

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2013

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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.
Interim Statement of Financial Position (unaudited)

(Canadian dollars)

	Notes	June 30 2013	December 31 2012
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	186 069	119 547
Receivable		-	1 727
Investments	6	49 123	681 531
Good and services tax receivable		6 441	30 298
Tax credits receivable		680 934	551 498
Prepaid expenses and deposit		6 424	-
		928 991	1 384 601
Non-current			
Exploration and evaluation assets	7	9 240 794	9 044 031
Total assets		10 169 785	10 428 632
LIABILITIES			
Current			
Trade and other payables		11 640	152 029
EQUITY			
Share capital	8.1	17 730 898	17 730 898
Contributed surplus		2 504 311	2 418 477
Deficit		(10 077 064)	(9 872 772)
Total equity		10 158 145	10 276 603
Total liabilities and equity		10 169 785	10 428 632

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 July 29, 2013

(s) Marie-José Girard

Marie-José Girard

Director

(s) René Lacroix

René Lacroix

Director

DIOS EXPLORATION INC.**Interim Statement of Comprehensive Income (unaudited)**

(Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		June 30		June 30	
		2013	2012	2013	2012
		\$	\$	\$	\$
EXPENSES					
Salaries and employee benefits expense	9.1	49 194	98 457	118 877	159 173
Trustees, registration fees and shareholders relations		11 072	10 764	18 001	18 698
Professional fees		5 770	1 300	31 770	32 300
Offices expenses		3 315	6 676	8 726	17 734
Insurance, taxes and permits		2 337	2 211	6 301	6 382
Publicity, travel and promotion		485	1 207	3 140	8 188
Bank charges		144	264	(227)	463
OPERATING INCOME		72 317	120 879	186 588	242 938
OTHER REVENUES AND EXPENSES					
Finance income	10	1 333	6 177	5 414	13 546
Gain on sale of exploration and evaluation asset		-	-	-	112 513
Loss on disposal of investments		(700)	-	(6 168)	-
Change in fair value of listed shares		(14 028)	(9 598)	(16 950)	(126 583)
		(13 395)	(3 421)	(17 704)	(524)
LOSS BEFORE INCOME TAXES		(85 712)	(124 300)	(204 292)	(243 462)
Deferred income taxes		-	8 860	-	43 500
NET LOSS AND COMPREHENSIVE LOSS		(85 712)	(133 160)	(204 292)	(286 962)
NET LOSS PER SHARE					
Basic and diluted loss per share	11	(0.002)	(0.003)	(0.005)	(0.007)

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	\$	surplus \$	\$	\$
Balance at January 1, 2013		39 170 961	17 730 898	2 418 477	(9 872 772)	10 276 603
Net loss for the period		-	-	-	(204 292)	(204 292)
Share-based payments	9.2	-	-	85 834	-	85 834
Balance at June 30, 2013		39 170 961	17 730 898	2 504 311	(10 077 064)	10 158 145
Balance at January 1, 2012		39 095 961	17 724 148	2 211 290	(9 424 103)	10 511 335
Net loss for the period		-	-	-	(286 962)	(286 962)
Share-based payments	9.2	-	-	123 633	-	123 633
Balance at June 30, 2012		39 095 961	17 724 148	2 334 923	(9 711 065)	10 348 006

The accompanying notes are an integral part of the financial statements

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

(Canadian dollars)

	Notes	Six-month period ended	
		June 30	
		2013	2012
		\$	\$
OPERATING ACTIVITIES			
Net loss		(204 292)	(286 962)
Adjustments			
Share-based payments		85 834	123 633
Change in fair value of listed shares		16 950	126 583
Gain on sale of exploration and evaluation asset		-	(112 513)
Loss on sale of investments		6 168	-
Deferred income taxes		-	43 500
Changes in working capital items	12	(121 229)	12 268
Cash flows from operating activities		<u>(216 569)</u>	<u>(93 491)</u>
INVESTING ACTIVITIES			
Investments redeemed		606 289	600 000
Investments		-	(405 983)
Payment received on option		-	75 000
Tax credits and credit on duties received		-	98 291
Additions to exploration and evaluation assets		(326 198)	(711 302)
Cash flows from investing activities		<u>280 091</u>	<u>(343 994)</u>
FINANCING ACTIVITIES			
Issuance of shares by private placement		-	-
Issuance cost of shares		-	-
Exercise of options		-	-
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net change in cash and cash equivalents		63 522	(437 485)
Cash and cash equivalents, beginning of period		119 547	564 130
Cash and cash equivalents, end of period		183 069	126 645
Supplemental disclosure			
Interests income cashed (operating activities)		19 703	12 031

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 six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business is 1000 St-Antoine Street West, Suite 711, Montreal, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

2. GOING CONCERN ASSUMPTION

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and 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 June 30, 2013, the Company has a negative cumulated retained deficit of \$10,077,064 (\$9,872,772 as at December 31, 2012). 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. BASIS OF 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, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended December 31, 2012 and are based on IFRS issued as of July 29, 2013, the date the Board of Directors approved these financial statements. The interim financial statements do not include all of the notes required in annual financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Estimation uncertainty

Impairment of exploration and evaluation assets

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

No impairment loss of the exploration and evaluation assets was recognized during the period. 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 and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Significant management judgement

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.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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 exit 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.

5. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012
	\$	\$
Cash at bank (Bank overdraft) and in hand	(144 442)	(14 251)
Monetary fund	330 511	133 798
	186 069	119 547

As at June 30, 2013, cash and cash equivalents include monetary fund bearing interest at 0.5%, cashable anytime without any penalties

6. INVESTMENTS

	Rate ranging		June 30, 2013	December 31, 2012
	from	to	\$	\$
Current				
Guaranteed investment certificates	1,86%	2,60%	-	316 771
Others investments from financial institutions	3,05%	4,67%	-	298 687
Shares listed	-	-	49 123	66 073
			49 123	681 531

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS

	January 1, 2013	Additions	Disposal	June 30, 2013
	\$	\$	\$	\$
QUEBEC				
33 Carats	655 469	2 312	-	657 781
14 Karats	85 191	25 079	-	110 270
Hotish	329 596	13 074	-	342 670
Solo	8 118	(981)	-	7 137
K2	-	1 107	-	1 107
Pontax	11 411	963	-	12 374
Shipsaw	229 047	1 474	(15 000)	215 521
Shadow	84 401	163	-	84 564
LeCaron	211 763	953	-	212 716
AU33 ouest	60 926	-	-	60 926
	<u>1 675 922</u>	<u>44 144</u>	<u>(15 000)</u>	<u>1 705 066</u>

EXPLORATION

	January 1, 2013	Additions	Disposal	Tax credits	June 30, 2013
	\$	\$	\$	\$	\$
QUEBEC					
33 Carats	1 826 705	131 335	-	(57 227)	1 900 813
14 Karats	295 653	62 609	-	(27 281)	330 981
Hotish	3 483 206	1 099	-	(479)	3 483 826
Solo	15 570	18 113	-	(7 892)	25 791
K2	-	21 585	-	(9 405)	12 180
Pontax	2 798	1 099	-	(479)	3 418
Shipsaw	892 713	6 624	-	(2 886)	896 451
Shadow	291 924	22 205	-	(9 675)	304 454
LeCaron	470 281	31 015	-	(13 514)	487 782
Genex	-	1 370	-	(597)	773
AU33 ouest	89 259	-	-	-	89 259
	<u>7 368 109</u>	<u>297 054</u>	<u>-</u>	<u>(129 435)</u>	<u>7 535 728</u>
TOTAL	<u>9 044 031</u>	<u>341 198</u>	<u>(15 000)</u>	<u>(129 435)</u>	<u>9 240 794</u>

On June 6, 2013, the Company sold three mining claims of the Shipsaw property for a cash consideration of \$15,000 and a 1% royalty on future production.

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

Shares issued and fully paid	Number of shares Six-month period ended	
	June 30, 2013	June 30, 2012
Shares issued and fully paid at the beginning	39 170 961	39 095 961
Private placement	-	-
Acquisition of mining rights	-	-
Exercise of share options	-	-
Total shares issued and fully paid at the end	<u>39 170 961</u>	<u>39 095 961</u>

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

8.2 Warrants

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows

Expiration date	Number	Exercise price
September 6, 2013	428 550	\$0.63

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended June 30		Six-month period ended June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries and benefits	82 568	82 326	161 694	169 512
Professional fee paid to an officer	14 150	16 300	25 700	27 200
Share-based payments	31 611	78 517	85 834	123 633
	128 329	177 143	273 228	320 345
Less: salaries capitalized in Exploration and evaluation assets	(79 135)	(78 686)	(154 351)	(161 172)
Salaries and employee benefits expense	49 194	98 457	118 877	159 173

9.2 Share-based payments

The Company has adopted share-based payment plans 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 plans 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, 2012	4 790 000	0.24
Expired	(570 000)	0.31
Outstanding as at June 30, 2013	4 220 000	0.23
Exercisable as at June 30, 2013	3 478 250	0.23

No options were granted during the period ending June 30, 2013.

The table below summarizes the information related to share options as at June 30, 2013

Range of exercise price \$	Outstanding options		
	Number of options	Weighted average exercise price \$	Remaining life (years)
0.10 to 0.29	2 630 000	0.18	3.23
0.30 to 0.50	1 590 000	0.32	2.33
	4 220 000		

In total, \$85,834 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the six-month period ended June 30, 2013 (\$123,633 for the six-month period ended June 30, 2012) and credited to Contributed surplus.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

10. FINANCE INCOME

	Three-month period ended June 30		Six-month period ended June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest income from cash and cash equivalents	794	481	1 240	1 730
Interest income from guaranteed investment certificates	-	2 719	731	5 078
Interest income from other investments	539	2 977	3 443	6 738
Finance income	<u>1 333</u>	<u>6 177</u>	<u>5 414</u>	<u>13 546</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 June 30		Six-month period ended June 30	
	2013	2012	2013	2012
Net loss	\$(85,712)	\$(133,160)	\$(204,292)	(286 962)
Weighted average number of shares in circulation	39 170 961	39 095 961	39 170 961	39 095 961
Basic and diluted loss per share	\$(0.002)	\$(0.003)	\$(0.005)	\$(0.007)

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

12. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended June 30	
	2013	2012
	\$	\$
Good and services tax receivable	23 857	(40 899)
Receivables	1 727	55 390
Tax credit and credit on duties receivable	-	-
Prepaid expenses and deposit	(6 424)	(6 424)
Trade and other payables	(140 389)	4 201
Account payable to a mining company	-	-
	<u>(121 229)</u>	<u>12 268</u>

Non cash transactions in the Statement of Financial Position are:

Listed shares value received as consideration for disposal of exploration and evaluation assets	<u>-</u>	<u>220 000</u>
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DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2013 (unaudited)

(Canadian dollars)

13. RELATED PARTY TRANSACTIONS

The Company's related parties include its associate, one related company and joint key management, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

13.1 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 June 30		Six-month period ended June 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses and benefits	61 250	61 250	122 500	125 000
Professional fees	14 150	16 300	25 700	27 200
Social security costs	4 628	4 404	11 099	10 956
Total short-term employee benefits	80 028	81 954	159 299	163 156
Share-based payments	25 957	65 713	70 491	104 080
Total remuneration	105 985	147 667	229 790	267 236

An important part of the remuneration of the President and Vice-President Exploration has been allocated to Exploration and evaluation assets.

13.2 Transactions with an related company

The Company was related to another corporation until April 1, 2011, as they have in common certain directors.

For the period ended April 1, 2011, in the normal course of activities, a company with a common director invoiced the Company \$12,234 for professional fees.

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. Capital for the reporting periods under review is summarized in Note 8 and in the statement of changes in equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the 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 return capital to shareholders, issue new shares, or sell assets to reduce debt.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods.