



## **DITEM EXPLORATIONS INC.**

### **Interim Financial Statements Quarter ended June 30, 2008 and 2007**

#### Financial statements

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**Interim Financial Statements  
As of June 30, 2008****Notice to reader of the Interim Financial Statements**

The Interim Financial Statements of DITEM EXPLORATIONS INC. (The "Company"), including the accompanying Interim Balance Sheet as at June 30, 2008 and the Interim Statements of Earning, Deficit, Contributed Surplus and Cash Flows for the six-month period then ended are the responsibility of the Company's management. These Financial Statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company, KPMG SENCRL.

# DITEM EXPLORATIONS INC.

## Earning, Comprehensive Loss and Deficit

(unaudited)

	Three-month period ended June 30		Six-month period ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Revenue:</b>				
Interest	6 509	52 050	30 610	95 942
Unrealized gain on marketable securities	447 603		305 396	
	<u>454 112</u>	<u>52 050</u>	<u>336 006</u>	<u>95 942</u>
<b>Expenses:</b>				
Salaries and benefits	6 946	12 705	13 649	24 788
Stock base compensation (Note 7)	12 500		12 500	
Professional fees	99 173	88 052	137 384	141 662
Office, trustee and reports to shareholders	83 503	97 233	137 567	181 058
Travel	44 212	76 360	91 920	93 933
Rent and taxes	8 074	5 806	15 310	13 045
Depreciation	1 573	1 358	3 147	2 201
Financial	207	446	667	945
	<u>256 188</u>	<u>281 960</u>	<u>412 144</u>	<u>457 632</u>
<b>Net profit (loss) and comprehensive profit (loss)</b>	<b>197 924</b>	<b>(229 910)</b>	<b>(76 138)</b>	<b>(361 690)</b>
<b>Deficit, beginning of period</b>	<b>(7 044 146)</b>	<b>(4 931 255)</b>	<b>(6 770 084)</b>	<b>(4 560 977)</b>
<b>Share issue expenses</b>				<b>(238 498)</b>
<b>Deficit, end of period</b>	<b>(6 846 222)</b>	<b>(5 161 165)</b>	<b>(6 846 222)</b>	<b>(5 161 165)</b>
<b>Loss per share, basic and diluted</b>	<b>(0,131)</b>	<b>(0,124)</b>	<b>(0,131)</b>	<b>(0,124)</b>
<b>Weighted average number of outstanding shares and diluted</b>	<b>52 148 384</b>	<b>41 681 985</b>	<b>52 148 384</b>	<b>41 681 985</b>

The accompanying notes are integral part of the Financial Statements

# DITEM EXPLORATIONS INC.

## Cash Flows

(unaudited)

	Three-month period ended June 30		Six-month period ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net profit (Net loss)	197 924	(229 910)	(76 138)	(361 690)
Non cash items:				
Depreciation	1 573	1 358	3 147	2 201
Stock based compensation	12 500		12 500	
Plus-value on marketable securities	(447 603)		(305 396)	
Changes in working capital items:				
Accounts receivable	357 406	(97 504)	728 500	(109 805)
Deposits on long-term assets		(50 988)		(50 988)
Accounts payable and accrued liabilities	(33 095)	594 642	(340 718)	629 136
Cash flows from operating activities	<u>88 705</u>	<u>217 598</u>	<u>21 895</u>	<u>108 854</u>
<b>FINANCING ACTIVITIES</b>				
Proceed from share issuance		557 562	76 450	3 841 245
Share issue expenses				(238 498)
Cash flows from financing activities		<u>557 562</u>	<u>76 450</u>	<u>3 602 747</u>
<b>INVESTING ACTIVITIES</b>				
Addition to fixed assets		(10 107)	(430)	(20 016)
Addition of short-term investments				(2 693 217)
Proceed of short-term investments	1 496 413	384 231	2 966 359	384 231
Mining properties	(17 048)	(5 520)	(20 136)	(40 754)
Deferred exploration costs	(1 727 580)	(1 477 771)	(2 876 660)	(1 706 226)
Cash flows from investing activities	<u>(248 215)</u>	<u>(1 109 167)</u>	<u>69 133</u>	<u>(4 075 982)</u>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(159 510)</b>	<b>(334 007)</b>	<b>167 478</b>	<b>(364 381)</b>
<b>Cash and equivalents, beginning of period</b>	<b>763 963</b>	<b>624 505</b>	<b>436 975</b>	<b>654 879</b>
<b>Cash and equivalents, end of period</b>	<u><b>604 453</b></u>	<u><b>290 498</b></u>	<u><b>604 453</b></u>	<u><b>290 498</b></u>

The accompanying notes are integral part of the Financial Statements

# DITEM EXPLORATIONS INC.

## Balance Sheets

June 30, 2008 and December 31, 2007

	<u>2008-06-30</u>	<u>2007-12-31</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	604 453	436 975
Short-term investments 3.7%	174 892	3 141 252
Accounts receivable	607 810	1 336 310
Deposits and prepaid expenses	3 410	3 410
	<u>1 390 565</u>	<u>4 917 947</u>
Fixed assets (Note 3)	28 546	31 264
Marketable securities (Note 4)	750 306	444 910
Mining properties (Note 5)	1 453 738	1 433 602
Deferred exploration costs (Note 5)	<u>7 871 267</u>	<u>4 994 607</u>
	<u><u>11 494 422</u></u>	<u><u>11 822 330</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	120 527	461 247
Future income taxes (Note 8)	582 000	582 000
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	16 693 302	16 616 852
Contributed surplus (Note 7)	944 815	932 315
Deficit	<u>(6 846 222)</u>	<u>(6 770 084)</u>
	<u>10 791 895</u>	<u>10 779 083</u>
	<u><u>11 494 422</u></u>	<u><u>11 822 330</u></u>

The accompanying notes are integral part of the Financial Statements

On behalf of the Board:

(signed) Richard-Marc Lacasse Director

(signed) Raymond Savoie Director

# DITEM EXPLORATIONS INC.

## Deferred Expenditures

June 30, 2008 and December 31, 2007

	<u>2008-06-30</u>	<u>2007-12-31</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	\$	\$
<b>Balance, beginning of period</b>	<u>4 994 607</u>	<u>996 599</u>
<b>Increase (decrease)</b>		
Diamond drilling	2 388 883	1 120 358
Surveying and geology		2 672 842
Geological work	36 328	343 563
Other	451 449	411 245
Less resource tax credits		(550 000)
	<u>2 876 660</u>	<u>3 998 008</u>
<b>Balance, end of period</b>	<u><u>7 871 267</u></u>	<u><u>4 994 607</u></u>

The accompanying notes are integral part of the Financial Statements

# DITEM EXPLORATIONS INC.

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## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

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Ditem Explorations Inc. (the "Company") was incorporated on November 26, 1993 under the Canada Business Corporations Act and commenced operations in January 1995. The Company holds interests in mining properties which are presently in the exploration stage and has not yet determined whether the properties contain reserves that are economically recoverable.

### 1. Changes in accounting policies:

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement and Section 3865, Hedging. Changes in accounting policies in conformity with these new accounting standards are as follows:

(a) Comprehensive income:

Section 1530 introduces the concept of comprehensive income, which is calculated by including other comprehensive income with net income. Other comprehensive income represents changes in shareholders' equity arising from transactions and other events with non-owner sources, such as unrealized gains and losses on financial assets classified as available-for-sale. The adoption of this section had no material impact on the Company's financial statements.

(b) Equity:

Section 3251 establishes standards for the presentation of equity and change in equity during the reporting period and requires the Company to present separately equity components and changes in equity arising from (i) net earnings (loss); (ii) other comprehensive income (loss); (iii) other changes in retained earnings; (iv) changes in contributed surplus and (v) changes in capital stock.

(c) Financial instruments:

Sections 3855 and 3865 establish standards for recognizing and measuring financial assets, financial liabilities and derivatives. Under these standards, financial instruments are now classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities and measurement in subsequent periods depends on their classification. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as an adjustment to the underlying financial instruments. Financial assets and financial liabilities held-for-trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value or at cost, in the case of financial assets that do not have a quoted market price in an active market, and changes in fair value are recorded in comprehensive income.

# DITEM EXPLORATIONS INC.

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## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

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### 1. Changes in accounting policies (continued):

#### (c) Financial instruments (continued):

Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. The Company has classified its cash and short-term investments as held-for-trading. Accounts receivable were classified as loans and receivable. All of the Company's financial liabilities were classified as other financial liabilities.

Upon adoption of these new sections, the transition rules require that the Company adjusts either the opening deficit or accumulated other comprehensive income as if the new rules had always been applied in the past, without restating comparative figures of prior years. No such adjustments were necessary. Finally, the adoption of the new standards had no material impact on the net loss for the year ended December 31, 2007.

#### (d) New accounting pronouncements adopted in 2008:

In December 2006, the CICA published three new accounting standards: Section 1535 Capital Disclosures; Section 3862 Financial Instruments - Disclosures; and Section 3863 Financial Instruments - Presentation. These new standards will apply to the Company effective January 1, 2008.

Section 1535 establishes disclosure requirements concerning (a) an entity's objectives, policies and processes for managing capital; (b) the quantitative data about what the entity regards as capital; and (c) whether the entity has complied with any capital requirements and the consequences of non-compliance with such capital requirements.

Section 3862 and 3863 consist of a comprehensive series of disclosure requirements and presentation rules applicable to financial instruments. They revise and enhance the disclosure requirements set out in Section 3861 Financial Instruments - Disclosure and Presentation and carry forward unchanged the presentation requirements of Section 3861.

Section 3862 establishes disclosure requirements that enable users of financial statements to evaluate the significance of financial instruments for an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

The new standards apply to interim and annual financial statements are disclosed in Note 11.

### 2. Significant accounting policies:

#### (a) Cash and cash equivalents:

Cash and cash equivalents include temporary investments with a maturity date of three months or less.

# DITEM EXPLORATIONS INC.

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## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

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### 2. Significant accounting policies (continued):

(b) Mining properties and deferred exploration costs:

Exploration assets are carried at cost. 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 writedowns are necessary.

Recovery of the cost 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.

(c) Fixed assets:

Fixed assets are carried at cost. Depreciation is calculated using the diminishing balance method at the rate of 20%.

(d) Marketable securities:

Marketable securities are stated at fair value.

(e) Administrative expenses:

Administrative expenses are charges to operating as incurred.

(f) Stock-based compensation and other stock-based payments:

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

(g) Income and mining taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying values and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date.

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 2. Significant accounting policies (continued):

#### (g) Income and mining taxes (continued):

The Company renounces tax deductions relating to resource expenditures that are financed by the issuance of flow-through shares for the benefit of its shareholders, as permitted by the tax legislation.

Under the asset and liability method used to account for income taxes, future income taxes related to the temporary differences created by this renouncement are recorded in accordance with EIC-146 when the Company renounces its right to these deductions and a corresponding cost is also recorded as share issue expenses.

#### (h) Resource tax credits :

The Company incurs exploration expenses that are eligible for tax credits. The tax credits are recorded based on the estimated amounts to be recovered. The amounts claimed are subject to an audit by the tax authorities.

Tax credits on exploration costs relating to mining and exploration assets are deducted from the related asset.

#### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 expenses during the reporting period.

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

### 3. Fixed assets

	2008-06-30 (Unaudited)			2007-12-31 (Audited)
	Cost	Accumulated depreciation	Net book Value	Net book Value
Computer equipment	\$ 30 054	\$ 11 794	\$ 18 260	\$ 19 835
Equipment and tool	21 334	11 048	10 286	11 429
	<u>51 388</u>	<u>22 842</u>	<u>28 546</u>	<u>31 264</u>

### 4. Marketable securities

	2008-06-30 (Unaudited)		2007-12-31 (Audited)	
	Fair value	Cost	Fair value	Cost
90 000 shares of Strateco Strateco Inc.	\$ 181 800	\$ 35 100	\$ 266 500	\$ 35 100
225 466 common shares of Gastem Inc.	545 627	24 946	153 317	24 946
49 202 shares of Cadiscor Resources Inc.	22 879	-	25 093	-
	<u>750 306</u>	<u>60 046</u>	<u>444 910</u>	<u>60 046</u>

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 5. Mining properties and deferred exploration costs:

Mining properties	2007-12-31 (Audited)	Acquisition (Unaudited)	Income from interest (Unaudited)	2008-06-30 (Unaudited)
	\$	\$	\$	\$
Otish Mountain	213 033	20 136		233 169
Cree Lake	1 220 000			1 220 000
Hemmingford	569			569
	<u>1 433 602</u>	<u>20 136</u>		<u>1 453 738</u>

  

Deferred exploration costs	2007-12-31 (Audited)	Acquisition (Unaudited)	Income from interest (Unaudited)	2008-06-30 (Unaudited)
	\$	\$	\$	\$
Otish Mountain	3 750 731	114 814		3 865 545
Beartooth	806 723	2 436 147		3 242 870
Cree Lake	437 153	325 699		762 852
	<u>4 994 607</u>	<u>2 876 660</u>		<u>7 871 267</u>

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

The Company holds a 95% interest in the diamond properties of Beaver Lake and Beaver Lake South, a 49% interest in the Matoush property, as well as a 100% interest in the diamond properties of Eastmain and Tichégami.

Matoush property:

Ditem also holds a 2% net smelter return royalty.

(b) Beartooth property:

On January 20, 2006, Ditem signed a letter of agreement with Golden Valley Mines granting to Ditem the option to acquire a 66% interest in the Beartooth property. Ditem may acquire an interest of 50% by incurring exploration expenditures of \$1,000,000 within 3 years from the date of signature. The Company also issued 2,000,000 warrants that were exercised at \$0.10 each.

Ditem will be able to increase its interest to 60% by incurring additional exploration expenditures of \$2,000,000 in the 4th year of the agreement.

Ditem can then further increase its interest by 6% by the deposit of a feasibility study within 10 years of the agreement.

(c) Cree Lake property:

The Company holds a 100% interest in the Cree Lake property, subject to a net smelter return of 2%.

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 6. Share capital:

#### Authorized:

An unlimited number of common shares, without par value

Issued:	2008-06-30 (Unaudited)		2007-12-31 (Audited)	
	Number	\$	Number	\$
Common shares				
Balance, beginning of period	45 008 085	16 616 852	33 952 405	10 065 600
For cash:				
Private placement			6 731 000	4 750 150
Exercise of warrants	245 000	76 450	3 616 580	1 219 353
Exercise of stock options			285 000	346 929
In exchange for services			423 100	234 820
Balance, end of period	<u>45 253 085</u>	<u>16 693 302</u>	<u>45 008 085</u>	<u>16 616 852</u>
Weighted average number of outstanding shares	<u>45 130 585</u>		<u>39 453 553</u>	

#### Share purchase warrants

The Company has granted share purchase warrants and could be required to issue shares as follows:

Number	Basic price	Expiry date
67 500	\$0,48	October 6, 2008
348 250	\$0,35	December 11, 2008
1 299 999	\$0,60	December 12, 2008
211 550	\$0,75	January 26, 2009 (i)
2 115 500	\$0,75	January 26, 2009
250 000	\$0,80	October 18, 2009 (i)

- (i) The Company accounted for its compensation warrants issued during the year 2007 by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was \$0.5073 per warrant for a total value of \$234,160.

During the six-month period ended June 30, 2008, none warrant was issued.

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 7. Stock option plan

As at June 30, 2008, 4,441,744 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 options vest over a period of 18 months.

The number of outstanding stock options fluctuated as follows:

	2008-06-30 (Unaudited)		2007-12-31 (Audited)	
	Number	Average exercisable price	Number	Average exercisable price
Balance, beginning of period	2 825 000	0,81	400 000	0,59
Issued	25 000	0,56	2 710 000	0,83
Expired	(125 000)	0,35	(285 000)	0,50
Balance, end of period	<u>2 725 000</u>	<u>0,84</u>	<u>2 825 000</u>	<u>0,81</u>

The features of the outstanding stock options as at June 30, 2008 are as follow:

Number	Basic price	Expiry date
1 500 000	\$0,97	February 9, 2012
1 200 000	\$0,65	December 20, 2012
25 000	\$0,56	January 28, 2013

During the six-month period ended June 30, 2008, the Company granted 25,000 stock options at a price of \$0,56 per share. These options vest immediately. The fair value of each option granted was determined using the Black-Scholes option pricing model. At the date of the grant, this fair value of stocks options granted was \$0.50 per option. The following weighted assumptions were used in this calculation:

Risk-free interest rate	2,85 %
Expected life	5 years
Expected volatility	146 %
Expected dividend yield	0 %

Contributed surplus	2008-06-30	2007-12-31
	(Unaudited)	(Audited)
	\$	\$
Balance, begging of period	932 315	463 967
Stock-based compensation	12 500	570 825
Cost of compensation warrants		234 160
Cost of options and warrants exercised		(336 637)
Balance, end of period	<u>944 815</u>	<u>932 315</u>

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 8. Income taxes

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 32.02% as a result of the following:

	<u>2008-06-30</u> <u>(Unaudited)</u>	<u>2007-12-31</u> <u>(Audited)</u>
	\$	\$
Loss before taxes	<u>(76 138)</u>	<u>(1 114 281)</u>
Computed "expected" tax recovery	<u>(24 379)</u>	<u>(356 792)</u>
Increase in income taxes resulting from:		
Stock-based compensation non deductible	<u>12 500</u>	<u>182 778</u>
Valuation allowance	<u>11 879</u>	<u>174 014</u>
	<u>-</u>	<u>-</u>
The income tax effect of temporary differences that give rise to future tax assets and liabilities is as follows:		
Future tax assets:		
Operating loss carryforwards	<u>517 000</u>	<u>517 000</u>
Share issuing expenses	<u>168 000</u>	<u>168 000</u>
	<u>685 000</u>	<u>685 000</u>
Valuation allowance	<u>(685 000)</u>	<u>(685 000)</u>
	<u>-</u>	<u>-</u>
Deferred exploration expenditures	<u>(582 000)</u>	<u>(582 000)</u>
Net future tax liabilities	<u>(582 000)</u>	<u>(582 000)</u>

As at June 30, 2008, the Company has tax losses of approximately \$2,272,000 (\$1,922,000 : 2007-12-31) available to apply against future taxable income as follows:

<u>Expiry date</u>	<u>2008-06-30</u> <u>(Unaudited)</u>	<u>2007-12-31</u> <u>(Audited)</u>
	\$	\$
2009	<u>468 000</u>	<u>468 000</u>
2014	<u>221 000</u>	<u>221 000</u>
2015	<u>187 000</u>	<u>187 000</u>
2026	<u>279 000</u>	<u>279 000</u>
2027	<u>767 000</u>	<u>767 000</u>
2028	<u>350 000</u>	<u>-</u>
	<u>2 272 000</u>	<u>1 922 000</u>

Also, as of June 30, 2008, the Company has Canadian exploration expenditures and other costs of approximately \$7,500,000 (\$4,824,000 in 2007) which may be deducted from future income, with no defined period.

The future tax benefit resulting from these items was not recorded.

# DITEM EXPLORATIONS INC.

## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

### 9. Related party transactions

During the six-month period ended June 30, 2008, the Company paid its share of the cost of the lease and other office costs to a company controlled by a director of the Company for an amount of \$15 310. These transactions were recorded at the exchange amount.

### 10. Contingency

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact. At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

### 11. Financial instruments and risk management

#### (a) Financial instruments

##### i) Held for trading

The Company's cash and cash equivalents are classified as held-for-trading assets.. Fair value approximates the carrying amount given the short period to maturity

##### ii) Loans and receivables

Accounts receivable were classified as loans and receivables. Fair value approximates the carrying amount given the short period to maturity.

##### iii) Other financial liabilities

All the company's financial liabilities were classified as other financial liabilities. Fair value approximates the carrying amount given the short period to maturity.

#### (b) Financial risks

##### i) Credit risk

Credit risk can come from sustaining a loss following the non-performance of some part of its commitments according to the terms of a contract. The financial instruments that may be subject to credit risk concentration for Company are cash and cash equivalents and temporary investments. Cash and cash equivalents and temporary investments are held by high quality financial institutions. Accounts receivable consist mostly of taxes and tax credits from different government institutions.

##### ii) Liquidity risk

Liquidity risk is the risk that an entity represents when it has difficulty meeting its obligations associated with financial liabilities. The Company's liquidities are the result of shares issued and the participation of partners implicated in specific exploration programs in order to maintain its financial commitments associated with the exploration permits held. The liquid assets allows the Company to grow constantly and to meet its oil and gaz exploration objectives.

##### iii) Risk of market rate

Market risk rate represents the risk that the fair value or the future cash flows of a financial instrument varies because of market changes wheter these changes result from particular factors related to this financial instrument or to its issuer, or from particular factors related to similar financial instruments found in the markets. The Company is exposed to fluctuations in the price of gas. Insterest risks are very low given that such temporary investments are invested at fixed rates and held by well-known banking intitutions.

# DITEM EXPLORATIONS INC.

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## Notes to Interim Financial Statements

June 30, 2008 and December 31, 2007

(Unaudited)

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### 11. Financial instruments and risk management (continued)

(b) Financial risks (continued)

iv) Capital disclosures

The objective of Company management is to maximize a return on capital for its shareholders while also preserving its capacity to finance exploration programs through equity financing or through contracting loans. The Company's capital includes shareholder's equity as well as cash and cash equivalents.

The budgets for the exploration programs are prepared and approved by management and are updated regularly to reflect the changes that can arise within its framework of activities while respecting the financial position of the Company.

The Company has sufficient funds to pursue its current activities and intends to maintain its current capital structure.

### 12. Subsequent event

As of July 28, 2008, the Company has closed a non-brokered private placement of 1.5 million flow-through common shares at a price of 50 cents per share for gross proceeds of \$750,000. There are no warrants attaches to the shares. All the securities issued pursuant to the private placement are subject to a hold period of four months from the date of closing. The private placement is subject to all regulatory approvals including the approval of the TSX Venture Exchange. A finder's fee of \$56,250 representing 7.5 per cent of the goss proceeds will be paid to Desjardins Securities.

The proceeds from the private placement will be used by Ditem for admissible exploration expenses primarily on the Otish Mountains properties in Quebec, the Beartooth Island project in the Athabasca basin of Saskatchewan and the Cree Lake property also in the Athabasca basin of Saskatchewan.