

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

September 30, 2016

Content

Interim Statement of Financial Position	2
Interim Statement of Comprehensive Loss	3
Interim Statement of Changes in Equity	4
Interim Statement of Cash Flows	5
Notes to Interim Financial Statements	6-13

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.
Interim Statement of Financial Position (unaudited)

(Canadian dollars)

	Notes	September 30 2016	December 31 2015
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	488 336	306 448
Investments	6	439 267	62 806
Good and services tax receivable		12 005	2 874
Tax credits receivable		164 640	142 643
Prepaid expenses and deposit		5 491	-
		1 109 739	514 771
Non-current			
Exploration and evaluation assets	7	3 842 175	3 505 008
Total assets		4 951 914	4 019 779
LIABILITIES			
Current			
Trade and other payables		18 979	68 353
Advance from an officer, from 1.99% to 4.2%, on demand		-	69 485
Other liabilities		-	6 225
Total liabilities		18 979	144 063
EQUITY			
Share capital	8.1	19 344 758	18 142 608
Contributed surplus		2 778 938	2 682 744
Deficit		(17 190 761)	(16 949 636)
Total equity		4 932 935	3 875 716
Total liabilities and equity		4 951 914	4 019 779

The accompanying notes are an integral part of the interim financial statements

These financial statements were approved and authorized for issue by the Board of Directors on November 17, 2016

(s) Marie-José Girard

Marie-José Girard
 Director

(s) René Lacroix

René Lacroix
 Director

DIOS EXPLORATION INC.
Interim Statement of Comprehensive Loss (unaudited)

(Canadian dollars)

	Notes	Three-month period ended		Nine-month period ended	
		September 30		September 30	
		2016	2015	2016	2015
		\$	\$	\$	\$
EXPENSES					
Employee benefits expense	9.1	24 152	21 204	90 281	87 300
Trustees, registration fees and shareholders relations		2 719	1 973	23 920	18 250
Publicity, travel and promotion		224	201	12 309	3 249
Professional fees		-	-	24 960	28 955
Insurance, taxes and permits		1 666	1 666	6 396	7 024
Offices expenses		1 873	801	3 791	2 638
Bank charges		175	129	832	483
OPERATING LOSS		30 809	25 974	162 489	147 899
OTHER REVENUES AND EXPENSES					
Finance income	10	29 854	113	60 005	872
Finance costs	10	-	(4 314)	(1 600)	(11 762)
		29 854	(4 201)	58 405	(10 890)
LOSS BEFORE INCOME TAXES		(955)	(30 175)	(104 084)	(158 789)
Deferred income taxes		-	-	6 226	7 285
NET LOSS AND COMPREHENSIVE LOSS		(955)	(30 175)	(97 858)	(151 504)
NET LOSS PER SHARE					
Basic and diluted loss per share	11	(0.001)	(0.001)	(0.002)	(0.004)

The accompanying notes are an integral part of the interim financial statements

DIOS EXPLORATION INC.
Interim Statement of Changes in Equity (unaudited)

(Canadian dollars)

	Note	Share capital		\$	Contributed	Deficit	Total equity
		Number of shares	Number of shares to be issued		surplus		
				\$	\$	\$	\$
Balance at January 1, 2015		40 070 961	728 575	17 819 612	2 549 239	(15 149 434)	5 219 417
Shares or units issued		1 143 575	(728 575)	22 826	-	-	22 826
Net loss for the period		-	-	-	-	(151 504)	(151 504)
Share-based payments	9.2	-	-	-	62 345	-	62 345
Balance at September 30, 2015		41 214 536	-	17 842 438	2 611 584	(15 300 938)	5 153 084
Balance at January 1, 2016		46 217 393	-	18 142 608	2 682 744	(16 949 636)	3 875 716
Shares or units issued	8.1	8 450 667	-	1 142 150	13 300	-	1 155 450
Exercise of warrants	8.2	500 000	-	60 000	(10 000)	-	50 000
Net loss for the period		-	-	-	-	(97 858)	(97 858)
Share-based payments	9.2	-	-	-	55 394	-	55 394
Share issuance costs	8.1	-	-	-	-	(143 267)	(143 267)
Issuance of brokers' warrants	8.2	-	-	-	37 500	-	37 500
Balance at September 30, 2016		55 168 060	-	19 344 758	2 778 938	(17 190 761)	4 932 935

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

	Notes	Nine-month period ended	
		September 30	
		2016	2015
		\$	\$
OPERATING ACTIVITIES			
Net loss		(97 858)	(151 504)
Adjustments			
Share-based payments		55 394	62 345
Change in fair value of listed shares		(55 814)	11 273
Deferred income taxes		(6 226)	(7 285)
Changes in working capital items	12	(133 480)	158 146
Cash flows from operating activities		<u>(237 984)</u>	<u>72 975</u>
INVESTING ACTIVITIES			
Disposal of listed shares		51 511	15 019
Investments		(372 158)	-
Tax credits received		142 643	55 955
Additions to exploration and evaluation assets		(501 807)	(409 452)
Cash flows from investing activities		<u>(679 811)</u>	<u>(338 478)</u>
FINANCING ACTIVITIES			
Issuance of units and shares		1 205 450	29 050
Share issuance costs		(105 767)	-
Cash flows from financing activities		<u>1 099 683</u>	<u>29 050</u>
Net change in cash and cash equivalents		181 888	(236 453)
Cash and cash equivalents, beginning of period		306 448	241 706
Cash and cash equivalents, end of period		488 336	5 253
Supplemental disclosure			
Interests income cashed (operating activities)		4 192	872
Interest paid (operating activities)		(1 600)	(483)

Additional information - Cash Flows- note 12

The accompanying notes are an integral part of the interim financial statements

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Dios Exploration Inc. (the "Company") is an exploration company with activities in Canada.

2. GOING CONCERN ASSUMPTION

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

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at September 30, 2016, the Company has a negative cumulated retained deficit of \$17 190 761 (\$16 949 636 as at December 31, 2015). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. 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.

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

3. SUMMARY OF ACCOUNTING POLICIES

Basis presentation

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES as described in our financial statements for the year ended December 31, 2015. The interim financial statements do not include all of the notes required in annual financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board (IASB) aims to replace IAS 39 Financial Instruments: Recognition and Measurements in its entirety with IFRS 9. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet assessed the impact of this new standard on its financial statements.

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration programs, involves judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

There were no write-off of exploration and evaluation asset for the nine-month period ended September 30, 2016. No reversal of impairment losses has been recognized for the reporting periods.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

5. CASH AND CASH EQUIVALENTS

	September 30, 2016	December 31, 2015
	\$	\$
Cash at bank (Bank overdraft) and in hand	(72 192)	(33 546)
Monetary fund	560 528	339 994
	488 336	306 448

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

5. CASH AND CASH EQUIVALENTS (continued)

As at September 30, 2016, cash and cash equivalents include monetary fund bearing interest at 0.8%, cashable anytime without any penalties

6. INVESTMENTS

	September 30, 2016	December 31, 2015
	\$	\$
Current		
Guaranteed investment certificates, 1.65% and maturing May 2017	372 158	-
Listed shares	67 109	62 806
	439 267	62 806

7. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS

	January 1, 2016	Additions	September 30, 2016
	\$	\$	\$
QUEBEC			
33 Carats	681 643	13 343	694 986
14 Karats	1	2 816	2 817
Autish	1 813	-	1 813
Solo-K2	19 550	9 605	29 155
Shipsaw	276	-	276
Clarkie	-	15 621	15 621
LeCaron	1	3 041	3 042
AU33 ouest	100 246	26 537	126 783
	803 530	70 963	874 493

EXPLORATION

	January 1, 2016	Additions	Tax credits	September 30, 2016
	\$	\$	\$	\$
QUEBEC				
33 Carats	2 174 968	-	-	2 174 968
Solo-K2	65 497	87 060	(33 268)	119 289
Clarkie	-	72 854	(27 840)	45 014
AU33 ouest	461 013	270 930	(103 532)	628 411
	2 701 478	430 844	(164 640)	2 967 682
TOTAL	3 505 008	501 807	(164 640)	3 842 175

8. EQUITY

8.1 Share capital

The share capital of the Company consists only of fully paid ordinary shares

Authorized

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

	Number of shares Nine-month period ended	
	Sept. 30, 2016	Sept. 30, 2015
Shares issued and fully paid		
Shares issued and fully paid at the beginning	46 217 393	40 070 961
Shares to be issued as at December 31, 2014 issued during the period	-	728 575
Private placement	8 450 667	415 000
Exercise of warrants	500 000	-
Total shares issued at the end	55 168 060	41 214 536

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

8. EQUITY (continued)

8.1 Share capital (continued)

On January 6, 2015, the Company closed a non-brokered flow-through private placement for an aggregate proceeds of \$29,050 consisting of the issuance of 415,000 flow-through shares at a price of \$0.07 per share. An amount of \$22,825 was allocated to share capital and \$6,225 was attributed to other liabilities in the statement of financial position.

On May 18 and 20, 2016, the Company closed a private placement totaling \$1,155,450: 4,712,333 flow-through units at \$0.15 each (\$706,850) and 3,738,334 common shares units at \$0.12 each (\$448,600). Each flow-through unit comprises one flow-through common share and one half of common share purchase warrant that entitles its holder thereof to subscribe one common share of the Company at a price of \$0.20 for a 24 month-period: 4,712,333 flow-through shares and 2,356,167 warrants were issued. Each common unit comprises one common share and one common share purchase warrant that entitles its holder thereof to subscribe one common share of the Company at a price of \$0.155 for a 24 month-period: 3,738,334 common shares and 3,738,334 warrants were issued. An amount of \$13,300, related to warrants, was recorded as an increase on contributed surplus. Issue costs totaled \$143,267 including a finders' fee in cash of \$82,262 and the issuance of 375,000 finder's warrants entitling the holder to purchase one common share at a price of \$0.155 on or before May 20, 2018. A value of \$37,500 related to these warrants was recorded as issuance costs.

On August 29, 2016, 500,000 warrants were exercised at a price of \$0.10 per share. An amount of \$50,000 was received at the exercise of those warrants.

8.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows

	September 30, 2016	
	Number of warrants	Weighted average exercise price
		\$
Balance, at beginning	2 501 428	0.10
Issued	6 094 501	0.17
Exercised	(500 000)	0.10
Balance, at the end	<u>8 095 929</u>	0.15

During the period ended September 30, 2016, the Company recorded an amount of \$37,500 in issuance costs for brokers' warrants issued. The fair value was recorded as an increase of the contributed surplus and the deficit.

The weighted average fair value of the brokers' warrants grated of \$0.10 was determined using the Black-Scholes model and based on the following weighted average assumptions:

Share price at the date of issuing	\$0.15
Expected dividend	0%
Expected volatility	144%
Risk-free interest	0.65%
Expected average life	2 years
Average exercise price at date of issuing	\$0.155

The underlying expected volatility was determined by reference to historical data of the Company's shares the expected average life of the warrants.

The number of warrants outstanding exercisable in exchange for an equivalent number of ordinary shares is as follows:

Expiry date	September 30, 2016	
	Number of warrants	Exercise price \$
December 2, 2017	2 001 428	0.10
May 18, 2018	332 500	0.20
May 18, 2018	280 000	0.155
May 20, 2018	2 023 667	0.20
May 20, 2018	<u>3 458 334</u>	0.155
	8 095 929	0.15

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended September 30		Nine-month period ended September 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and benefits	72 992	41 977	194 453	144 133
Professional fee paid to an officer	9 000	5 850	27 300	20 750
Share-based payments	13 509	14 720	55 394	62 345
	95 501	62 547	277 147	227 228
Less: salaries capitalized in Exploration and evaluation assets	(71 349)	(41 343)	(186 866)	(139 928)
Salaries and employee benefits expense	24 152	21 204	90 281	87 300

9.2 Share-based payments

The Company has adopted share-based payment plan under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 6,600,000. 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.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior the award, and the term of the options cannot exceed five years. 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.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows for the reporting periods presented:

	Options	Weighted average exercise price \$
Outstanding as at December 31, 2015	5 110 000	0.18
Issued	980 000	0.10
Expired	(920 000)	0.30
Outstanding as at September 30, 2016	5 170 000	0.15
Exercisable as at September 30, 2016	4 288 000	0.15

On February 23, 2016, the Company granted 980,000 options exercisable at \$0.10 to officers, directors and employees of the Company under its incentive stock option plan. The options have a term of five years and can be exercised gradually over a period of eighteen months.

The weighted fair value of the granted options in 2016 of \$0.05 per option granted was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

Average share price at date of grant	\$0.06
Expected dividends yield	0%
Expected weighted volatility	132%
Risk-free interest average rate	0.50%
Expected average life	5 years
Average exercise price at date of grant	\$0.10

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of five years. No special features inherent to the options granted were incorporated into measurement of fair value.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

9. EMPLOYEE REMUNERATION (continued)

9.2 Share-based payments (continued)

The table below summarizes the information related to share options as at September 30, 2016

Range of exercise price \$	Outstanding options		
	Number of options	Weighted average exercise price \$	Remaining life (years)
0.10 to 0.19	4 205 000	0.13	3.09
0.20 to 0.50	965 000	0.235	0.41
	<u>5 170 000</u>		

In total, \$55,394 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the nine-month period ended September 30, 2016 (\$62,345 for the nine-month period ended September 30, 2015) and credited to Contributed surplus.

10. FINANCE INCOME AND FINANCE COSTS

Finance income may be analyzed as follows for the reporting periods presented:

	Nine-month period ended September 30	
	2016	2015
	\$	\$
Change in fair value of listed shares	55 814	-
Interest income from cash and cash equivalents	4 191	872
	<u>60 005</u>	<u>872</u>

Finance costs may be analyzed as follows for the reporting periods presented:

	Nine-month period ended September 30	
	2016	2015
	\$	\$
Interest on Advance of an officer	1 600	489,00
Change in fair value of listed shares	-	11 273
	<u>1 600</u>	<u>11 762</u>

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 8.2 and 9.2.

	Three-month period ended September 30,		Nine-month period ended September 30	
	2016	2015	2016	2015
Net loss	\$(955)	\$(30,175)	\$(97,858)	\$(151,504)
Weighted average number of shares in circulation	54 847 408	41 214 536	50 417 318	41 206 935
Basic and diluted loss per share	\$(0.001)	\$(0.001)	\$(0.002)	\$(0.004)

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

12. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Nine-month period ended September 30	
	<u>2016</u>	<u>2015</u>
	\$	\$
Good and services tax receivable	(9 131)	(36 100)
Prepaid expenses and deposit	(5 491)	(1 667)
Trade and other payables	(69 485)	126 129
Advance from an officer	(49 373)	69 784
	<u>(133 480)</u>	<u>158 146</u>

13. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief financial officer and the vice-president, exploration. Key management personnel remuneration includes the following expenses:

	Three-month period ended September 30,		Nine-month period ended September 30	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	\$	\$	\$	\$
Salaries including bonuses and benefits	46 958	30 625	128 625	104 125
Professional fees	9 000	5 850	27 300	20 750
Social security costs	3 247	2 521	11 979	10 341
Total short-term employee benefits	<u>59 205</u>	<u>38 996</u>	<u>167 904</u>	<u>135 216</u>
Share-based payments	11 856	12 512	48 392	52 517
	<u>71 061</u>	<u>51 508</u>	<u>216 296</u>	<u>187 733</u>

During the period, an officer advanced some funds (reimbursed at 30 September 2016). Interest at rates varying between 1.99% and 4.2% were paid to a bank(\$1,600).

14. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to increase the value of the assets of the business; and
- to provide an adequate return to the shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means

The Company monitors capital on the basis of the carrying amount of equity. The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Note 8 and the Statements of Changes in Equity.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2016 (unaudited)

(Canadian dollars)

15. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the reporting period ended December 31, 2015, the Company received \$29,050 following flow-through placements for which the Company renounced tax deductions on December 31, 2015. The management is required to dedicate these funds to the exploration of canadian mining properties exploration in the period of one year from the date of renouncement, amount that was spent as at March 31, 2016.

During the reporting period ended September 30, 2016, the Company received \$706,850 following flow-through placements for which the Company will renounce tax deductions on December 31, 2016. The management is required to dedicate these funds to the exploration of canadian mining properties exploration in the period of one year from the date of renouncement.