U3O8 CORP.

Consolidated Interim Financial Statements

(Unaudited)

Three and Six Months Ended June 30, 2007

(A Development Stage Company)

Responsibility for Consolidated Interim Financial Statements

The accompanying unaudited consolidated interim financial statements for U3O8 Corp. (A Development Stage Company) have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the audited December 31, 2006 consolidated financial statements. Only changes in accounting information have been disclosed in these unaudited consolidated interim financial statements. These unaudited consolidated interim financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Corporation is responsible for both the integrity and objectivity of these unaudited consolidated interim financial statements, management is satisfied that these unaudited consolidated interim financial statements have been fairly presented.

The independent auditor of U3O8 Corp. has not performed a review of the unaudited consolidated interim financial statements for the three and six months ended June 30, 2007 and June 30, 2006.

U3O8 CORP.
CONSOLIDATED INTERIM BALANCE SHEETS
(UNAUDITED)
(A Development Stage Company)

	June 30, 2007	December 31, 2006
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**25,732,883**	28,563,589
Accounts receivable	**37,795**	29,763
Prepayments and deposits	**124,194**	91,130
	25,894,872	28,684,482
Property and equipment (Note 3)	**1,566,169**	295,485
	27,461,041	28,979,967
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**301,676**	604,131
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**30,197,967**	29,606,277
Warrants (Note 8)	**711,512**	908,952
Contributed surplus	**1,701,941**	595,595
Accumulated deficit	**(5,452,055)**	(2,734,988)
	27,159,365	28,375,836
	27,461,041	28,979,967

See accompanying notes to unaudited consolidated interim financial statements

Nature of operations and going concern (Note 1)

Commitments (Note 10)

U3O8 CORP.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)
(A Development Stage Company)

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Expenses					
Directors' stock based compensation	**268,811**	-	**586,905**	-	936,361
Management compensation	**54,705**	42,000	**161,710**	84,000	364,330
Business development	**85,406**	102,161	**129,851**	133,738	352,606
Investor relations	**70,647**	23,197	**132,171**	41,891	259,020
Professional fees	**105,555**	32,449	**132,029**	33,551	240,794
Reporting issuer costs	**12,191**	-	**20,478**	-	64,400
Administrative and general (Note 12)	**32,030**	14,821	**59,083**	15,159	109,490
Capital tax - Canada (Ontario)	**14,718**	-	**29,718**	-	89,718
Directors' compensation	**12,828**	-	**25,772**	-	25,772
	656,891	214,628	**1,277,717**	308,339	2,442,491
Less: interest income	**(257,354)**	(4,151)	**(514,431)**	(5,038)	(531,657)
	399,537	210,477	**763,286**	303,301	1,910,834
Loss before the following items	**(399,537)**	(210,477)	**(763,286)**	(303,301)	(1,910,834)
Exploration expenditures in Guyana (Note 4)	**(1,040,822)**	(198,133)	**(1,871,007)**	(198,133)	(3,369,382)
Amortization	**(85,098)**	(6,764)	**(129,376)**	(6,764)	(227,535)
Foreign exchange gain (loss)	**56,712**	(6,485)	**46,602**	(6,485)	64,178
Interest expense	**-**	-	-	-	(8,482)
Net loss and comprehensive loss	**(1,468,745)**	(421,859)	**(2,717,067)**	(514,683)	(5,452,055)
Basic and diluted loss per share	(0.06)	(0.04)	(0.12)	(0.06)	
Weighted average number of shares outstanding	**23,023,152**	9,525,342	**22,982,149**	8,149,170	

See accompanying notes to unaudited consolidated interim financial statements

U3O8 CORP.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)
(A Development Stage Company)

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Cash provided by (used in)					
Operating					
Net loss	**(1,468,745)**	(421,859)	**(2,717,067)**	(514,683)	(5,452,055)
Items not involving cash:					
Amortization	**85,098**	6,764	**129,376**	6,764	227,535
Stock-based compensation (Note 7)	**472,734**	-	**1,106,346**	-	1,701,941
Foreign exchange (gain) loss	**(56,712)**	6,485	**(46,602)**	6,485	(64,178)
	(967,625)	(408,610)	**(1,527,947)**	(501,434)	(3,586,757)
Changes in non-cash working capital					
Accounts receivable	**(13,678)**	(14)	**(8,032)**	(3,018)	(35,545)
Prepayments and deposits	**30,651**	(3,775)	**(33,064)**	(9,386)	(124,194)
Deferred costs	**-**	-	-	9,554	-
Accounts payable and accrued liabilities	**(67,402)**	87,379	**(302,455)**	98,263	301,676
	(1,018,054)	(325,020)	**(1,871,498)**	(406,021)	(3,444,820)
Investing					
Acquisition of property and equipment	**(611,783)**	(26,704)	**(1,400,060)**	(122,516)	(1,793,704)
Loan receivable	**-**	49,602	-	49,602	-
	(611,783)	22,898	**(1,400,060)**	(72,914)	(1,793,704)
Financing					
Issue of share capital	**-**	-	**-**	308,500	32,653,750
Share issue costs	**-**	-	**-**	(16,513)	(2,140,771)
Conversion of warrants	**190,500**	-	**394,250**	-	394,250
	190,500	-	**394,250**	291,987	30,907,229
Net change in cash and cash equivalents	**(1,439,337)**	(302,122)	**(2,877,308)**	(186,948)	25,668,705
Cash and cash equivalents, beginning of period	**27,115,508**	589,024	**28,563,589**	473,850	-
Effect of exchange rate changes on cash held in foreign currencies	**56,712**	(6,485)	**46,602**	(6,485)	64,178
Cash and cash equivalents, end of period	**25,732,883**	280,417	**25,732,883**	280,417	25,732,883
Other information					
Interest paid	**-**	-	**-**	-	8,482
Cash and cash equivalents consist of:					
Cash	**21,369,049**	100,545	**21,369,049**	100,545	
Guaranteed investment certificates	**4,363,834**	179,872	**4,363,834**	179,872	
Total	**25,732,883**	280,417	**25,732,883**	280,417	

See accompanying notes to unaudited consolidated interim financial statements

U3O8 CORP.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(A Development Stage Company)

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Share capital					
Balance at beginning of period	**29,912,065**	787,237	**29,606,277**	3,750	-
Issued for cash on incorporation	**-**	-	**-**	-	3,750
Purchase of Prometheus Resources (Barbados) Inc.	**-**	2,250	**-**	2,250	2,250
Issue of shares	**-**	-	**-**	800,000	2,400,000
Initial public offering	**-**	-	**-**	-	30,250,000
Fair market value of warrants issued	**-**	-	**-**	-	(908,952)
Share issue costs	**-**	-	**-**	(16,513)	(2,140,771)
Conversion of warrants	**190,500**	-	**394,250**	-	394,250
Fair market value of conversion of warrants	**95,402**	-	**197,440**	-	197,440
Balance at end of period	**30,197,967**	789,487	**30,197,967**	789,487	30,197,967
Warrants					
Balance at beginning of period	**806,914**	-	**908,952**	-	-
Fair market value of warrants issued	**-**	-	**-**	-	908,952
Transferred to share capital on conversion of warrants	**(95,402)**	-	**(197,440)**	-	(197,440)
Balance at end of period	**711,512**	-	**711,512**	-	711,512
Contributed surplus					
Balance at beginning of period	**1,229,207**	-	**595,595**	-	-
Stock-based compensation (Note 7)	**472,734**	-	**1,106,346**	-	1,701,941
Balance at end of period	**1,701,941**	-	**1,701,941**	-	1,701,941
Accumulated deficit					
Balance at beginning of period	**(3,983,310)**	(111,317)	**(2,734,988)**	(18,493)	-
Net loss	**(1,468,745)**	(421,859)	**(2,717,067)**	(514,683)	(5,452,055)
Balance at end of period	**(5,452,055)**	(533,176)	**(5,452,055)**	(533,176)	(5,452,055)

See accompanying notes to unaudited consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

U308 Corp. ("U308" or the "Corporation") is a Canadian junior exploration company engaged in acquiring and exploring mineral properties for uranium. To date, U308 has not earned any revenues from uranium exploration and is considered to be in the development stage.

Since inception, ("December 6, 2005" being the date of incorporation), the efforts of the Corporation have been devoted to uranium exploration in Guyana. The Corporation has focused on certain "Reconnaissance Permits" (consisting collectively of Permit "A" and Permit "B") granted to the Corporation by the Guyana Geological and Mines Commission ("GGMC"). The Corporation is in the process of exploring the land area assigned by the Reconnaissance Permits and has not yet determined whether the land area contains an economic uranium resource.

These consolidated interim financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Corporation has exploration commitments of $9 million over the next three years relating to the recommended work program as disclosed in the Corporation's prospectus dated December 15, 2006. The Corporation has approximately $26 million in cash and cash equivalents at June 30, 2007 to fund these exploration commitments and other working capital requirements. While there is no guarantee that the Corporation will discover a uranium resource, in the event that one is discovered, additional financing will be required to determine if the uranium resource is commercially viable. These circumstances lend substantial doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration commitments and eventually to generate positive cash flows, either from operations or sale of a prospecting licence(s). These consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

As at June 30, 2007, the Corporation is in the process of making an application for several prospecting licenses for uranium in Guyana. There are no assurances that prospecting licenses will be issued to the Corporation from the GGMC.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated interim financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2007.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The consolidated interim financial statements have been prepared by management in accordance with the accounting policies described in the Corporation's annual audited consolidated financial statements for the year ended December 31, 2006, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2006.

Financial Instruments, comprehensive income and hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods are not restated. The Corporation has adopted these new standards effective January 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which is measured at amortized cost and accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments, comprehensive income and hedges (continued)

The Corporation has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

Future accounting changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Corporation's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3. PROPERTY AND EQUIPMENT

	June 30, 2007	December 31, 2006
	$	$
Guyana		
Field equipment	**576,366**	264,767
Vehicles	**71,964**	23,964
Mobile equipment and drilling equipment	**1,090,403**	67,385
Furniture and fixtures	**38,779**	21,336
	1,777,512	377,452
Less: accumulated amortization	**(222,566)**	(94,437)
	1,554,946	283,015

3. PROPERTY AND EQUIPMENT (continued)

	June 30, 2007	December 31, 2006
	$	$
Canada		
Furniture and equipment	**16,192**	16,192
Less: accumulated amortization	**(4,969)**	(3,722)
	11,223	12,470
Total	**1,566,169**	295,485

4. EXPLORATION EXPENDITURES IN GUYANA

The following uranium exploration activities have occurred in Guyana:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Reconnaissance permit "A" exploration costs (i)	**523,050**	109,707	**758,780**	109,707	1,557,738
Reconnaissance permit "B" exploration costs (ii)	**-**	-	**-**	-	7,463
Reconnaissance permit "B" acquisition cost	**41,250**	29,143	**41,250**	29,143	70,393
Project administration and general (iii)	**228,623**	26,588	**607,337**	26,588	957,520
Reconnaissance permit "A" acquisition cost	**-**	17,651	**-**	17,651	42,437
Exploration camp maintenance costs (iv)	**247,899**	15,044	**463,640**	15,044	733,831
Total and cumulative expenditures	**1,040,822**	198,133	**1,871,007**	198,133	3,369,382

4. EXPLORATION EXPENDITURES IN GUYANA (continued)

(i) Reconnaissance Permit "A" exploration costs consist of:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Balance at beginning of period	**1,034,688**	-	**798,958**	-	-
Airborne geophysical survey	**-**	69,750	**-**	69,750	582,035
Labour	**303,926**	13,257	**413,197**	13,257	538,985
Drilling expenditures	**188,745**	-	**244,144**	-	272,351
Travel	**20,230**	2,476	**41,304**	2,476	66,569
Customs	**444**	-	**31,020**	-	31,020
Field supplies	**3,196**	6,254	**20,079**	6,254	26,333
Reports	**-**	-	**643**	-	8,106
Software	**-**	6,996	**-**	6,996	6,996
Other	**5,561**	-	**6,897**	-	6,897
Data management	**-**	6,451	**-**	6,451	6,451
Assays	**-**	4,523	**-**	4,523	4,523
Lab analysis	**-**	-	**-**	-	3,500
Equipment transportation	**-**	-	**-**	-	2,476
Corporation's portion of source deductions	**727**	-	**1,017**	-	1,017
Communication	**221**	-	**479**	-	479
Total and cumulative expenditures	**523,050**	109,707	**758,780**	109,707	1,557,738
Balance at end of period	**1,557,738**	109,707	**1,557,738**	109,707	1,557,738

(ii) Reconnaissance Permit "B" exploration costs consist of:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Balance at beginning of period	**7,463**	-	**7,463**	-	-
Reports	**-**	-	**-**	-	7,463
Total and cumulative expenditures	**-**	-	**-**	-	7,463
Balance at end of period	**7,463**	-	**7,463**	-	7,463

4. EXPLORATION EXPENDITURES IN GUYANA (continued)

(iii) Project administration and general costs consist of:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Balance at beginning of period	**728,897**	-	**350,183**	-	-
Labour	**132,701**	13,715	**392,303**	13,715	615,423
Travel	**17,805**	3,662	**40,849**	3,662	74,763
Rental of office charges and storage	**24,338**	8,000	**39,824**	8,000	63,634
Insurance	**7,135**	-	**56,903**	-	57,570
Office and general	**17,998**	410	**27,159**	410	37,425
Maintenance	**12,582**	314	**22,152**	314	32,181
Professional fees	**3,884**	-	**12,426**	-	31,972
Communications	**6,808**	-	**6,808**	-	19,352
Meals and entertainment	**1,972**	316	**4,679**	316	14,235
Accommodation	**2,084**	-	**2,084**	-	6,523
Corporation's portion of source deductions	**1,316**	171	**2,150**	171	2,882
Community relations	**-**	-	**-**	-	1,560
Total and cumulative expenditures	**228,623**	26,588	**607,337**	26,588	957,520
Balance at end of period	**957,520**	26,588	**957,520**	26,588	957,520

4. EXPLORATION EXPENDITURES IN GUYANA (continued)

(iv) Exploration camp maintenance costs consist of:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Balance at beginning of period	**485,932**	-	**270,191**	-	-
Labour	**37,899**	2,526	**120,242**	2,526	232,782
Travel	**75,650**	8,503	**118,773**	8,503	189,433
Camp supplies	**51,849**	1,367	**90,011**	1,367	123,745
Fuel	**38,580**	1,682	**60,541**	1,682	86,685
Repairs and maintenance	**35,874**	-	**55,163**	-	62,557
Corporation's portion of source deductions	**5,762**	-	**9,994**	-	14,320
General exploration	**-**	109	**-**	109	6,505
Freight	**574**	-	**2,432**	-	5,356
Medical	**1,325**	-	**3,569**	-	4,630
Camp accommodation	**-**	857	**-**	857	3,628
Communication	**386**	-	**2,915**	-	2,915
Maps	**-**	-	**-**	-	443
Meals and entertainment	**-**	-	**-**	-	423
Insurance	**-**	-	**-**	-	409
Total and cumulative expenditures	**247,899**	15,044	**463,640**	15,044	733,831
Balance at end of period	**733,831**	15,044	**733,831**	15,044	733,831

5. RELATED PARTY TRANSACTIONS

The Corporation entered into the following transactions with related parties:

(i) The Chief Financial Officer is a partner in a firm providing corporate secretarial and accounting services to U308. During the three and six months ended June 30, 2007, U308 expensed $7,600 and $16,500 (three months ended June 30, 2006 - $2,250 and six months ended June 30, 2006 - $4,500) for services rendered by this firm. In addition, as at June 30, 2007, this firm was owed $8,412 (June 30, 2006 - $4,621) and this amount was included in accounts payable and accrued liabilities.

(ii) For the three and six months ended June 30, 2007, the Corporation was charged $60,500 and $121,000 (three months ended June 30, 2006 - $42,000 and six months ended June 30, 2006 - $84,000) for management and consulting services rendered by two officers and a director of the Corporation. The entire amount has been expensed in the statement of loss and comprehensive loss. Included in accounts payable and accrued liabilities at June 30, 2007 is $4,623 (June 30, 2006 - $104,975) owing to these related parties.

5. RELATED PARTY TRANSACTIONS (continued)

The transactions noted above are in the normal course of operations and are measured at the exchange amount, as established and agreed to by the related parties.

6. SHARE CAPITAL

(a) Authorized capital

Unlimited number of common shares

(b) Issued capital

	No. of Shares	Amount
		$
Issued for cash on incorporation	3,750,000	3,750
Balance, December 31, 2005	3,750,000	3,750
Purchase of Prometheus Resources (Barbados) Inc.	2,250,000	2,250
Private placement	4,000,000	800,000
Private placement	800,000	1,600,000
Initial public offering	12,100,000	30,250,000
Cost of issue - cash	-	(2,140,771)
Cost of issue - fair market value of warrants issued	-	(908,952)
Balance, December 31, 2006	22,900,000	29,606,277
Conversion of warrants	157,700	394,250
Fair market value of conversion of warrants	-	197,440
Balance, June 30, 2007	23,057,700	30,197,967

7. STOCK OPTIONS

The following table reflects the continuity of stock options for the six months ended June 30, 2007:

	Number of Stock options	Weighted average exercise price ($)
Balance, December 31, 2006 (1)	1,960,000	2.50
Granted (2)	90,000	3.63
Balance, June 30, 2007	2,050,000	2.55

7. STOCK OPTIONS (continued)

(1) On December 15, 2006, the Corporation granted an aggregate of 1,960,000 incentive stock options to directors, officers, consultants and key employees, pursuant to the Corporation's Stock Option Plan, at an exercise price of $2.50 per share. The options are exercisable for a period of three years. For the purposes of the 1,960,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 94.03%; risk-free interest rate of 3.80% and an expected average life of 3 years. The estimated value of $2,199,120 will be recorded as a debit to the relevant expense category and credited to contributed surplus as the options vest. The options vest over eighteen months as to one-quarter immediately, one-quarter on June 15, 2007, one-quarter on December 15, 2007 and one-quarter on June 15, 2008. For the three and six months ended June 30, 2007, the estimated impact on expenses was $458,152 and $1,000,292 respectively.

(2) On March 6, 2007, the Corporation granted 90,000 incentive stock options to two consultants for geological services, pursuant to the Corporation's Stock Option Plan. The incentive stock options are valid for three years, at an exercise price of $3.63 per share. For the purposes of the 90,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 89.03%; risk-free interest rate of 3.89% and an expected average life of 3 years. The estimated value of $190,890 will be recorded as a debit to the relevant expense category and credited to contributed surplus as the options vest. The options vest over eighteen months as to one-quarter immediately, one-quarter on September 6, 2007, one-quarter on March 6, 2008 and one-quarter on September 6, 2008. For the three and six months ended June 30, 2007, the estimated impact on expenses was $14,582 and $106,054 respectively.

The following table summarizes the expense category that stock-based compensation was charged to in the given periods:

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Canada					
Directors' stock based compensation	**268,813**	-	**586,907**	-	936,361
Management compensation	**37,404**	-	**81,657**	-	130,277
Investor relations	**23,374**	-	**51,035**	-	81,423
Professional fees	**7,013**	-	**15,311**	-	24,427
	336,604	-	**734,910**	-	1,172,488
Guyana					
Labour (1)	**72,656**	-	**188,829**	-	301,264
Labour (2)	**63,474**	-	**182,607**	-	228,189
	136,130	-	**371,436**	-	529,453
Total	**472,734**	-	**1,106,346**	-	1,701,941

(1) Included in project administration and general costs
(2) Included in Reconnaissance Permit "A" exploration costs

7. STOCK OPTIONS (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2007:

	Expiry Date	Exercise price ($)	Number of Options Outstanding	Number of Options Vested (Exercisable)	Number of Options Unvested
(i)	December 15, 2009	2.50	1,960,000	980,000	980,000
(ii)	March 6, 2010	3.63	90,000	22,500	67,500
			2,050,000	1,002,500	1,047,500

(i) The fair market value of each stock option using the Black-Scholes calculation is $1.12.
(ii) The fair market value of each stock option using the Black-Scholes calculation is $2.12.

8. WARRANTS

The following table reflects the continuity of warrants for the six months ended June 30, 2007:

	Number of Warrants	Weighted average exercise price ($)	Fair value ($)
Balance, December 31, 2006	726,000	2.50	908,952
Exercised	(157,700)	2.50	(197,440)
Balance, June 30, 2007	568,300	2.50	711,512

The following table reflects the actual warrants outstanding as of June 30, 2007:

Expiry Date	Number of warrants	Exercise price ($)	Fair Value ($)	
December 27, 2008	568,300	2.50	711,512	(1)

(1) Broker warrants issued from initial public offering in fiscal 2006.

9. SEGMENTED INFORMATION

The Corporation operates in three countries and has two operating segments, corporate and exploration.

(a) Segmented assets

June 30, 2007

	Canada	Barbados	Guyana	Total
	$	$	$	$
Current assets	25,471,526	18,437	404,909	25,894,872
Long-term assets	11,223	-	1,554,946	1,566,169
	25,482,749	18,437	1,959,855	27,461,041

December 31, 2006

	Canada	Barbados	Guyana	Total
	$	$	$	$
Current assets	28,532,261	-	152,221	28,684,482
Long-term assets	12,470	-	283,015	295,485
	28,544,731	-	435,236	28,979,967

(b) Segmented expenses

Six months ended June 30, 2007

	Canada	Barbados	Guyana	Total
	$	$	$	$
Corporate	834,243	11,817	-	846,060
Exploration	-	-	1,871,007	1,871,007
	834,243	11,817	1,871,007	2,717,067

Three months ended June 30, 2007

	Canada	Barbados	Guyana	Total
	$	$	$	$
Corporate	416,106	11,817	-	427,923
Exploration	-	-	1,040,822	1,040,822
	416,106	11,817	1,040,822	1,468,745

9. SEGMENTED INFORMATION (continued)

(b) Segmented expenses (continued)

Six Months Ended June 30, 2006

	Canada	Barbados	Guyana	Total
	$	$	$	
Corporate	316,550	-	-	316,550
Exploration	-	-	198,133	198,133
	316,550	-	198,133	514,683

Three months ended June 30, 2006

	Canada	Barbados	Guyana	Total
	$	$	$	
Corporate	223,726	-	-	223,726
Exploration	-	-	198,133	198,133
	223,726	-	198,133	421,859

10. COMMITMENTS

The Corporation's obligations over the next three years are as follows:

	$
(i) Complete Phase I and, if warranted, Phase II of the recommended program for the areas underlying the Reconnaissance Permits	8,926,898
(ii) Optional expenses to fund future growth plans	400,000
(iii) Payments to the Government of Guyana	92,760
	9,419,658

(i) $11,695,248 as disclosed in the Corporation's prospectus dated December 15, 2006 less an amount equal to $2,768,350 in exploration expenditures previously incurred in furtherance of the recommended programs.

(ii) This amount represents expenses over the course of the ensuing 36 months which are not committed but required to fund the future growth plans of the Corporation, and include: (i) helicopter support to perform exploratory work on the Permit "B" area ($150,000); (ii) investor relations and business development ($200,000) and; (iii) contingencies ($50,000).

(iii) The following payments must be made to the GGMC by the dates below to maintain the Reconnaissance Permits in good standing:

Permit "A" Costs		Permit "B" Costs	
Date	Amount	Date	Amount
November 2007	US$30,000	June 2008	US$50,000

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation.

12. ADMINISTRATIVE AND GENERAL

	Three months ended June 30, 2007	Three months ended June 30, 2006	**Six months ended June 30, 2007**	Six months ended June 30, 2006	Cumulative from inception to June 30, 2007
	$	$	**$**	$	$
Rent	**9,870**	2,557	**19,328**	2,557	38,718
Computer and website maintenance	**1,100**	8,619	**2,750**	8,619	17,439
Insurance	**13,594**	-	**24,939**	-	29,502
Office supplies and postage	**5,336**	1,746	**7,726**	2,084	14,351
Telephone	**857**	1,899	**1,944**	1,899	5,502
Bank service charges	**1,273**	-	**2,396**	-	3,978
	32,030	14,821	**59,083**	15,159	109,490