

ALAMOS GOLD INC.

September 30, 2007

(Unaudited - stated in thousands of United States dollars)

INDEX

Notice to reader

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NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements of Alamos Gold Inc. ("the Company") including the accompanying consolidated balance sheets as at September 30, 2007 and December 31, 2006 and the consolidated statements of operations and comprehensive income, deficit and cash flows for the three and nine-month periods ended September 30, 2007 and 2006 are the responsibility of the Company's management. The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles for interim financial statements.

ALAMOS GOLD INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited - stated in thousands of United States dollars)

	Note Ref.	September 30, 2007	December 31, 2006
A S S E T S			
Current Assets			
Cash and cash equivalents		\$8,938	\$4,878
Restricted cash		-	78
Amounts receivable	4	6,199	6,368
Advances and prepaid expenses		920	1,314
Available-for-sale securities	5	1,100	1,174
Inventory	6	34,674	29,549
		51,831	43,361
Mineral property, plant and equipment	7	121,226	113,850
		\$173,057	\$157,211
L I A B I L I T I E S			
Current Liabilities			
Accounts payable and accrued liabilities		\$5,911	\$5,761
Bank loan	10	7,000	3,000
Current portion of capital lease obligations	9	1,800	1,700
Current portion of property acquisition obligations	12	370	-
		15,081	10,461
Capital lease obligations	9	5,808	6,277
Convertible debenture	10	1,307	1,092
Future income taxes		4,850	1,000
Employee future benefits	8	535	350
Asset retirement obligations	11	2,801	2,640
Property acquisition obligations	12	700	-
S H A R E H O L D E R S ' E Q U I T Y			
Share capital	13	\$160,209	\$158,971
Convertible debenture	10	293	297
Contributed surplus	13	5,896	3,740
Deficit		(24,423)	(27,617)
		141,975	135,391
		\$173,057	\$157,211

See notes to interim consolidated financial statements

ALAMOS GOLD INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited - stated in thousands of United States dollars, except per share amounts)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2007	2006	2007	2006
OPERATING REVENUES				
Gold sales	\$15,590	\$12,165	\$53,345	\$39,355
OPERATING EXPENSES				
Mining and processing	9,442	5,592	29,521	18,763
Royalties	747	623	2,696	1,373
Amortization	2,356	1,664	7,784	5,625
Exploration	536	1,500	1,718	3,374
Corporate and administrative	718	722	2,388	2,827
Stock-based compensation	720	390	2,355	1,170
Accretion of asset retirement obligations	46	40	136	117
Employee future benefits	(37)	-	185	-
	14,528	10,531	46,783	33,249
EARNINGS FROM OPERATIONS	1,062	1,634	6,562	6,106
Interest income	41	103	156	291
Interest expense	(393)	(278)	(991)	(1,867)
Financing charges	-	(74)	-	(375)
Accretion of convertible debenture discount	(18)	(15)	(49)	(945)
Foreign exchange (loss) gain	(190)	166	(198)	(843)
Other loss	(93)	(21)	(23)	(407)
Earnings before income taxes for the period	409	1,515	5,457	1,960
Income taxes				
- Current	(142)	-	(413)	-
- Future	(150)	(680)	(1,850)	(840)
Earnings and comprehensive income for the period	\$117	\$835	\$3,194	\$1,120
Earnings (loss) per share (Note 16)				
- basic and diluted	\$0.00	\$0.01	\$0.03	(\$0.06)
Weighted average number of common shares outstanding (Note 16)				
- basic	94,215,000	93,403,000	93,943,000	85,583,000
- diluted	96,344,000	96,483,000	96,432,000	85,583,000

See notes to interim consolidated financial statements

ALAMOS GOLD INC.
CONSOLIDATED STATEMENTS OF DEFICIT

(Unaudited - stated in thousands of United States dollars)

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Deficit - beginning of period	(\$24,540)	(\$29,308)	(\$27,617)	(\$23,603)
Earnings for the period	117	835	3,194	1,120
Conversion of convertible debentures	-	-	-	(5,990)
Deficit - end of period	(\$24,423)	(\$28,473)	(\$24,423)	(\$28,473)

See notes to interim consolidated financial statements

ALAMOS GOLD INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - stated in thousands of United States dollars)

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Cash provided by (used for):				
Operating Activities				
Earnings for the period	\$117	\$835	\$3,194	\$1,120
Adjustments for items not involving cash:				
Amortization	2,356	1,664	7,784	5,625
Accretion expense	64	55	185	1,062
Employee future benefits	(37)	-	185	-
Foreign exchange loss on convertible debenture	78	85	183	1,578
Settlement of convertible debenture	-	-	-	1,548
Future income taxes	150	680	1,850	840
Realized gain on sale of securities	(44)	-	(81)	-
Stock-based compensation	720	390	2,355	1,170
Changes in non-cash working capital:				
Fair value of forward contracts	302	59	277	966
Amounts receivable	3,836	(581)	169	(1,373)
Inventory	(3,115)	(6,508)	(4,759)	(12,028)
Prepaid expenses	22	(885)	394	(961)
Accounts payable and accrued liabilities	(444)	1,350	(92)	(849)
	<u>4,005</u>	<u>(2,856)</u>	<u>11,644</u>	<u>(1,302)</u>
Investing Activities				
Proceeds from sale of securities	48	-	155	-
Deposits and advances to contractors	-	2,667	-	1,533
Mineral property, plant and equipment	(4,747)	(4,163)	(11,669)	(14,207)
	<u>(4,699)</u>	<u>(1,496)</u>	<u>(11,514)</u>	<u>(12,674)</u>
Financing Activities				
Common shares issued	271	725	1,018	18,490
Bank loan	2,000	-	4,000	-
Capital lease repayments	(451)	(437)	(1,132)	(752)
Restricted cash	-	(6)	44	1,138
	<u>1,820</u>	<u>282</u>	<u>3,930</u>	<u>18,876</u>
Net increase in cash and cash equivalents	1,126	(4,070)	4,060	4,900
Cash and cash equivalents - beginning of period	7,812	13,489	4,878	4,519
Cash and cash equivalents - end of period	<u>\$8,938</u>	<u>\$9,419</u>	<u>\$8,938</u>	<u>\$9,419</u>
Supplemental information:				
Interest paid	<u>\$338</u>	<u>\$252</u>	<u>\$798</u>	<u>\$1,787</u>

See notes to interim consolidated financial statements

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - stated in United States dollars)

1. NATURE OF OPERATIONS

Alamos Gold Inc. and its wholly-owned subsidiaries (“the Company”) are engaged in the acquisition, exploration, development and extraction of precious metals in Mexico. The Company owns and operates the Mulatos mine (“the Mine”). In addition, the Company holds the mineral rights to the Salamandra group of concessions in the state of Sonora, Mexico, which includes more than nine known satellite gold occurrences.

2. ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These interim financial statements have been compiled in United States dollars in accordance with accounting principles generally accepted in Canada for interim reporting using the same accounting policies and measurement criteria as those utilized in the preparation of the Company’s audited consolidated financial statements for the years ended December 31, 2006 and 2005, except for the changes discussed in Note 3. These interim financial statements do not conform in all respects with disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements and related notes thereto.

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

Effective January 1, 2007, the Company adopted the new Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income; and Section 3861, Financial Instruments – Disclosure and Presentation (the “Financial Instrument Standards”).

The Financial Instrument Standards require that adjustments to the carrying value of financial assets and liabilities be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition.

The Company has certain investments in the common shares of publicly traded corporations, which are classified as available-for-sale. Although these investments represent common shares that are traded on a recognized stock exchange, the Company may not be able to sell its investments at the quoted market price. Accordingly, these investments have been valued at historical cost on transition and at the balance sheet date. As a result, adoption of the new standards had no material impact on the Company’s financial statements on or before December 31, 2006, on transition at January 1, 2007 or in the nine-month period ended September 30, 2007.

The principal changes resulting from the adoption of the Financial Instrument Standards are as follows:

(a) Financial Assets and Financial Liabilities

Under the new standards, financial assets and liabilities are initially recognized at fair value and are subsequently measured based on their classification as held-to-maturity, loans and receivables, available-for-sale or held-for-trading, as described below. The classification is not changed subsequent to initial recognition.

Held-to-maturity and Loans and Receivables

Financial instruments that have a fixed maturity date, where the Company intends and has the ability to hold to maturity are classified as held-to-maturity and measured at amortized cost using the effective interest rate method. Loans and Receivables are measured at amortized cost using the effective interest method.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in other comprehensive income. Available-for-sale securities are written down to fair value through income whenever it is necessary to reflect an other-than-temporary impairment.

Held-for-trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are measured at fair value with the change in the fair value recognized in income.

(b) Derivatives and Hedge Accounting

The Company currently does not apply hedge accounting to its derivative instruments and accordingly is not impacted by CICA Handbook Section 3865, Hedges.

(c) Comprehensive Income

Comprehensive income is composed of the Company's earnings and other comprehensive income. Other comprehensive income includes unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a new category in shareholders' equity.

4. AMOUNTS RECEIVABLE

	September 30, 2007	December 31, 2006
	(\$000)	(\$000)
Accounts receivable	158	154
Mexican value-added tax	6,041	6,214
	<u>6,199</u>	<u>6,368</u>

Subsequent to the end of the third quarter, the Company collected \$5.2 million of the Mexican value-added tax balance.

5. AVAILABLE-FOR-SALE SECURITIES

Effective June 15, 2006, the Company sold its La Fortuna property to Castle Gold Corporation ("Castle", formerly Morgain Minerals Inc.) for consideration of 2.5 million common shares of Castle and a 1% net smelter royalty ("NSR") on future production from the

La Fortuna property. No gain or loss was recognized on the sale. The share consideration received was initially valued at \$1,100,000 and is classified as available-for-sale securities on the Company's balance sheet.

6. INVENTORY

	September 30, 2007	December 31, 2006
	(\$000)	(\$000)
Precious metals dore and refined precious metals	3,207	4,744
In-process precious metals	22,946	18,041
Parts and supplies	8,521	6,764
	<u>34,674</u>	<u>29,549</u>

7. MINERAL PROPERTY, PLANT AND EQUIPMENT

In 2003, the Company acquired a 100% interest in certain properties within the Salamandra group of concessions which currently comprises approximately 28,500 hectares, in consideration for the payment of CDN\$11,154,000. Certain concessions within the acquired properties are subject to a sliding scale net smelter royalty on the first 2,000,000 ounces of gold production. The royalty rate is 5% when the market price of gold exceeds \$400 per ounce.

Included within the Salamandra group of concessions is the Mulatos mine which began operations in 2005.

	September 30, 2007		December 31, 2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(\$000)	(\$000)	(\$000)	(\$000)
Mineral property and mine development	54,135	(6,801)	47,334	42,743
Mining plant and equipment	76,406	(12,836)	63,570	60,961
Assets under capital lease	11,864	(1,786)	10,078	9,900
Office and computer equipment	465	(221)	244	246
	<u>142,870</u>	<u>(21,644)</u>	<u>121,226</u>	<u>113,850</u>

8. EMPLOYEE FUTURE BENEFITS

The Company accrues employee future benefits for all contract workers paid through its subsidiary employment services company. These benefits consist of a one-time payment equivalent to twelve days wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with fifteen or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit. Under Mexican Labor Law, the Company also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months wages

plus twenty days wages for each year of service payable upon involuntary termination without just cause.

The liability associated with the seniority and termination benefits is calculated as the present value of expected future payments. In determining the expected future payments, assumptions regarding employee turnover rates, inflation, wage increases and expected salary levels are required and are subject to review and change.

9. CAPITAL LEASE OBLIGATIONS

The Company enters into leasing arrangements with financing companies for mining equipment. As at September 30, 2007, the Company had entered into eleven leases. The maximum term of each lease is five years, with payments totaling \$209,000 per month over the terms of the leases. The obligations under capital lease bear interest at LIBOR plus 4.1%. The amount of interest expense related to the obligations under capital lease included in the determination of earnings for the nine-month period ended September 30, 2007 was \$594,000 (nine-month period ended September 30, 2006 - \$387,000). The Company has the right to repay the outstanding balance of the leases at any time.

10. DEBT

Convertible Debenture

Effective February 2, 2005, the Company issued a CDN\$50 million aggregate principal amount 5.5% convertible unsecured subordinated debenture maturing on February 15, 2010. Interest on the convertible debenture is payable semi-annually in arrears on February 15 and August 15 of each year at an annual rate of 5.5%. Under the terms of the trust indenture, the debenture was convertible into common shares at a rate of 18.86792 common shares for each CDN\$100 principal amount of debenture on maturity.

In the second quarter of 2006, the Company received approval from a majority of the holders of the debenture to amend the terms of the trust indenture to allow for early conversion of the outstanding debenture. Debentures representing CDN\$48,444,000 or approximately 97% of the outstanding balance were converted into common shares at incentive conversion ratios ranging from 20.3824 to 20.5907 common shares for each CDN\$100 principal of debenture resulting in the issuance of 9,966,982 common shares. In addition, accrued interest related to the converted debentures was settled through the issuance of common shares at 18.86792 common shares per CDN\$100 of accrued interest, resulting in the issuance of 174,520 common shares.

The fair market value of the additional share consideration issued as a result of the induced conversion ratio was allocated to the liability and equity elements of the convertible debenture based on the change in relative fair values between the date of issuance and the date of the conversion. Non-cash debt settlement expense of \$414,000 was classified as other loss and charged to earnings, and \$5,990,000 was charged to retained earnings in the second quarter of 2006.

Convertible debentures representing CDN\$1,471,000 were outstanding at September 30, 2007.

Bank loan

On July 21, 2005, the Company obtained a bank line of credit consisting of a \$10 million unsecured revolving facility and a non-margin hedging line. The initial term was for one-year, and was extended at the discretion of the lender to July 21, 2008. On August 25, 2007, the bank agreed to increase the amount available to the Company to \$15 million. Interest is payable at a rate of 2.25% above applicable LIBOR on the drawn portion of the facility, and

0.75% on the undrawn portion. As at September 30, 2007 the Company was advanced \$7 million related to this facility.

11. ASSET RETIREMENT OBLIGATIONS

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred, on a discounted cash flow basis, if a reasonable estimate can be made. The liability accretes to its full value over time through charges to operations. In addition, the fair value is added to the carrying amount of the Company's mineral property, plant and equipment, and is amortized on a units-of-production basis over the life of the Mine.

A continuity of asset retirement obligations is as follows:

	Nine-month period ended September 30, 2007	Year ended December 31, 2006
	(\$000)	(\$000)
Obligations at start of period	2,640	2,100
Revisions in estimated cash flows	-	113
Change in assumptions	-	245
Liabilities incurred	25	25
Accretion of discounted cash flows	136	157
Obligations at end of period	<u>2,801</u>	<u>2,640</u>

The assumptions used in the determination of the asset retirement obligations are as follows as at:

	September 30, 2007	December 31, 2006
Estimated cost (\$000)	4,470	4,440
End of mine life	2014	2014
Discount rate	6.70%	6.70%

12. PROPERTY ACQUISITION OBLIGATIONS

The Company is in the process of acquiring property adjacent to its present and prospective mining operations, including property comprising the village of Mulatos. Property owners and possessors are being offered a comprehensive benefits package including compensation for their property and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments. Obligations are recognized when a legal contract is signed by both parties and are measured at the discounted value of expected future payments. The Company applies an annual discount rate of 6.70% to expected future payments.

13. SHARE CAPITAL

a) Authorized share capital of the Company consists of unlimited common shares without par value.

	Number of Shares	Amount
		(\$000)
Outstanding at January 1, 2006	77,466,118	87,830
Exercise of stock options	1,337,083	3,758
Conversion of convertible debenture	10,153,014	50,765
Exercise of warrants	4,754,300	15,368
Transfer of contributed surplus to share capital for exercised stock options	-	1,250
Outstanding at December 31, 2006	93,710,515	158,971
Exercise of stock options	541,000	1,018
Conversion of convertible debenture	4,716	21
Transfer of contributed surplus to share capital for exercised stock options	-	199
Outstanding at September 30, 2007	94,256,231	160,209

b) Stock options outstanding and exercisable as at September 30, 2007:

Range of exercise prices (\$CDN)	Outstanding			Exercisable	
	Number of options	Weighted average exercise price (\$CDN)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (\$CDN)
\$0.50 - \$1.00	50,000	\$0.76	0.33	50,000	\$0.76
\$1.01 - \$2.00	305,000	\$1.13	0.81	305,000	\$1.13
\$2.01 - \$3.00	1,651,500	\$2.40	1.44	1,651,500	\$2.40
\$3.01 - \$4.00	1,080,000	\$3.70	2.59	1,080,000	\$3.70
\$6.01 - \$8.00	2,284,000	\$7.17	3.73	621,600	\$7.17
\$8.01 - \$9.00	1,126,000	\$8.89	3.12	648,360	\$8.89
	6,496,500	\$5.35	2.69	4,356,460	\$4.26

c) Summary of stock option activity:

	Number	Weighted average exercise price (\$CDN)
Outstanding at January 1, 2006	5,355,983	3.03
Granted	1,235,000	8.89
Exercised	(1,337,083)	3.21
Forfeited	(68,400)	7.19
Outstanding at December 31, 2006	5,185,500	4.32
Granted	1,990,000	7.29
Exercised	(541,000)	2.05
Forfeited	(138,000)	7.75
Outstanding at September 30, 2007	6,496,500	5.35

d) Summary of contributed surplus activity:

	Amount
	(\$000)
Balance at January 1, 2006	3,170
Stock-based compensation	1,820
Transfer of contributed surplus to share capital for exercised stock options	(1,250)
Balance at December 31, 2006	3,740
Stock-based compensation	2,355
Transfer of contributed surplus to share capital for exercised stock options	(199)
Balance at September 30, 2007	5,896

14. STOCK-BASED COMPENSATION

The Company has a stock option plan, originally approved by the Board of Directors (the "Board") on April 17, 2003, to allow the Company to grant incentive stock options to its directors, officers, employees and consultants. At the Company's annual general meeting held on May 24, 2005, the shareholders of the Company approved an amendment to the Company's stock option plan. Under the amended stock option plan, the number of shares reserved for issuance cannot exceed 10% of the total number of shares which are outstanding on the date of grant. The exercise price, term (not to exceed ten years) and vesting provisions are authorized by the Board at the time of the grant.

On May 24, 2006, the Company granted incentive stock options to certain of its directors, officers and employees to purchase up to a total of 985,000 common shares in the capital of the Company at an exercise price of CDN\$8.90 per share.

On April 16, 2007, the Company granted 1,990,000 stock options at an exercise price of CDN\$7.29.

The options granted to directors and officers are exercisable for a five-year period, and options granted to employees are exercisable for a three-year period. All incentive stock options granted vest 20% on the date of grant, and 20% at each six-month interval following the date of grant.

The fair value of stock options granted were estimated using the Black-Scholes option pricing model with the following assumptions:

For options granted in the nine-month periods ended	September 30, 2007	September 30, 2006
Risk-free rate	4.00%	4.00%
Expected dividend yield	Nil	nil
Expected stock price volatility	50%	50%
Expected option life, based on terms of the grants (months)	27-40	27
Per share fair value of options granted	\$2.41	\$2.54

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants.

As at September 30, 2007, 4,356,460 stock options were exercisable. The remaining 2,140,040 stock options vest over the following two years.

Subsequent to September 30, 2007, 482,000 stock options were granted at exercise prices ranging from CDN\$6.81 to CDN\$7.00 and 260,000 stock options were exercised at an average exercise price of CDN\$2.41.

15. SEGMENTED REPORTING

The Company operates in one business segment (the exploration, mine development and extraction of precious metals, primarily gold) in two geographic areas, Canada and Mexico.

	September 30, 2007	December 31, 2006
	(\$000)	(\$000)
Assets, by geographic segment		
- Mexico	171,186	152,641
- Canada	1,871	4,570
	<u>173,057</u>	<u>157,211</u>

Nine-month periods ended

	September 30, 2007			September 30, 2006		
	Mexico (\$000)	Canada (\$000)	Total (\$000)	Mexico (\$000)	Canada (\$000)	Total (\$000)
Revenues	53,345	-	53,345	39,355	-	39,355
Earnings (loss)	8,158	(4,964)	3,194	9,685	(8,565)	1,120

16. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share has been calculated as presented in the table below:

	For the three-month periods ended		For the nine-month periods ended	
	September 30, 2007 (\$000)	September 30, 2006 (\$000)	September 30, 2007 (\$000)	September 30, 2006 (\$000)
Earnings	117	835	3,194	1,120
Conversion of convertible debentures (Note 10)	-	-	-	(5,990)
Net earnings (loss) available to common shareholders	117	835	3,194	(4,870)
Weighted average number of common shares outstanding				
- basic	94,215,000	93,403,000	93,943,000	85,583,000
- diluted	96,344,000	96,483,000	96,432,000	85,583,000
Earnings (loss) per share				
- basic and diluted	\$0.00	\$0.01	\$0.03	(\$0.06)

17. COMMITMENTS AND CONTINGENCIES

As at September 30, 2007, the Company had outstanding gold contracts to deliver up to 8,000 ounces of gold in the fourth quarter of 2007. These contracts were not designated as hedges at inception. The marked-to-market value of these contracts was a loss of \$275,000 at September 30, 2007.

Production from the Mine is subject to a sliding scale production royalty, which at current gold prices above \$400 per ounce is set at a rate of 5% of the value of gold and silver produced, less certain allowed refining and transportation costs. Valuations are based on average London PM Fix gold prices, not actual prices realized by the Company.

The Company commenced the planned relocation of the village of Mulatos in the third quarter of 2007. Relocation contracts have been signed with nearly half of the families resident in Mulatos. Property owners and possessors are being offered a comprehensive benefits package including compensation for their property and/or relocation benefits. In certain cases, relocation benefits include deferred monthly payments. In the three-month period ended September 30, 2007 the Company spent approximately \$2,441,000 in property acquisition, relocation benefits, legal and related costs. The Company has also recognized a liability of \$1,070,000 representing the discounted value of expected future payments for relocation benefits to property owners and possessors that had signed contracts with the Company as at September 30, 2007. The discounted value of the liability was capitalized to mineral property, plant and equipment. Although future relocation, property acquisition and legal costs may be material, the Company cannot currently determine the expected timing, outcome of negotiations or costs associated with the relocation of the remaining property owners and possessors and potential land acquisitions.

18. RECLASSIFICATION

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