DIOS EXPLORATION INC.
INTERIM MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007

COMPANY PROFIL AND MISSION

Since the start of the 21st century and its listing on the exchange in 2002, Dios Exploration Inc. (the "Company" or "Dios") is a leading diamond exploration company with one of the most important position in mining rights of the Otish Mountains. The recent growth of uranium's price offers the opportunity to Dios, as for its pre-existent privileged stand in possession of claims and the expertise of its employees, to diversify the exploration strategy on diamond and uranium, two substances highly in demand in the natural resources industry. Dios'strategy is to generate projects and develop them either alone or through farming out agreement, with the benefit of shareholders in mind.

In general, the Company generates most of its exploration projects, from scientific hypothesis to field discovery. The Company's shares are traded on the TSX Venture under the symbol **DOS** and 33,191,375 shares were issued or to be issued as of May 11, 2007. Additional information may be available by contacting the www.sedar.com web site, under the Company's section "Sedar filing".

The Company is still a leading diamond exploration company with over 2,000 sq. kilometres (750,000 acres) of properties in the high diamond potential areas of central Quebec and the Otish Mountains. The Company also closed a unique diamond marketing agreement with Diarough. As per the agreement, rough diamond sales proceeds shall be returned to the Company whereas marketing net profits (on cutting, polishing, manufacturing, etc.) shall be divided half and half between parties.

SUMMARY OF ACTIVITIES DURING THE QUARTER

- Exploration expenses totalling $70,403 (see "**Summary of exploration activities**");
- Dios reports two other uranium anomaly clusters on Hotish property;
- Closing of $1,599,840 brokered Private Placement of non-flow through shares on March 15, 2007: 3,555,200 units at $0.45 per unit; and
- Closing of $5,000,000 brokered private Placement of non-flow through shares on March 30, 2007: 6,666,666 units at $0.75 per unit.

RESULTS OF OPERATION

Summary of exploration activities

The Company's team works with a systematic approach and is always looking for new developments in mineral exploration. Discovery of new glacial dispersal trains indicating strong potential of poorly explored regions remains one of the Company's strength.

The recent and amazing growth of uranium's price offered the opportunity to Dios, as for its pre-existent privileged stand in possession of claims and the expertise of its employees, to diversify the exploration strategy on diamond and uranium, two substances highly requested in the natural resources industry. Discovery of new glacial dispersal trains indicating strong mineral potential of poorly explored regions remains one of the Company's strength.

During the first quarter, the Company incurred $70,403 in exploration expenses mainly on Chibouki. In the quarterly financial statements, the deferred exploration expenses, decreased by the government grants, total $44,618 for the first quarter 2007.

Exploration expenses analyses

Description	33 carats	Chibouki	Hotish	Others	Total
	$	$	$	$	$
Geology	-	36 061	-	-	36 061
Sampling and analysis	-	-	-	-	-
Transportation and lodging	3 419	6 259	-	-	9 678
Office	1 875	4 191	2 925	-	8 991
Drilling	-	15 673	-	-	15 673
Geophysic	-	-	-	-	-
	5 294	62 184	2 925	-	70 403

Acquisitions, disposals, write-off and claims renewal analysis

Mining properties	Acquisitions, renewal $
33 Carats	10,528
Hotish	(300)
	10,198

These amounts represent either stake acquisitions or claims renewal. The Company always favoured the acquisition of mining properties by staking.

Geological information presented herein was summarized by Marie-José Girard, M.Sc., Geo (President) and Harold Desbiens, M.Sc., Geo, qualified persons under National Instrument 43-101.

Hotish Property

The Company' Hotish property clearly has uranium potential. The Hotish property is wholly-owned by the Company without any encumbrances. This property is a large mining property covering the western edge unconformity contact of the Otish Sedimentary Basin. The area is well-known for its uranium potential. The Otish Mountains were recently the focus of intense activity by mining giant Cameco Corporation, the world's largest uranium producer, whose claims border the Company's Hotish property to the east. The Hotish property is also directly adjacent to the north to the Beaver Lake property where a mineralized uranium occurrence is reported.

Also, it now includes a large claim block covering the extent of the unconformity contact, directly adjacent to the STRATECO Property, where a high grade uranium intercept of 9.5 metres grading 1.54% U3O8 was drilled in 2006 along with four other holes in the uranium-bearing structure discovered in 1984 by Uranerz Exploration and Mining, before uranium prices tumbled in the mid-eighties. This Uranerz hole had returned a 16-metre intercept grading 0.95%U3O8 per tonne (19 lbs per ton) at a vertical depth of 220 metres. The property of the Company covers as well the northeastern part of another Proterozoic sedimentary basin and its unconformity contact over an Archean age basement, the Papasquasati basin more to the south-west, its northeastern part considered as well interesting for uranium potential.

The sharp increase in U3O8 prices as well as the world demand for uranium as an energy alternative certainly enhances the uranium potential of the Hotish property covering a large part of the Proterozoic unconformity contact over an Archean age basement, a classical geological context known worldwide for major uranium deposits.

At least one first order uranium anomaly was reported on the Hotish property by the company in 2006 according to a lake bottom sediments survey by Uranerz. It is located directly on the unconformity between the Otish Proterozoic sedimentary basin and the Archean basement. Following a compilation of pertinent geoscientific data for uranium exploration relative to this area, the Company acquired claims in the western part to cover two other first order uranium anomaly clusters from the Uranerz lake bottom sediment survey. The occurrence of small Proterozoic sediment windows in this area suggests that the sedimentary basin had a more important distribution before glacial related erosion took place. Hosted in that way in Otish's paleo-basin, those three uranium anomaly clusters are distributed following an east-west strike and could correspond to a favourable paragneiss unit (as for its permeability) between two granitc intrusives (heath sources). There is also a Uranerz uranium anomaly on the claim block adjacent to the Strateco property.

Compilation of other geophysics pertinent data is being completed. An airborne radiometric survey and prospecting surveys are planned for 2007, and eventually diamond drilling.

Chibouki Property

The Company's diamond exploration's main objective is to discover diamond bearing kimberlites. Most of the world's diamond mines are located within kimberlites, a rare type of rocks originating from the center of the Earth. The discovery of G10 pyropes that reach the diamond window is indicative of the presence of a kimberlite that would be diamondiferous. The main prospecting tool used by the Company in diamond exploration is glacial till sampling in order to locate G10 pyropes, or eclogitic garnets, even rarer to find, but of more significance as to the diamond potential of kimberlites that they are derived from.

The Chibouki project is composed of 1,098 mining cells for 593 sq. km. It is located on one hand about 20-60 kilometers northeast and on the other hand 40 kilometers north of Chibougamau, Quebec. This project offers very good access and hosts numerous bush roads. The Chibouki project is also located in the southern part of the favourable Mistissini-Lemoyne Structure that hosts several kimberlites and alkaline intrusives several hundreds of kilometers further north, including the Ashton-Soquem Renards diamondiferous cluster.

Processing of till yielded numerous high interest kimberlite indicator minerals (KIM) including high-chromium & low-calcium G10 pyropes within the diamond field, G9 pyropes, eclogitic garnets, diamond-inclusion and harzburgitic chromites, picro-ilmenites, omphacites, Cr-diopsides, and Mg-olivines. So far, about 500 heavy mineral samples were collected on the various blocks. Elsewhere, background till, fluvioglacial material as well as up-ice esker samples do not show any indicators.

A drilling program testing 8-10 priority targets planned for the begining of 2007 has been reported to June. An helicopter-borne magnetic survey will cover the extents of the 2006's survey. Prospecting, till and/or soil sampling work are planned in the same area. A second drilling program is as well considered following results.

Pontax Property

The Pontax property (1,369 claims totalling 719 sq. kilometres) is held in partnership between Sirios Resources Inc. ("Sirios") and the Company on a 50-50 basis. It is located in the James Bay area, Quebec, 350 kilometres north of the town of Matagami along the paved road going to Radisson. It is also located approximately 75 kilometres southwest of the ELEONORE gold discovery bought by Goldcorp and adjacent to the northeast to an important De Beers property.

The Pontax project is centered on an Archean sedimentary basin (Auclair Formation dominated by biotite and sillimanite paragneisses) intruded by the Kapiwak granodioritic intrusive. The sediment-dominated assemblage also includes the Chambois and the Pontax greenstone belts (mafic volcanics, felsic volcanics and volcaniclastics). Alterations such as silicification, biotitization (10-20%), sericitization, tourmalinitization and pyritization (3-15%) are common. Several N-S Mistassini diabase dykes are present. The eastern portion (along and south of the Pontax River) is dominated by extensive swamps.

The till samples collected in 2006 outlined several gold trains and yielded some quality kimberlite indicator minerals as G10, omphacite, picroilmenite, kosmochlor (CPX) and forsterite.

A geological mapping survey was completed between June and November and a follow-up till program (about 40 samples) was carried out in November 2006. The first phase (972 km-lines) of an helicopter-borne geophysical survey (totalling 3,200 km-lines) was completed and will be processed for kimberlite targeting. The second phase (2,209 km-lines) of airborne geophysical survey has just been completed and will as well be processed for kimberlite targeting. An induced polarization survey covering 6.3 square kilometres was carried out along the geophysical extents of the high silver-gold occurrence (821 g/t Ag; 1,31 g/t Au on 4,36 meters) to prepare the drilling program (around 15 holes) planned for April-May 2007.

A prospecting and till and/or soil sampling program on the geophysical anomalies (kimberlitic type) is planned for early summer 2007.

Following the exploration results obtained on the Pontax property, Sirios announced its intent to increase its interest to 100% in a significant part of the property for gold exploration whereas Dios wishes to pursue diamond exploration on part of the property. Consequently, Dios officially noticed Sirios on April 3, 2006 of its intent to transfer back part of the property for a book value of $76,794 and a 1% NSR that can be bought back for $1,000,000. Dios wishes to keep its 50% interest in 299 claims of the original 917 claim property. Sirios issued to Dios 206,500 Common Shares at $0.34 in 2006.

33 Carats Property

The 33 Carats project totals over 1,700 mining cells for 892 sq. km. These are strategically located about 340 kilometres northeast of the town of Chibougamau, Quebec. The project is located along the favourable Mistissini-Lemoyne Structure that hosts several kimberlites and alkaline intrusives, is adjacent to the Ashton-Soquem`s property that hosts the Renards diamondiferous cluster and to the Majescor Portage property hosting a diamond-bearing kimberlitic sill. These blocks are easily accessible by float-plane or helicopter (Eastmain River, Fire & Marcia Lakes) due to the moderate tree cover. The Company's Bohier camp is located on the South block, 20 kilometers south of the East block.

The region is located near the southern limit of the Superior craton. The northern portion of the region is composed of Archean Opinaca undifferentiated grey gneiss, Barou River- Cadieux Lake-Misasque River-LaSalle Lake- Antons River granitic massifs, as well as the Upper Eastmain River and the Trieste Lake volcano-sedimentary belts. The southern portion of the region is composed of Archean Epervanche Complex (granitic-tonalitic gneiss) and Proterozoic Otish meta-sedimentary basin. The Eastmain volcano-sedimentary belt is located along the same fold structure. Available glacial striaes indicate a late N230 transport for the West-Rivière de Feu area. A more precose (and minor) N330 glacial transport is also known.

A sector of 33 Carats is characterized by outstanding G10s associated with Cr-enstatite, ilmenites and olivine in basal till in a complex local glacial environment (hummocky terranes and an esker). Another sector of 33 Carats is characterized by good straight KIMs train (very good G10- Cr-enstatite-ilmenite-forsterite) in simple glacial environment (confirmed by diabase pebbles as marker indicating short transportation). Another sector of 33 Carats is characterized by a more lherzolitic component than the previous two. The glacial environment is not simple, due to the presence of a few eskers and their associated outwash.

In 2006, the results of 30 follow-up till samples relative to another area were received and their interpretation is ongoing. Eight targets were sampled through the soils and geochemical assaying in another area. These samples are still being processed. A re-evaluation of the 33 carats' geochemical till data bank is as well ongoing.

Summary of planned exploration programs for 2007

PROPERTIES	PLANNED WORKS	BUDGET $	FUTURE STEPS
HOTISH	Geological compilation, study of antecedend data, soil prospection, in lake sediment survey, airborne geophysics, drilling	1-2,000,000	Drilling, additional prospection
CHIBOUKI	Drilling, till-soil, airborne geophysics	375,000	Soil-till survey, prospection, geophysics, additional drilling
33 CARATS	Till-soil analyze, additional till & prospection, airborne geophysics	275,000	Drilling
PONTAX	Airborne geophysics, till-creek sediment survey, soil survey & prospection	350,000	Drilling
ACQUISITIONS	Geological compilation, soil prospection, in lake sediments survey, airborne geophysics, drilling	1-2,000,000	

SUMMARY OF FINANCIAL ACTIVITIES

Net profit for the quarter is $207,648 (net loss of $41,617 for the first quarter 2006) whereas administration fees for the year totalled $151,419 ($47,375 for the first quarter 2006). The profit in the first quarter 2007 results of the accounting the flow-through share renunciations resulting of a recovery of future income taxes in the statement of earnings. Notwithstanding this income taxes recovery, the loss would have been $119,594.

Details of administrative expenses

Description	**Quarter ended March 31st**	
	2007	2006
	$	$
Stock based compensation	**68,150**	-
Publicity and public relations	**22,894**	3,617
Professional fees	**25,933**	23,795
Shareholders information	**6,459**	6,782
Registration fees	**11,355**	1,652
Office expenses	**1,375**	677
Insurances, taxes and permits	**9,803**	10,690
Interest on convertible debenture	**5,268**	-
Banking fees and interests	**182**	162
	151,419	47,375

During the the three-month period ended March 31, 2007, one notes mainly:

- Accounting of stock based compensation following the options granted to the directors and officers of the Company.
- Participation of $10,000 to the Fonds Restor-Action Nunavik, created to contribute to the restoration of abandonned mining exploration sites in Northern Quebec. Participation in the mining shows of Vancouver and Calgary.
- Increase of Transfer Agent fee relating to numerous private placements.

SUMMARY OF QUARTERLY RESULTS

	2007		**2006**					**2005**		
($ 000 except loss/share)	T1		T4	T3	T2	T1		T4	T3	T2
Income	32		6	7	9	4		12	5	5
Net profit (net loss)	208		(298)	(23)	(50)	(42)		(332)	(580)	(48)
Net profit (net loss) per share(basic and diluted)	0.01		(0.022)	(0.002)	(0.003)	(0.003)		(0.025)	(0.002)	(0.003)

Variations in quarterly loss can be explained by the following:

2007-Q1 Accounting for stock based compensation expenses of $68,150. Accounting of a recovered future income taxes of $135,777 following the accounting of a flow-through share renunciations. Participation in the mining shows of Vancouver and Calgary and participation to the Fonds Restor-Action Nunavik.

2006-Q4 Write-off of minerals properties for an amount of $108,730 (Trans Taiga and Minti, Wemindji and Artaud) with their respective deferred exploration expenses ($199,084).

2006-Q3 Accounting of a gain on sale of investment totalling $19,708

2006-Q2 Accounting for stock based compensation expenses of $40,500. Grant on mining promotions costs of $6,336 received in April 2006.

2006-Q1 No management fees. Stable general and administrative expenses.

2005-Q4 Write off of the Scholfield property for a total amount of $485,939 including $123,769 in deferred exploration expenses.

2005-Q3 Future income tax expense of $37,308.

2005-Q2 No management fees on 33 Carats property (DeBeers' option terminated) and a $ 5,800 gain on sale of fixed asset.

CASH FLOW SITUATION

The working capital increased strongly by $6,385,920 as at March 31, 2007 going from $759,509 as at December 31, 2006 to $7,145,429 as at March 31, 2007. The increase is mainly due to the conclusion of two private placements adding up $6,599,840 during the quarter and a small exploration activities during the quarter (see "**Summary of exploration activities").**

The cash and term deposits (free cash flow) total $5,718,659 as at March 31, 2007 compared to $259,626 as at December 31, 2006.

The Company is considered to be in the exploration stage, thus it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing.

The Company considers the cash on hand sufficient for the known obligations.

FINANCING

On March 15, 2007, the Company closed a brokered private placement for gross proceeds of $1,599,840 through the sale of 3,555,200 units a t a price of $0.45 per unit. Each unit consists of one common share and half a share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.60 if exercised within the next 12 months or $0.80 if exercised within the subsequent 12 months. 8% fees of the gross proceeds as well as 355,520 share purchase warrants were paid to brokers as agent commission.

On March 30, 2007, the Company closed a brokered private placement for gross proceeds of $5 million through the sale of 6,666,666 units at a price of $0.75 per unit. Each unit consists of one common share and half a share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $1.00 if exercised within the next 12 months or $1.15 if exercised within the subsequent 12 months. 8% fees of the gross proceeds as well as 666,666 share purchase warrants were paid to brokers as agent commission.

On January 7 and 11, 2007, three directors exercised certain of their stock options for a total of 121,500 shares at an exercised price of $0.30

During the first quarter 2007, a total of 857,161 common shares were issued following exercised warrants for proceeds of $321,167.

As at March 31, 2007 :

- 30,394,543 common shares were issued and to be issued.
- 2,685,000 options were granted and can be exercised in the future at prices between $0.30 to $0.75 between 2008 to 2012. Each option can be exercised by the holder for one common share of the Company.
- 8,815,045 warrants were issued, entitling their holders to subscribe the same amount of common shares of the company at prices between $ 0.29 and $ 1.20 with expiration date ranging from October 2007 to March 2009.

Variations in share capital as at May 11, 2007 are the following:

Description	Number of shares	Price $	Amount $
As at December 31, 2006	19,194,016		6,866,701
Private placements	10,221,866	0.65	6,599,839
Exercised warrants	857,161	0.37	321,167
Exercised options	121,500	0.30	36,450
Fair value of exercised options			18,150
As at March 31, 2007	**30,394,543**		**13,842,307**
Private placements	2,678,500	0.70	1,874,950
Exercised warrants	118,332	0.35	41,416
As at May 11, 2007	**33,191,375**		**15,758,673**

Options

Variations in outstanding options as at May 11, 2007 is the following :

Date	Number of options	Average exercise price $
As at December 31, 2006	1,655,000	0.34
Issued	1,450,000	0.67
Exercised	(121,500)	0.30
Expired	(298,500)	0.30
As at March 31 and May 11, 2007	**2,685,000**	**0.53**

Options granted and exercisable as at May 11, 2007

Expiry date	Number of options	Exercisable	Price ($)
February 6, 2008	325,000	325,000	0.36
September 7, 2009	640,000	640,000	0.37
April 7, 2011	270,000	148,000	0.33
January 29, 2012	450,000	45,000	0.50
March 8, 2012	1,000,000	100,000	0.75
	2,685,000	1,258,000	0.53

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 72% and no forecast dividend.

Warrants

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

Date	Number of warrants	Average exercise price $
As at December 31, 2006	3,539,087	0.37
Exercised	(857,161)	0.37
Issued	6,133,119	0.83
As at March 31, 2007	**8,815,045**	**0.68**
Exercised	(118,332)	0.35
Issued	1,607,100	0.95
As at May 11, 2007	**10,303,813**	**0.73**

Warrants characteristics as at May 11, 2007 are the following:

Number	Exercise price $	Expiry date
571,429	0.45	October 2007
370,000	0.29	November 2007
916,665	0.35	December 2007
30,000	0.30	December 2007
675,500	0.35/0.38	December 2008
1,777,600	0.60/0.80	March 2008/ March 2009
355,520	0.45	March 2009
3,333,333	1.00/1.15	March 2008/ March 2009
666,666	0.75	March 2009
1,339,250	1.00/1.15	May 2008/ May 2009
267,850	0.70	May 2009
10,303,813	0.73	

RELATED PARTY TRANSACTIONS

The Company is related to another company, Sirios Resources Inc. (“Sirios”), because of certain common officers. Related party transactions are limited to common deferred exploration and development expenses. As at March 31, 2007, the Company had a receivable of $37,152 from Sirios.

During the quarter, the Company rented a diamond drill for an amount of $9,650 from the president of the Company.

In consideration of accounting services and preparation of financial information's, a director received from the Company professional fees totalling $7,815 for the first quarter 2007.

These transactions were concluded in the normal course of operations and was measured at the exchange amount that is the amount established and accepted by the parties.

CHANGE IN ACCOUNTING POLICIES

Effective as of January 1, 2007, the Company adopted two new accounting standards related to financial instruments that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements. The new standards an accounting policy changes are as follows:

a) Comprehensive income (CICA Handbook Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. In accordance with this new standard, the Company reports a statement of comprehensive income and a new category, accumulated other comprehensive income, is added to the shareholders' equity section of the balance sheet for any unrealized gains and losses in financial assets classified as available for sale. The Company had no "other comprehensive income or loss" transactions during the three months ended March 31, 2007 and no opening or closing balances for "accumulated comprehensive income or loss".

b) Financial Instruments – recognition and measurement (CICA Handbook Section 3855) and disclosure and presentation (CICA Handbook Section 3861)

In accordance with this new standard, the Company now classifies all financial instruments as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other financial liabilities. Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in operating results. Financial instruments classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost.

Upon adoption of these new standards, the Company has designated its cash and cash equivalents, Term deposits and Listed shares as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and the liability component of convertible debenture are classified as other liabilities, which are measured at amortized cost. During the three months ended March 31, 2007, the Company had neither available for sale nor held-to-maturity financial instruments.

RISK AND UNCERTAINTIES

Financial risks

The Company is an exploration company. The Company will periodically have to raise additionnale funds to continue 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.

Mining claims and title risks

Althrough the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not quarantee the Company's title. Property title may subject to unregistered prior agreements and non-compliance with regulatory requirements.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

SUBSEQUENT EVENTS

On May 2, 2007, the Company closed a brokered private placement for gross proceeds of $1,874,950 through the sale of 2,678,500 units at a price of $0.70 per unit. Each unit consists of one common share and half a share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $1.00 if exercised within the next 12 months or $1.15 if exercised within the subsequent 12 months. 8% fees of the gross proceeds as well as 267,850 share purchase warrants were paid to brokers as agent commission.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at May 11, 2007 should be read in conjunction with the unaudited interim financial statements for the three-month period ended March 31, 2007 and the audited financial statements for the year ended December 31, 2006. The unaudited interim financial statements for the three-month period ended March 31, 2007 were not reviewed by the external auditors. Additional information of the Company can be obtained at the website www.sedar.com under SEDAR filings.

DISCLOSURE CONTROLS AND PROCEDURES

As required by Multilateral Instrument 52-109, the Company's evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of March 31, 2007 under the supervision and with the participation of the President and the Chief Financial Officer. Based on the results of this evaluation, the President and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were generally effective.

The only issue identified during the process was related to internal control over financial reporting. The issued identified, the concentration of some duties, is one that affects small companies. As a small organization, the Company's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the President and the Chief Financial Officer. Company's officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased funding costs of such hiring could threaten the Company's financial viability, the Company's management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when budgets will enable that action.

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The financial statements were prepared by the Company's management in accordance with generally accepted Canadian accounting principles. The financial statements include certain amounts based on the use of estimated and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

(signed) Marie-José Girard, President (signed) Dominique Doucet, Treasurer

Montreal, May 11, 2007