



DITEM EXPLORATIONS INC.

THIRD QUARTER FINANCIAL REPORT
(unaudited)

For the nine months ended
September 30, 2005

Prepared by Management

DITEM EXPLORATIONS INC.

BALANCE SHEET

(unaudited) (in Canadian dollars)	September 30 2005	December 31 2004	September 30 2004
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	14 409	22 590	61 788
Accounts receivable	13 685	36 888	37 730
Deposits and prepaid expenses	582	582	582
	<u>28 676</u>	<u>60 060</u>	<u>100 100</u>
Fixed assets (note 1)	8 678	10 210	8 530
Marketable securities (note 2)	102 810	82 810	155 310
Mining properties (note 3)	166 121	160 841	165 900
Deferred exploration costs (note 3)	1 136 268	1 183 023	1 285 582
	<u>1 442 553</u>	<u>1 496 944</u>	<u>1 715 422</u>
LIABILITIES			
Current liabilities			
Accounts payable	105 734	67 163	106 110
	<u>105 734</u>	<u>67 163</u>	<u>106 110</u>
SHAREHOLDERS' EQUITY			
Capital stock (note 4)	4 664 250	4 664 250	4 664 250
Surplus d'apport	219 900	219 900	219 900
Deficit	(3 547 331)	(3 454 369)	(3 274 838)
	<u>1 336 819</u>	<u>1 429 781</u>	<u>1 609 312</u>
	<u>1 442 553</u>	<u>1 496 944</u>	<u>1 715 422</u>
STATISTICS			
Per share value			
Shareholder's equity	<u>0.15</u>	<u>0.16</u>	<u>0.18</u>
Capital stock			
Shares outstanding	<u>8 986 740</u>	<u>8 986 740</u>	<u>8 986 740</u>

See accompanying notes to financial statements.

ON BEHALF OF THE BOARD:

_(s) Raymond Savoie_____, Director

_(s) Richard-Marc Lacasse_____, Director

DITEM EXPLORATIONS INC.

STATEMENT OF DEFERRED EXPENDITURES

(unaudited) (in Canadian dollars)	September 30 2005	December 31 2004
	\$	\$
Balance, beginning of the period	1 183 023	1 100 182
Increase (decrease) :		
Surveying	-	5 425
Geological work	-	31 336
Office expenses	-	5 168
Travel expenses	-	5 872
Valuation and development	3 000	25 129
Sampling and testing expenses	-	11 500
Preparer of site	-	112 160
Location équipements et outillage	-	5 880
Reports	-	562
Less credits for mining duties and resource credits	(26 005)	(21 613)
Consideration received on disposal of undivided interest	(23 750)	-
Write-down of mining properties	-	(98 578)
	(46 755)	82 841
Balance, end the period	1 136 268	1 183 023

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.**STATEMENT OF LOSS AND DEFICIT**

(unaudited) (in Canadian dollars)	For the three months ended September 30 2005	For the three months ended September 30 2004	For the nine months ended September 30 2005	For the nine months ended September 30 2004
	\$	\$	\$	\$
REVENUE				
Others revenues	20 000	0	20 000	0
	20 000	0	20 000	0
EXPENSES				
Stock-based compensation	-	18 750	-	18 750
Salaries and social benefits	-	-	-	5 068
Professional fees	20 893	16 548	56 922	65 310
Office, trustees and reports to shareholder	7 013	20 605	36 278	58 094
Rent and taxes	3 665	3 497	11 219	11 873
Travel	705	2 267	6 390	16 217
Financial	(8)	(43)	622	162
Depreciation	510	341	1 531	1 023
	32 778	61 965	112 962	176 497
NET LOSS OF PERIOD	12 778	61 965	92 962	176 497
DEFICIT, BEGINNING OF PERIOD	3 534 553	3 212 873	3 454 369	3 098 341
DEFICIT, END OF PERIOD	3 547 331	3 274 838	3 547 331	3 274 838
Loss per share, basic and diluted	0.00	0.01	0.01	0.02

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.

STATEMENTS OF CASH FLOWS

(unaudited) (in Canadian dollars)	For the three months ended September 30 2005	For the nine months ended September 30 2005	For the three months ended September 30 2004	For the nine months ended September 30 2004
	\$	\$	\$	\$
Cash flows from operating activities:				
Net loss	(12 778)	(92 962)	(61 965)	(176 497)
Adjustments for:				
Stock-based compensation	-	-	18 750	18 750
Depreciation	510	1 531	341	1 023
Net change in non-cash operating working capital items	(25 668)	61 775	(77 309)	89 046
	(37 936)	(29 656)	(120 183)	(67 678)
Cash flows from investing activities:				
Investments from disposal of mining properties	(20 000)	(20 000)	-	-
Mining properties	-	(5 280)	-	(12 052)
Deferred exploration costs	49 755	46 755	(144 947)	(185 400)
	29 755	21 475	(144 947)	(197 452)
Net decrease in cash and cash equivalents	(8 181)	(8 181)	(265 130)	(265 130)
Cash and cash equivalents, beginning of period	22 590	22 590	326 918	326 918
Cash and cash equivalents, end of the period	14 409	14 409	61 788	61 788

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.
Notes to Financial Statements
For the nine months ended September 30, 2005

Ditem Explorations Inc. was incorporated on November 26, 1993 under the Canada Business Corporations Act. The Company holds interests in mineral properties which are presently in the exploration stage and has not yet determined whether the properties contain reserves that are economically recoverable.

1. Significant accounting policies :

a) Mining properties and deferred exploration costs :

Exploration assets are carried at costs. Exploration and development expenses relating to a non-producing property are deferred until the property is brought into production or abandoned. Upon abandonment, these costs are charged to earnings. Management reviews the carrying values of assets on a regular basis to determine whether any write-downs are necessary.

Recovery of the costs of properties and deferred exploration and development expenses depends on the discovery of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete the exploration and development of the properties and future profitable production or the disposal of the properties for proceeds in excess of their carrying value.

b) Fixed assets :

Fixed assets are carried at costs. The depreciation is calculated using the diminishing balance methods at the rate of 20 %.

c) Administrative expenses :

Administrative expenses are charges to operating as incurred.

d) Stocks-based compensation and other stock-based payments:

The Company adopted the new accounting recommendations published by the Canadian Institute of Chartered Accountants (« ICCA ») relating to stock-based compensation and other stock-based payments made in exchange for goods and services. Effective January 1, 2004 , the Company uses the fair value method for the options granted to all participants.

e) Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

DITEM EXPLORATIONS INC.
Notes to Financial Statements
For the nine months ended September 30, 2005

1. Significant accounting policies (continued) :

e) Use of estimates (continued) :

Significant areas requiring the use of estimates relate to assessing the realizable values of properties and deferred exploration costs. Consequently, actual results could differ from those estimates.

2. Marketable securities:

	September 30, 2005	December 31, 2004
	\$	\$
Shares of a public company sold during the year (market value – \$20 000)	20 000	-
751,482 common shares of Gastem Inc., representing 8.5% of the shares issued, and those shares are escrowed (market value \$90 178).	82 810	82 810
	102 810	82 810

3. Properties and deferred exploration costs:

	September 30, 2005		December 31, 2004	
	Properties	Deferred exploration cost	Properties	Deferred exploration cost
	\$	\$	\$	\$
Témiscamingue	-	11 123	-	11 123
Les monts Otish	166 121	1 094 812	160 841	1 141 567
Southampton	-	30 333	-	30 333
	166 121	1 136 268	160 841	1 183 023

a) Otish Mountain property (Beaver Lake, Tichégami and Eastmain) :

The Company holds a 90% interest in the diamond properties Beaver Lake, Beaver Lake South and Tichégami as well as a 100% interest in the diamond property of Eastmain.

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3. Properties and deferred exploration costs (continued) :

b) Témiscamingue property :

On November 26, 1993, the Company acquired 122 claims in Campeau Township, an area in Témiscamingue, Québec by issuing 750,000 common shares for a consideration \$20,000 and granting a 1% royalty on the gross value of the annual production from all substances extracted. This 1% royalty can be repurchased at all times for a cash consideration of \$1,000,000.

c) Matoush property :

On May 2nd 2005, Ditem signed a letter of agreement with Strateco Resources (RSC, TSX-V) granting to Strateco the option to acquire an interest in the Matoush and Beaver Lake Properties. The agreement allows Strateco to acquire a 51% interest in the Matoush and Beaver Lake projects by making cash payments totalling \$125,000 over two years; by completing \$750,000 in exploration over three years, including \$200,000 the first year and by issuing 600,000 common shares of Strateco over two years. To date, Strateco has paid \$25,000 and has issued 200,000 shares. The remainder is payable in two payments over the next 16 months if Strateco maintains its option.

4. Capital stock :

Authorized :

An unlimited number of common shares without par value.

	September 30, 2005	December 31, 2004
Issued :	\$	\$
8 986 740 common shares	4 664 250	4 664 250
Weighted average number of shares outstanding during the period	8 986740	8 986 740

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Notes to Financial Statements
For the nine months ended September 30, 2005

5. Stock option plan :

As at September 30, 2005, 1,797,348 common shares were reserved for future issuances under the stock option plan for the benefit of the directors and officers of the Company. The life of the options cannot exceed 10 years.

The number of stock options outstanding fluctuated as follows :

	09-30-05	Average exercisable price	12-31-04	Average exercisable price
	\$	\$	\$	\$
Balance, beginning of period	550 000	0.62	550 000	0.62
Issued				
Cancelled	(40 000)	0.75		
Exercised				
Balance, end of period	510 000	0.61	550 000	0.62

As at September 30, 2005, the following options were outstanding::

50,000 shares at \$0.75 until July 9, 2006
150,000 shares at \$0.60 until March 19, 2007
85,000 shares at \$0.75 until April 23, 2007
100,000 shares at \$0.75 until April 30, 2007
125,000 shares at \$0.35 until April 29, 2008

6. Financial instruments :

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Short-term financial instruments :

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying amount given that they will mature shortly.