payable to a related party	**(1 749)**	-	**(1 175)**	-
	(169 414)	1 819 743	**263 301**	2 323 208
INVESTING ACTIVITIES				
Investments purchased (redeemed)	**22 948**	(1 717 947)	**13 217**	(2 133 851)
Mining properties	**(36 404)**	(44 277)	**(243 886)**	(71 221)
Deferred exploration expenses	**(33 718)**	(141 737)	**(481 281)**	(279 684)
	(47 174)	(1 903 961)	**(711 950)**	(2 484 756)
NET INCREASE (DECREASE) IN CASH	**(216 588)**	(84 218)	**(448 649)**	(161 548)
CASH, AT BEGINNING (BANK OVERDRAFT)	**314 473**	87 812	**546 534**	165 142
CASH, AT END	**97 885**	3 594	**97 885**	3 594

The accompanying notes are an integral part of the financial statements

1. NATURE OF ACTIVITIES

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.

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.

2. ACCOUNTING POLICIES

The unaudited interim financial statements must be read in conjunction with the financial statements for the year ended December 31, 2009. 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, 2009.

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 followed 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.

3. INVESTMENTS

Short term

As of June 30, 2010, short term investments include term deposits totalling $1,607,136. From this amount, $202,826 is maturing in 2011 but is cashable at any time and the balance of $1,404,310 is maturing between August 24, 2010 and June 6, 2011. These investments bear interest at annual rates of 1.25% to 3.3%.

Long term

As of June 30, 2010, long term investments include guaranteed investment certificates and others investments from canadian financial institutions totalling $979,435 maturing between July 4, 2011 and June 3, 2013 and bearing interest at annual rates of 1.9% to 3.85%.

4. MINING PROPERTIES

	As at December 31, 2009	**Additions**	**Write down**	**As at June 30, 2010**
	$	**$**	**$**	**$**
33 Carats	487 708	**58 397**	**-**	**546 105**
Hotish	274 326	**2 844**	**-**	**277 170**
Pontax	58 335	**52**	**-**	**58 387**
Chibouki	94 691	**104**	**(47 345)**	**47 450**
Upinor	65 015	**1 680**	**-**	**66 695**
Upinor 2	9 840	**-**	**-**	**9 840**
Shipshaw	884	**8 656**	**-**	**9 540**
U2 ET U3	73 800	**2 520**	**-**	**76 320**
PAM et Ugo	101 845	**2 640**	**-**	**104 485**
U33	-	**166 993**	**-**	**166 993**
Lac Chabran	13 685	**-**	**(13 685)**	**-**
	1 180 129	**243 886**	**(61 030)**	**1 362 985**

Following a review of the mineral properties, the Company decided during the second quarter to write down 50% of the Chibouki property ($47,345 for the property and $428,085 for deferred exploration expenses) and 100% of the Lac Chabran property ($13,685 for the property and $14,304 for deferred exploration expenses).

5. DEFERRED EXPLORATION EXPENSES

	As at December 31, 2009	**Additions**	**Tax credits**	**Write down**	**As at June 30, 2010**
	$	$	**$**	**$**	**$**
33 Carats	1 342 827	**98 729**	**(42 068)**	**-**	**1 399 488**
Hotish	3 207 215	**105 521**	**(44 963)**	**-**	**3 267 773**
Pontax	996 255	**(536)**	**228**	**-**	**995 947**
Pontax Lithium	100 847	**6 557**	**(2 794)**	**-**	**104 610**
Chibouki	856 170	**-**	**-**	**(428 085)**	**428 085**
Upinor	441 463	**1 787**	**(761)**	**-**	**442 489**
Shipshaw	473	**315 903**	**(134 605)**	**-**	**181 771**
U2 ET U3	17 443	**-**	**-**	**-**	**17 443**
PAM et Ugo	44 123	**2 529**	**(1 078)**	**-**	**45 574**
U33	-	**308 125**	**(131 292)**	**-**	**176 833**
Lac Chabran	14 304	**-**	**-**	**(14 304)**	**-**
	7 021 120	**838 615**	**(357 333)**	**(442 389)**	**7 060 013**

From the second quarter of 2010, the Company has decided to account the tax credits for exploration expenses incurred in Quebec instead to wait at the end of the year. These tax credits are recorded as a reduction of deferred exploration expenses.

6. 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, 2009	34 333 839	16 146 451
Balance June 30, 2010	**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. Theses 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.

On March 22, 2010, the Company granted a total of 980,000 stock options that may be exercised over a period of five years, at an exercise price of $0.34 and having a fair value of $0.26. These options have been granted to employers, directors and officers.

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 1.5%, forecast volatility of 101% and no forecast dividend.

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

	Number	**Average Exercise price ($)**
Balance as at December 31, 2009	3 730 000	0.41
Granted	980 000	0.34
Balance as at June 30, 2010	**4 710 000**	**0.40**

6. SHARE CAPITAL (continued)

Options (continued)

Options granted and exercisable as at June 30, 2010

	Number of options		
Expiration date	**outstanding**	**Exercisable**	**Exercise Price ($)**
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	686 000	0.15
March 22, 2015	980 000	245 000	0.34
	4 710 000	3 681 000	

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 1.5% to 4.5%, forecast volatility of 49% to 113% and no forecast dividend.

7. CONTRIBUTED SURPLUS

	$
Balance, December 31, 2009	**1 795 284**
Stock based compensation	**87 220**
Balance, June 30, 2010	**1 882 504**

8. RELATED PARTY TRANSACTIONS

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

As at June 30, 2010, there is a balance payable of 1,923 ($3,098 as at December 31, 2009) to this company. This payable bears a monthly interest of 0.5%.

Also, during the period ended June 30, 2010, in the normal course of activities, a company with a common director invoiced the Company $20,520 ($21,255 in 2009) for professional fees.

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

9. 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

Investments and the account payable to a mining company are at fixed rates and therefore expose the Company to risk of fair value variation due to interest rate variation. A fluctuation of 1% of interest rates on the markets would involve a variation of the results of the Company from approximately of $25,865 as at June 30, 2010. 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. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Company is subject to credit risk through cash and investments. The Company reduces its credit risk by maintaining its cash and an important part of investments in financial instruments guaranteed by and held by a Canadian chartered bank but the Company is subject to concentration of credit risk. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

Market risk related to listed shares

The listed shares held by the Company are exclusively shares from an emerging an issuer acting in the mineral exploration area. The Company is exposed to market risk in trading its shares and unfavorable market conditions could result in the disposal of its listed shares at less than its value as at June 30, 2010. As at June 30, 2010, the value of these listed shares is $15,075 with an original cost of $104,417. A 10% variation in the closing price on the stock market would result in an estimated variation of $1,507 of the loss at the end of June 2010.

9. FINANCIAL INSTRUMENTS (continued)

The fair value of financial instruments is summarized as follows:

	June 30, 2010	
	Carrying amount	Fair value
	$	$
Financial assets		
Held for trading		
Cash	97 885	97 885
Investments - short term	1 607 136	1 607 136
Listed shares	15 075	15 075
Investments - long term	979 435	979 435
Financial liabilities		
Other liabilities		
Accounts payable and accrued liabilities	68 008	68 008
Account payable to a mining company	1 923	1 923

	December 31, 2009	
	Carrying amount	Fair value
	$	$
Financial assets		
Held for trading		
Cash	546 534	546 534
Investments - short term	1 153 619	1 153 619
Listed shares	27 135	27 135
Investments - long term	1 446 170	1 446 170
Financial liabilities		
Other liabilities		
Accounts payable and accrued liabilities	43 717	43 717
Account payable to a mining company	3 098	3 098

10. 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. As at June 30, 2010, the Shareholders' Equity totals $10,691,883 ($11,437,744 as at December 31, 2009).

There was no significant change on the policy approach to capital management during the three-month period ended June 30, 2010. The Company has no requirement of capital to which it was submitted under external rules, regulations or contractual requirements.