

DIOS EXPLORATION INC.

Interim Financial Statements

September 30, 2006

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The attached interim financial statements have been prepared by Exploration Dios Inc. and its auditors have not reviewed these unaudited financial statements for the period ended September 30, 2006.

DIOS EXPLORATION INC.**Statements of losses and deficit** (unaudited for the nine months ended September 30, 2006)

	Three-month period ended September 30		Nine-month period ended September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
INCOME				
Interest	6 762	4 572	19 306	16 562
Management fees	-	-	-	22 504
	6 762	4 572	19 306	39 066
Expenses (schedule)				
General and Administrative	19 498	24 790	129 408	135 995
LOSS BEFORE THE FOLLOWING	(12 736)	(20 218)	(110 102)	(96 929)
GAIN ON SALE OF FIXED ASSETS	-	-	-	5 800
GAIN ON SALE OF SECURITIES	19 708	-	19 708	-
FUTURE INCOME TAXES	(29 851)	(37 308)	(24 124)	(18 854)
NET LOSS	(22 879)	(57 526)	(114 518)	(109 983)
DEFICIT AT BEGINNING	(2 167 631)	(1 624 963)	(2 012 899)	(1 555 843)
NET LOSS	(22 879)	(57 526)	(114 518)	(109 983)
SHARE ISSUANCE EXPENSES	(3 699)	(6 543)	(66 792)	(23 206)
DEFICIT AT END	(2 194 209)	(1 689 032)	(2 194 209)	(1 689 032)
NET LOSS PER SHARE (basic and diluted)	(0.002)	(0.004)	(0.008)	(0.008)
Weighted average number of outstanding common shares	14 766 968	13 476 107	14 560 507	13 476 107

DIOS EXPLORATION INC.

Balance sheets

	As at September 30 2006 (unaudited) \$	As at December 31 2005 (audited) \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	129 593	74 240
Short-term investments (market value of \$78,260)	104 417	14 500
Term deposits and accrued interest	533 581	358 941
Accounts receivable (note 3)	123 681	489 778
	891 272	937 459
FUNDS HELD FOR EXPLORATION EXPENSES		
	-	157 700
MINING PROPERTIES (note 4)	679 840	641 501
DEFERRED EXPLORATION EXPENSES (note 5)	2 796 416	2 352 564
	4 367 528	4 089 224
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	155 761	205 900
FUTURE INCOME TAXES		
	359 337	290 084
	515 098	495 984
SHAREHOLDER'S EQUITY		
Share capital (note 6)	5 567 264	5 367 264
Convertible debenture (note 7)	200 000	-
Contributed surplus	279 375	238 875
Deficit	(2 194 209)	(2 012 899)
	3 852 430	3 593 240
	4 367 528	4 089 224

DIOS EXPLORATION INC.**Statements of cash flows (unaudited for the nine months ended September 30, 2006)**

	Three-month period ended		Nine-month period ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(22 879)	(57 526)	(114 518)	(109 983)
Adjustments for :				
Gain on sale of fixed assets	-	-	-	(5 800)
Stock based compensation	-	-	40 500	-
Future income taxes	29 851	37 308	24 124	18 854
	6 972	(20 218)	(49 894)	(96 929)
Changes in non-cash operating working capital items				
Short term investments	(89 917)	-	(89 917)	(14 500)
Term deposits and accrued interest	44 590	(3 563)	(174 640)	391 169
Accounts receivable	374 043	237 782	366 097	570 132
Accounts payable and accrued liabilities	114 264	105 864	(50 139)	(188 244)
	449 952	319 865	1 507	661 628
INVESTING ACTIVITIES				
Proceeds from sale of fixed assets	-	-	-	36 000
Funds held for exploration expenses	-	-	157 700	252 000
Mining properties	21 878	(22 658)	(38 339)	(54 642)
Deferred exploration expenses	(322 520)	(395 607)	(443 852)	(755 079)
	(300 642)	(418 265)	(324 491)	(521 721)
FINANCING ACTIVITIES				
Share capital issuance	-	-	200 000	-
Convertible debenture issuance	-	-	200 000	-
Share issuance expenses	-	200	(21 663)	3 183
	-	200	378 337	3 183
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	149 310	(98 200)	55 353	143 090
Cash and cash equivalents(Bank overdraft), at beginning	(19 717)	210 642	74 240	(30 848)
Cash and cash equivalents, at end	129 593	112 442	129 593	112 242

DIOS EXPLORATION INC.
Notes to the financial statements (unaudited)

1. NATURE OF ACTIVITIES

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

2. ACCOUNTING POLICIES

The unaudited interim financial statements must be read in conjunction with the financial statements for the year ended December 31st, 2005. They have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as outlined in Note 2 of the financial statements for the year ended December 31st, 2005.

3. ACCOUNTS RECEIVABLE

	As at September 30 2006	As at December 31 2005
	\$	\$
Sales tax receivable	38 069	26 897
Receivable from related company	1 695	-
Receivable from a mining company	-	41 242
Gouvernement grant	83 917	421 639
	123 681	489 778

4. MINING PROPERTIES

	As at December 31st 2005	Additions	Disposal	As at September 30 2006
	\$	\$		\$
33 Carats	327 886	36 261	-	364 147
Hotish	104 581	7 840	-	112 421
Chibouki	66 487	15 792	-	82 279
Artaud	30 351	-	-	30 351
Minti	19 984	-	-	19 984
Pontax	32 666	3 840	(25 490)	11 016
Others	59 546	96	-	59 642
	641 501	63 829	(25 490)	679 840

During the quarter, the Company sold an undivided interest in 618 mining claims (on a total of 917) of the Pontax property for a price equivalent to its book value: \$25,490 being equivalent to the cost of the property and \$51,304 the accumulated expenses of exploration (see note 6).

DIOS EXPLORATION INC.
Notes to the financial statements (unaudited)

5. DEFERRED EXPLORATION EXPENSES

	As at December 31 2005	Additions	Government grant/ Disposal	As at September 30 2006
	\$	\$	\$	\$
Hotish	1 287 936	4 611	(56 186)	1 236 361
33 Carats	591 245	199 428	-	790 673
Chibouki	242 264	301 516	-	543 780
Artaud	138 596	-	-	138 596
Minti	53 529	-	(3 586)	49 943
Pontax	25 912	49 373	(51 304)	23 981
Autres	13 082	-	-	13 082
	2 352 564	554 928	(111 076)	2 796 416

6. SHARE CAPITAL

Authorised

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

Issued	Number	Amount
Balance December 31, 2005	14 160 907	5 367 264 \$
Private placement	606 061	200 000 \$
Balance September 30, 2006	14 766 968	5 567 264

On April 4, 2006, the company closed a \$200,000 non-brokered private placement with a venture capital fund. The company issued 606,061 common shares at \$0.33 per share and 606,061 warrants. One warrant entitles its holder threefold to subscribe for one common share at \$0.40 per share until April 4, 2007 and at \$0.45 during the next 12 months.

Options

Options granted and exercisable as at September 30, 2006 :

Beneficiaries	Number of options	Price (\$)	Expiry date
Directors and officers	420 000	0.30	January 11, 2007
Directors and officers	325 000	0.36	February 6, 2008
Directors and officers	640 000	0.37	September 7, 2009
Directors and officers	270 000	0.33	April 7, 2011

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions: estimated weighted average duration of 3 to 5 years for these options, risk free interest rate of 3.5% to 4.5%, forecast volatility of 57% to 65% and no forecast dividend.

DIOS EXPLORATION INC.
Notes to the financial statements (unaudited)

6. SHARE CAPITAL (continued)

Warrants

Variations in outstanding warrants since the beginning of year is as follow:

Date	Number	Average exercise price (\$)
As at December 31 2005	1 858 212	0.61
Issued	1 177 490	0.42
Exercised	-	-
Expired	(909 573)	0.65
As at September 30, 2006	2 126 129	0.47

Warrants characteristics as at September 30, 2006 are the following:

Number	Exercise price \$	Expiry date
606 239	0.70	December 2006
342 400	0,25	December 2007
606 061	0.40	April 2008
571 429	0.45	October 2007
<u>2 126 129</u>		

7. CONVERTIBLE DEBENTURE

On April 18, 2006, the company closed a private placement by convertible debenture bonds of \$200,000 with a workers venture fund with 571,429 warrants. One warrant entitles its holder thereof to subscribe for one common share at \$0.45 per share until october 18, 2007. An interest rate of 12% and a conversion price of \$0.35 up to April 18, 2008 and of \$0.385 thereafter until the maturity date April 18, 2009, was agreed upon for the debenture. At the expiration date, April 18, 2009, the debenture will be reimbursed in Company common shares.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation

DIOS EXPLORATION INC.

Schedule (unaudited)

General and Administrative expenses

	Three-month period ended		Nine-month period ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Stock based compensation	-	-	40 500	-
Professional fees	6 360	12 079	34 831	29 265
Publicity and public relations	5 957	8 555	15 382	64 944
Shareholders informatior	4 099	718	15 672	9 870
Registration fees	534	976	5 547	5 287
Office expenses	412	929	3 079	5 505
Insurances, taxes and permits	1 853	1 276	13 708	11 571
Bank fees and interests	283	257	689	9 553
	19 498	24 790	129 408	135 995
