DIOS EXPLORATION INC.

Interim Financial Statements

September 30, 2010

Content

Earnings, comprehensive loss and deficit	**2**
Balance sheets	**3**
Deferred exploration expenses	**4**
Cash flows	**5**
Notes to the financial statements	**6 to 12**

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 September 30		Nine-month period ended September 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
ADMINISTRATIVE EXPENSES				
Stock based compensation	**49 980**	42 630	**137 200**	115 060
Salaries-management and directors	**19 292**	11 016	**57 553**	41 643
Professional fees	**10 540**	8 447	**62 560**	62 534
Publicity and promotion	**11 601**	5 190	**83 610**	15 604
Office expenses	**5 591**	3 694	**21 573**	9 087
Trustees and registration fees	**981**	1 420	**8 907**	8 194
Shareholders information	**510**	894	**18 435**	17 455
Insurances, taxes and permits	**1 962**	-	**14 889**	11 224
Bank fees and interests	**228**	163	**617**	604
	100 685	73 454	**405 344**	281 405
OTHER INCOME AND EXPENSES				
Interests income	**16 245**	24 826	**50 850**	68 520
Write-off of mineral properties	**-**	(105 640)	**(61 030)**	(105 640)
Write-off of deferred exploration expenses	-	(325 552)	**(442 389)**	(325 552)
Unrealized gain (loss) on listed shares	**4 522**	-	**(7 538)**	15 160
	20 767	(406 366)	**(460 107)**	(347 512)
LOSS BEFORE INCOME TAXES	**(79 918)**	(479 820)	**(865 451)**	(628 917)
Future income taxes	**-**	17 598	**47 548**	51 160
NET LOSS AND COMPREHENSIVE INCOME	**(79 918)**	(497 418)	**(912 999)**	(680 077)
DEFICIT AT BEGINNING	**(7 337 072)**	(5 985 189)	**(6 503 991)**	(5 802 530)
NET LOSS	**(79 918)**	(497 418)	**(912 999)**	(680 077)
DEFICIT AT END	**(7 416 990)**	(6 482 607)	**(7 416 990)**	(6 482 607)
NET LOSS PER SHARE basic and diluted	**(0.002)**	(0.014)	**(0.027)**	(0.029)
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, 2010 (unaudited)	As at December 31, 2009 (audited)
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**-**	546 534
Investments (note 3)	**2 121 055**	1 153 619
Listed shares held for trading at market value (cost of $104,417)	**19 597**	27 135
Sales tax receivable	**38 286**	39 730
Prepaid expenses	**14 725**	49 841
Exploration tax credit receivable	**619 023**	862 815
	2 812 686	2 679 674
INVESTMENTS (note 3)	**403 162**	1 446 170
MINING PROPERTIES (note 4)	**1 379 293**	1 180 129
DEFERRED EXPLORATION EXPENSES (note 5)	**7 323 885**	7 021 120
	11 919 026	12 327 093
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	**1 182**	-
Accounts payable and accrued liabilities	**348 129**	43 717
Account payable to a mining company, 0.5% interest per month (note 8)	**17 688**	3 098
	366 999	46 815
FUTURE INCOME TAXES	**890 082**	842 534
	1 257 081	889 349
SHAREHOLDERS' EQUITY		
Share capital (note 6)	**16 146 451**	16 146 451
Contributed surplus (note 7)	**1 932 484**	1 795 284
Deficit	**(7 416 990)**	(6 503 991)
	10 661 945	11 437 744
	11 919 026	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 September 30		Nine-month period ended September 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
BALANCE, BEGINNING OF THE PERIOD	**7 060 013**	7 023 515	**7 021 120**	6 743 832
ADD:				
Geology	**130 760**	277 667	**273 150**	407 906
Transport, lodging and logistic	**203 856**	120 218	**314 246**	177 745
Geophysics	**-**	63 993	**202 859**	85 118
Furnitures, office and small tools	**7 948**	10 325	**24 437**	25 244
Sampling and analysis	**95 037**	-	**203 249**	18 223
Diamond drilling	**5 755**	-	**264 030**	37 650
Total expenses of the period	**443 356**	472 203	**1 281 971**	751 886
Exploration tax credits	**(179 484)**	-	**(536 817)**	
Write-off of deferred exploration expenses	**-**	(325 552)	**(442 389)**	(325 552)
NET DEFERRED EXPENSES	**263 872**	146 651	**302 765**	426 334
BALANCE, END OF THE PERIOD	**7 323 885**	7 170 166	**7 323 885**	7 170 166

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
Statements of cash flows (unaudited)

	Three-month period ended September 30		Nine-month period ended September 30	
	2010	2009	**2010**	2009
	$	$	**$**	$
OPERATING ACTIVITIES				
Net loss	**(79 918)**	(497 418)	**(912 999)**	(680 077)
Non-cash items				
Stock based compensation	**49 980**	42 630	**137 200**	115 060
Write-off of mineral properties	**-**	105 640	**61 030**	105 640
Write-off of deferred exploration expenses	**-**	325 552	**442 389**	325 552
Unrealized (gain) loss on listed shares	**(4 522)**	-	**7 538**	(15 160)
Future income taxes	**-**	17 598	**47 548**	51 160
	(34 460)	(5 998)	**(217 294)**	(97 825)
Changes in non-cash operating working capital items				
Prepaid expenses	**5 626**	-	**35 116**	-
Sales tax receivable	**31 191**	(42 704)	**1 444**	403 970
Tax credit receivable	**(179 484)**	-	**243 792**	1 984 010
Accounts receivable from related company	**-**	94 044	**-**	90 311
Accounts payable and accrued liabilities	**280 121**	(89 796)	**304 412**	(101 713)
Account payable to a related party	**15 765**	-	**14 590**	-
	118 759	(44 454)	**382 060**	2 278 753
INVESTING ACTIVITIES				
Investments purchased (redeemed)	**62 354**	415 112	**75 571**	(1 718 738)
Mining properties	**(16 308)**	(95 374)	**(260 194)**	(166 595)
Deferred exploration expenses	**(263 872)**	(472 202)	**(745 153)**	(751 886)
	(217 826)	(152 464)	**(929 776)**	(2 637 219)
NET INCREASE (DECREASE) IN CASH	**(99 067)**	(196 918)	**(547 716)**	(358 466)
CASH, AT BEGINNING (BANK OVERDRAFT)	**97 885**	3 594	**546 534**	165 142
CASH, AT END (BANK OVERDRAFT)	**(1 182)**	(193 324)	**(1 182)**	(193 324)

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 September 30, 2010, short term investments include term deposits totalling \$2,121,055. From this amount, \$170,000 is maturing in 2011 but is cashable at any time and the balance of \$1,951,055 is maturing between October 27, 2010 and July 15, 2011. These investments bear interest at annual rates of 1.25% to 3.3%.

Long term

As of September 30, 2010, long term investments include guaranteed investment certificates and others investments from canadian financial institutions totalling \$403,162 maturing between December 22, 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 September 30, 2010**
	$	**$**	**$**	**$**
33 Carats	487 708	**64 673**	**-**	**552 381**
Hotish	274 326	**7 372**	**-**	**281 698**
Pontax	58 335	**52**	**-**	**58 387**
Chibouki	94 691	**260**	**(47 345)**	**47 606**
Upinor	65 015	**1 680**	**-**	**66 695**
Upinor 2	9 840	**3 720**	**-**	**13 560**
Shipshaw	884	**8 656**	**-**	**9 540**
U2 ET U3	73 800	**2 520**	**-**	**76 320**
PAM et Ugo	101 845	**6 600**	**-**	**108 445**
U33	-	**164 661**	**-**	**164 661**
Lac Chabran	13 685	**-**	**(13 685)**	**-**
	1 180 129	**260 194**	**(61 030)**	**1 379 293**

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 September 30, 2010**
	$	$	**$**	**$**	**$**
33 Carats	1 342 827	**227 517**	**(94 205)**	**-**	**1 476 139**
Hotish	3 207 215	**105 585**	**(44 988)**	**-**	**3 267 812**
Pontax	966 767	**(536)**	**228**	**-**	**966 459**
Pontax Lithium	100 846	**10 808**	**(4 515)**	**-**	**107 139**
Chibouki	856 170	**-**	**-**	**(428 085)**	**428 085**
Upinor	441 462	**1 787**	**(761)**	**-**	**442 488**
Shipshaw	474	**318 847**	**(135 798)**	**-**	**183 523**
U2 ET U3	17 443	**-**	**-**	**-**	**17 443**
PAM et Ugo	44 123	**2 845**	**(1 206)**	**-**	**45 762**
U33	29 489	**615 118**	**(255 572)**	**-**	**389 035**
Lac Chabran	14 304	**-**	**-**	**(14 304)**	**-**
	7 021 120	**1 281 971**	**(536 817)**	**(442 389)**	**7 323 885**

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 September 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 September 30, 2010	**4 710 000**	**0.40**

6. SHARE CAPITAL (continued)

Options (continued)

Options granted and exercisable as at June 30, 2010

Expiration date	Number of options 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	833 000	0.15
March 22, 2015	980 000	392 000	0.34
	4 710 000	3 975 000	

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	**137 200**
Balance, September 30, 2010	**1 932 484**

8. RELATED PARTY TRANSACTIONS

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

As at September 30, 2010, there is a balance payable of 17,688 ($3,098 as at December 31, 2009) to this company. This payable bears a monthly interest of 0.5%.

Also, during the period ended September 30, 2010, in the normal course of activities, a company with a common director invoiced the Company $31,760 ($28,940 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. 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 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 and a brokerage securities house 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 September 30, 2010. As at September 30, 2010, the value of these listed shares is $19,597 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 $1,960 of the loss at the end of September 2010.

Fair value of financial instruments

The Company defines the fair value hierarchy under which its financial instruments are valued as follows: Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes inputs other than quoted prices in level 1 that are observable for assets or liability, either directly or indirectly and level 3 includes inputs for the asset or liability that are not based on observable market data. Cash, listed shares and Investments are considered as level 1.

9. FINANCIAL INSTRUMENTS (continued)

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

The fair value of financial instruments is summarized as follows:

	September 30, 2010	
	Carrying amount	Fair value
Financial assets	$	$
Held for trading		
Cash	(1 182)	(1 182)
Investments - short term	2 121 055	2 121 055
Listed shares	19 597	19 597
Investments - long term	403 162	403 162
Financial liabilities		
Other liabilities		
Accounts payable and accrued liabilities	348 129	348 129
Account payable to a mining company	17 688	17 688

	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 September 30, 2010, the Shareholders' Equity totals $10,661,945 ($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 September 30, 2010. The Company has no requirement of capital to which it was submitted under external rules, regulations or contractual requirements.

11. SUBSEQUENT EVENTS

On October 1, 2010, the Company signed an agreement that would allow the Company to acquire a 100% interest in the Lac Caron property, which consists of 35 mining claims, located in the James Bay area near the U33 property. The agreement consists of an initial payment of $3,000 at the time of signing of the agreement, the issuance of 50,000 common shares of the Company (deemed value per share of $0.28) the fifth business day following regulatory approval, payment of $3,000 and the issuance of 75,000 common shares of the Company on the date which is 12 months following regulatory approval and payment of $4,000 and the issuance of 75,000 common shares of the Company on the date which is 24 months following regulatory approval.

On October 21, 2010, the Company signed an agreement that would allow the Company to acquire the 25% interest it does not possess in the Shipshaw property, which consists of 12 mining claims located in the Saguenay region. The agreement consists of an initial payment of $50,000 at the time of signing of the agreement, the issuance of 250,000 common shares of the Company (deemed value per share of $0.285) the fifth business day following regulatory approval and 250,000 common shares of the Company on the date which is 24 months following regulatory approval.