



DIOS EXPLORATION

DIOS EXPLORATION INC. INTERIM MANAGEMENT REPORT FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2007

COMPANY PROFIL AND MISSION

Dios Exploration Inc. (the “Company” or “Dios”) is a leading diamond and uranium 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.

The Company generates its exploration projects, from scientific hypothesis to field discovery. The Company’s shares are traded on the TSX Venture under the symbol **DOS** and 33,948,089 shares were issued or to be issued as of October 29, 2007. Additional information may be available by contacting the www.sedar.com web site, under the Company’s section “Sedar filing”.

The Company remains 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 \$1,048,422 (see “**Summary of exploration activities**”).
- Positive results received from summer work on Hotish Property: Six main uranium target areas defined by detailed lake bottom sediment sampling analysis and detailed helicopter-borne spectrometric survey completed. The prospecting allowed the discovery of some sandstone boulders grading up to 0.203% U3O8.
Nine first-priority uranium targets, many coincidental with significant uranium lake sediment anomalies: 3 first-priority targets delineated on Hotish East block, adjacent to the Strateco property.
- Three radioactive areas outlined by first uranium campaign on new property: Opinaca Nord.
- Geophysical survey outlined 66 kimberlite targets on Pontax Property and exploration work planned.

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 third quarter, the Company incurred \$1,048,422 in exploration expenses mainly on Hotish, Chibouki, Opinaca Nord and Pontax properties.

Exploration expenses analyses

Description	Opinaca					Total
	Hotish	Chibouki	Nord	Pontax	33 Carats	
	\$	\$	\$	\$	\$	\$
Geology	13 174	44 007	4 385	3 750	-	65 316
Sampling and analysis	182 308	-	82 023	-	-	264 331
Transportation and lodging	58 344	13 656	99 369	20 164	-	191 533
Office	26	5 312	277	-	-	5 615
Drilling	(8 549)	174 800	-	-	-	166 251
Geophysic	349 356	-	-	4 040	1 980	355 376
	594 659	237 775	186 054	27 954	1 980	1 048 422

Acquisitions, disposals, write-off and claims renewal analysis for the quarter

Mining properties	Acquisitions, renewal
	\$
Papemen (new)	35,695
33 Carats	35,198
Hotish	33,900
Opinaca Nord - option	33,940
Opinor-50% (new)	11,320
	150,053

These amounts represent either claim acquisition or claim renewal costs. The Company always favoured the acquisition of mining properties by map 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's Hotish property clearly has uranium potential. The Hotish property is wholly-owned by the Company without any encumbrances. This 640 sq. kilometre property is a large mining property covering the western edge unconformity contact of the Otish Sedimentary Basin, as well as 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 DIOS 2007 lake sediment geochemical program (667 samples) for uranium completed by Dios outlined six main target-areas. These important anomaly groups are coincidental with spectrometric anomalies. That fact will allow to quantify and prioritize them. Also, a short mapping-prospecting program completed in early summer on Uranium priority (geochemical and radiometric) targets previously defined by Uranerz enabled the discovery of some uranium-bearing metric size sandstone floats (which yielded up to 10,000 cps or counts per second) and sediment outcrops. The limited prospecting campaign also uncovered radiometric boulders up to 6,000 cps. Other follow-up prospecting is planned.

The Company has received the final interpretation and processing report of its 2007 helicopter-borne gamma-ray spectrometry survey over its Hotish uranium property in the Otish Basin, Quebec, Canada. That survey processing outlined nine first-priority uranium targets including many coincidental with significant uranium lake sediment anomalies. Three first-priority targets have been delineated on the Hotish East block, adjacent to the Strateco property.

The area is well-known for its uranium potential. The Otish Mountains are 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. During the quarter, two drill holes were completed on the Cameco Otish project in Quebec. One of these holes intersected mineralization of 1.06% $eU_3O_8^2$ over nearly 16 metres. (² Equivalent % U_3O_8 , which is based on downhole radiometrics. The chemical assay is pending.) The Hotish property is also directly adjacent to the north to the Beaver Lake property where a mineralized uranium occurrence is reported.

Furthermore, the DIOS property includes also a claim block covering the extent of the unconformity contact, adjacent to the Strateco Property. A National Instrument 43-101 mineral resource estimate of 4.1 million pounds of U_3O_8 was recently published by Strateco on Oct. 1, 2007 for the Matoush showing.

Chibouki Property

The Company's diamond exploration main objective is to discover diamond bearing kimberlites. Most of the world's diamond mines are located within kimberlites. The discovery of G10 garnets 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 pyrope garnets, or eclogitic garnets, even rarer to find, but of even more significance as to the diamond potential of the kimberlites that they come from.

Dios has a drill turning on Chibouki and planned initially to test 10 targets. The work is progressing well and the company is looking to add several more targets to its program. The company would ideally like to double the program. That would be dependent on getting road access to the additional anomalies, as using helicopters to sling the drill and equipment into remote sites is costly and time consuming. The program will end with between 15 and 20 targets tested.

Dios has plenty of targets available. Earlier work outlined at least two dozen features on the property and the company doubled the count to over 50 last year. Dios completed another round of sampling and prospecting over the property this summer, adding to its list of targets. Drilling during the summer and fall will limit Dios to features accessible from dry land, but many of those anomalies are priority targets.

Dios would be spending about \$300,000 on its drill program, and perhaps more if it hits the 20-target goal. The company's costs are lower than those it faced in the more remote Otish Mountains district, where supplies and equipment had to be flown in and moved about by helicopter. Cash is not a worry for Dios. The company has over \$8.5 million in working capital.

Dios acquired the Chibouki property based on geochemistry. The company found indicator minerals in the region about 80 kilometres north-northeast of Chibougamau and about 300 kilometres south-southwest of Renard and the core of the Otish Mountains diamond play.

De Beers Canada Inc. and other diamond majors explored Quebec for decades and found early promise, but their efforts usually led to failure. Nevertheless, Dios is hopeful its drilling will fare well at Chibouki. The company's geophysical surveys outlined some potentially larger targets, which Dios thinks could answer tonnage worries quickly, and the company continues to find G-10 pyrope garnets pointing to a potentially diamondiferous source.

Sampling programs outlined at least four mineral trains on the property that suggest several kimberlites await discovery on the property. A new round of sampling in August is refining the mineral trains further, and the company should have plenty of new targets for next spring.

So far, a total of 53 kimberlitic geophysical targets were identified by both Dios geophysical surveys (2006 & 2007) in the target area. A first-phase drilling program (1,100m) tested 11 priority targets and no kimberlitic material was intersected. Prospecting and till sampling was completed in the same area. A second-phase drilling program is underway, and 10 to 15 additional holes (1,000-1,500m) are planned on priority 1 or 2 geophysical targets. Most of the targets are easily accessible through logging roads.

Pontax Property

The Pontax property (1,369 claims totalling 719 sq. kilometres) is held in partnership with Sirios Resources Inc. ("Sirios")(TSX V: SOI) 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.

Dios Exploration Inc. has the cash and targets needed for a big drill program on its Pontax diamond property, east of James Bay. The company thinks the area is prospective for diamonds.

The 2006 till program processed in 2007 identified several kimberlite indicator minerals known as kosmochlors, as well as omphacite, a mineral of great significance due to its eclogitic origin, thus suggestive of very high diamond potential content.

The two helicopter-borne geophysical surveys totalling 3,200 km (in three blocks) were processed for kimberlite targeting by a specialized geophysicist. Sixty-six kimberlite geophysical targets were outlined, of which 26 were classified as first-priority on the base of kimberlite indicator minerals. A follow-up (prospecting) was completed on these targets in September. Dios started with 34 magnetic anomalies on Pontax, eliminated four through prospecting and ground checks, leaving 30, of which Dios plans to drill some 20. The work will start in mid-November. An helicopter-borne drilling program totalling about 2,000 m is planned later this fall-winter.

Dios expects drilling will cost up to \$500,000, a bit more than Dios is budgeting for a comparable program on Chibouki. As a result, Dios should have several top targets left for next year. That list would include lake-based anomalies as well as features too tough to reach during the fall. If Dios misses its chance this late fall, the company would likely test all its top targets early next spring.

Diamond explorers worked the area east of James Bay for years, and De Beers Canada Inc. continues to be a believer in the region. The diamond major has a large property immediately west of Pontax, and it explored for several years in the area near Wemindji, about 200 kilometres to the northwest.

Still, Pontax's location on the Superior craton makes it favourable for diamonds if you look far over the horizon. Stornoway Diamond Corp. has an advanced project about 300 kilometres northeast, in the Otish Mountains region. The Renard project could contain well over 20 million carats of diamonds, worth as much as \$100 (U.S.) per carat. Even further away, the Superior craton hosts a significantly diamondiferous pipe near Lake Timiskaming, and farther west, at Victor.

That keeps De Beers and its rivals looking for a big diamondiferous source for the swaths of indicator mineral grains across the James Bay area. Pontax started as a gold play in 2005, but regional samples showed enough potential that the gold hunter, Sirios Resources Inc., decided to share the project with Dios, the diamond seeker.

Both companies have had preliminary encouragement with their respective programs. Sirios has been drilling on Pontax and although its assays show little gold up to now, it has produced some intriguing high grade silver values. Dios's sampling efforts show arrays of promising diamond indicators, including eclogitic grains and G-10 garnets.

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 Renard 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 gneisses, Barou River- Cadieux Lake-Misasque River-LaSalle Lake- Antons River granitic intrusives, as well as the Upper Eastmain River and the Trieste Lake volcano-sedimentary belts. The southern portion of the region is underlain by the Archean Epervanche Complex (granitic-tonalitic gneisses) and Proterozoic Otish meta-sedimentary basin. The Eastmain volcano-sedimentary belt is located along the same fold structure. Available glacial striae indicate a late N230 glacial movement for the West-Rivière de Feu area. An earlier (and minor) N330 glacial movement is also known.

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

Eight geophysical targets were sampled through the soils and geochemical assaying in another area. These samples are still being processed. Three new priority targets located up-ice of harzburgitic kimberlite indicators were outlined by a specialized geophysician. Several hundred of till samples were re-analyzed for gold and the anomalous areas will be later ground-checked.

OPINACA NORD Property

The Opinaca Nord property (576 claims totalling 300 sq. km) is owned in partnership with Sirios Resources (TSX: SOI). DIOS may earn a 50% interest by incurring \$1,25 M in exploration expenditures over a 5 year period.

It is located about 400 kilometers north of the town of Matagami, James Bay, Quebec. It is also located about 30 kilometers east of the Eleonore gold discovery owned by Goldcorp and is located north of Sirios/Golden Valley Cheechoo project.

The Opinaca Nord property overlies rocks (mainly paragneisses and pegmatitic granite) of the LaGuiche sedimentary Basin that are cut by numerous east-west structures parallel to the regional Opinaca River structure. The exploration first priority focus consists in three pluri-kilometric uranium anomalous lake sediment clusters (40-70ppm, up to 383 ppmU) that will be investigated (mapping-prospecting) during the summer of 2007. Rossing-type uranium mineralizations (high tonnage, low grade) is targeted in the paragneisses (metasediments) associated with anatexis-granites. Other targets included a pluri-kilometric arsenic-gold lake sediment anomaly, as well as the extents of the amphibole-garnet-sulphides unit that host the Everton Manuel showing.

A first reconnaissance program for uranium outlined 3 kilometric radioactive outcropping areas. Sizes vary from 1,5 to 6,0 square kilometres with counts of 10,000 to 20,555 cps (counts per second). All these areas are underlain by granitic and/or pegmatitic rocks injected along a regional east-west structural corridor. An helicopter-borne radiometric/magnetic survey is planned to better define priority targets.

Summary of planned exploration programs for 2007

PROPERTIES	PLANNED WORK	BUDGET \$	FUTURE STEPS
HOTISH	Geological compilation, study of previous 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 analysis, additional till & prospection, airborne geophysics	275,000	Drilling
PONTAX	Airborne geophysics, till-creek sediment survey, soil survey & prospection	350,000	Drilling
OPINACA NORD	Lake sediment survey, mapping and prospecting, airborne geophysics?	250,000	Additional mapping and prospecting, geophysics
ACQUISITIONS	Geological compilation, soil prospection, in lake sediments survey, airborne geophysics, drilling	1-2,000,000	

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter ended September 30, 2007 is \$204,510 (net loss of \$22,879 for the third quarter 2006) caused by an increase in future income taxes and administration expenses.

Description	Quarter ended September 30		Nine-month period ended September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Stock based compensation	98,715	-	265,670	40,500
Professional fees	35,806	6,360	101,004	34,831
Salaries-management	-	-	13,612	-
Trustee and registration fees	3,873	534	26,459	5,547
Shareholders information	2,330	4,099	19,272	15,672
Office and rent	6,834	412	14,286	3,079
Publicity and public relations	6,134	5,957	34,983	15,382
Insurances, taxes and permits	1,912	1,853	11,716	13,708
Interest on debenture	(4,551)	-	5,985	-
Banking fees and interests	305	283	774	689
	151, 358	19,498	493,761	129,408

During the the three-month period ended September 30, 2007, one notes mainly:

- Accounting of stock based compensation following the options exercisables to the directors and officers of the Company.
- Professional fees of \$25,000 paid to a financial consulting firm
- New administrative office in downtown Montreal: 1200, St-Jacques Street, Suite 2009.
- Positive adjustment of interests on convertible debenture following the early redemption.

SUMMARY OF QUARTERLY RESULTS

	2007			2006				2005
(\$ 000 except loss/share)	T3	T2	T1	T4	T3	T2	T1	T4
Income	73	59	32	6	7	9	4	12
Net profit (net loss)	(205)	(180)	208	(298)	(23)	(50)	(42)	(332)
Net profit (net loss) per share (basic)	(0.006)	(0.006)	0.01	(0.022)	(0.002)	(0.003)	(0,003)	(0.025)

Variations in quarterly loss can be explained by the following:

- 2007-Q3** Accounting for stock based compensation expenses of \$98,715. Future income taxes registered of \$125,810. Professional fees of \$25,000 paid to a financial consulting firm. Accounting of a unrealized write-down of \$19,566 on listed shares.
- 2007-Q2** Accounting for stock based compensation expenses of \$98,805. Increase in interest income due to numerous private placements closed since the beginning of year. Accounting of a unrealized write-down of \$25,659 on listed shares.
- 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.

CASH FLOW SITUATION

The working capital decreased by \$564,828 as at September 30, 2007 going from \$8,764,087 as at June 30, 2007 to \$8,199,259 as at September 30, 2007. The decrease is mainly due to an increase in exploration expenses.

The cash and term deposits (free cash flow) total \$8,340,373 as at September 30, 2007 compared to \$8,295,596 as at June 30, 2007.

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. As at September 30, 2007, the Company did not have any debt or any financial commitments in the upcoming quarters.

FINANCING SINCE THE BEGINNING OF THE YEAR

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 at 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 \$5,000,000 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 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.

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.

On July 20, 2007, the Company decided to redeem its convertible débenture with its accrued interest by issuing to its holder 632,381 common shares of the company for a value of \$218,115.

During the nine-month period ended September 30, 2007, a total of 1,066,493 common shares were issued following exercised warrants for proceeds of \$394,433.

As at September 30, 2007 :

- 33,948,089 common shares were issued.

- 2,685,000 options were granted and can be exercised in the future at prices between \$0.33 to \$0.75 between 2008 to 2012. Each option can be exercised by the holder for one common share of the Company.
- 10,212,813 warrants were issued, entitling their holders to subscribe the same amount of common shares of the company at prices between \$0.29 and \$1.15 with expiration date ranging from October 2007 to May 2009.

Variation in share capital as at October 31, 2007 are the following:

Description	Number of shares	Price \$	Amount \$
As at December 31, 2006	19,194,016		6,866,701
Private placements	12,900,366	0.66	8,474,790
Exercised warrants	1,066,493	0.37	394,433
Exercised options	121,500	0.30	36,450
Mining property acquisition	33,333		25,000
Redemption of convertible debenture	632,381		218,115
Fair value of exercised options			18,150
As at September 30 and October 31, 2007	33,948,089		16,033,639

Options

Variation in outstanding options as at October 31, 2007 is the following :

Date	Number of options	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 September 30 and October 31, 2007	2,685,000	0.53

Options granted and exercisable as at October 31, 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	229,500	0.33
January 29, 2012	450,000	180,000	0.50
March 8, 2012	1,000,000	400,000	0.75
	2,685,000	1,774,500	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

Variation 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	(1,066,493)	0.37
Issued	7,740,219	0.83
As at September 30 and October 31, 2007	10,212,813	0.73

Warrants characteristics as at October 31, 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
584,500	0.35/0.38	December 2007/ 2008
1,777,600	0.60/0.80	March 2008/ 2009
355,520	0.45	March 2009
3,333,333	1.00/1.15	March 2008/ 2009
666,666	0.75	March 2009
1,339,250	1.00/1.15	May 2008/ 2009
267,850	0.70	May 2009
10,212,813	0.73	

RELATED PARTY TRANSACTIONS

The Company is related to another company, Sirius Resources Inc. (“Sirios”), because of certain common officers. Related party transactions are limited to common deferred exploration and development expenses. As at September 30, 2007, the Company had a balance to pay of \$5,731 to Sirios.

During the nine-month period ended September 30, 2007, 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, a director received from the Company professional fees totalling \$25,237 for the nine-month period ended September 30, 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 and accounting policy changes are as follows:

a) Comprehensive income (CICA Handbook Section 1530)

This new accounting rule introduces a new financial statement which shows the change in equity of an enterprise from transactions and other events and circumstances from non-owner.

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

This new accounting rule establishes standards for recognizing and measuring financial instruments, namely financial assets, financial liabilities and derivatives. The new standards lay out how financial instruments are to be recognized depending on their classification. Financial instruments are initially recorded at fair value. The subsequent evaluation depends on the classification of the financial instruments. Depending on financial instruments classification, changes in subsequent measurements are recognized in net income or comprehensive income.

Upon adoption of these new standards, the Company has designated its cash and cash equivalents, Term deposit, Listed shares and Exploration funds as held-for-trading, which are measured at fair value. Those financial assets are marked-to-market through net income at each period end. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and Liability component of convertible debenture are classified as other liabilities, which are measured at amortized cost. For the Company, the measured amount generally corresponds to cost.

The adoption of these new standards has no impact on the financial position and the results of operations of the Company.

RISK AND UNCERTAINTIES

Financial risks

The Company is an exploration company. The Company will periodically have to raise additional 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

Although 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 guarantee the Company’s title. Property title may be 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.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at October 31, 2007 should be read in conjunction with the unaudited interim financial statements for the nine-month period ended September 30, 2007 and the audited financial statements for the year ended December 31, 2006. The unaudited interim financial statements for the nine-month period ended September 30, 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 evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of September 30, 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 issue 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 RESPONSIBILITY 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, October 29, 2007