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# **U308 CORP.**

**Consolidated Financial Statements**

**(Unaudited)**

**Three months ended March 31, 2007**

**(A Development Stage Company)**

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## Responsibility for Consolidated Financial Statements

The accompanying unaudited consolidated interim financial statements for U308 Corp. 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 interim consolidated financial statements. These unaudited interim consolidated 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 interim consolidated financial statements, management is satisfied that these unaudited interim consolidated financial statements have been fairly presented.

The independent auditor of U308 Corp. has not performed a review of the unaudited interim consolidated financial statements for the three months ended March 31, 2007 and March 31, 2006.

**U308 CORP.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
**(A Development Stage Company)**

		March 31, 2007	December 31, 2006
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,840,482	3,552,691
Short term investments		25,275,026	25,010,898
Accounts receivable		24,117	29,763
Prepayments and deposits		154,845	91,130
		<b>27,294,470</b>	<b>28,684,482</b>
<b>Property and equipment</b>	<b>3</b>	<b>1,039,484</b>	<b>295,485</b>
		<b>28,333,954</b>	<b>28,979,967</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		369,078	604,131
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	<b>6</b>	29,912,065	29,606,277
Warrants	<b>8</b>	806,914	908,952
Contributed surplus		1,229,207	595,595
Accumulated deficit		(3,983,310)	(2,734,988)
		<b>27,964,876</b>	<b>28,375,836</b>
		<b>28,333,954</b>	<b>28,979,967</b>

See accompanying notes to consolidated interim financial statements

Nature of operations and going concern (Note 1)

Commitments (Note 10)



**U308 CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS, OTHER COMPREHENSIVE LOSS AND DEFICIT**  
**(UNAUDITED)**  
**(A Development Stage Company)**

		Three months ended March 31, 2007	Three months ended March 31, 2006	Cumulative from inception to March 31, 2007
	Notes	\$	\$	\$
<b>Expenses</b>				
Directors' stock based compensation		318,094	-	667,550
Management compensation		107,005	42,000	309,625
Business development		44,445	31,577	267,200
Investor relations		61,524	18,694	188,373
Professional fees		26,474	1,102	135,239
Reporting issuer costs		8,287	-	52,209
Administrative and general	12	27,053	338	77,460
Capital tax - Canada (Ontario)		15,000	-	75,000
Directors' compensation		12,944	-	12,944
		<b>620,826</b>	93,711	1,785,600
Less: interest income		<b>(257,077)</b>	(887)	(274,303)
		<b>363,749</b>	92,824	1,511,297
<b>Loss before the following items</b>				
Exploration expenditures in Guyana	4	<b>(363,749)</b>	-	(1,511,297)
Amortization		830,185	-	2,328,560
Foreign exchange loss (gain)		44,278	-	142,437
Interest		10,110	-	(7,466)
		-	-	8,482
<b>Net loss and other comprehensive loss for the period</b>		<b>(1,248,322)</b>	(92,824)	(3,983,310)
Deficit, beginning of period		<b>(2,734,988)</b>	(18,493)	-
<b>Deficit, end of period</b>		<b>(3,983,310)</b>	(111,317)	(3,983,310)
<b>Basic and diluted loss per share</b>		<b>(0.05)</b>	(0.01)	
<b>Weighted average number of shares outstanding</b>		<b>22,941,370</b>	6,643,151	

See accompanying notes to consolidated interim financial statements



**U308 CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(A Development Stage Company)**

	Notes	Three months ended March 31, 2007	Three months ended March 31, 2006	Cumulative from inception to March 31, 2007
		\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating</b>				
Net loss for the period		(1,248,322)	(92,824)	(3,983,310)
Items not involving cash:				
Amortization		44,278	-	\$ 142,437
Stock-based compensation	7	633,612	-	1,229,207
Foreign exchange loss		10,110	-	4,407
		(560,322)	(92,824)	(2,607,259)
Changes in non-cash working capital				
Accounts receivable		5,646	(3,004)	(21,867)
Prepayments and deposits		(63,715)	(5,611)	(154,845)
Deferred costs		-	9,554	-
Accounts payable and accrued liabilities		(235,053)	10,884	369,078
		(853,444)	(81,001)	(2,414,893)
<b>Investing</b>				
Purchase of short term investments		(264,128)	(400,721)	(25,275,026)
Acquisition of property and equipment		(788,277)	(95,812)	(1,181,921)
		(1,052,405)	(496,533)	(26,456,947)
<b>Financing</b>				
Issue of share capital		-	308,500	32,653,750
Share issue costs		-	(16,513)	(2,140,771)
Conversion of warrants		203,750	-	203,750
		203,750	291,987	30,716,729
<b>Net change in cash and cash equivalents</b>		<b>(1,702,099)</b>	<b>(285,547)</b>	<b>1,844,889</b>
<b>Cash and cash equivalents, beginning of period</b>		<b>3,552,691</b>	<b>473,850</b>	<b>-</b>
Effect of exchange rate changes on cash held in foreign currencies		(10,110)	-	(4,407)
<b>Cash and cash equivalents, end of period</b>		<b>1,840,482</b>	<b>188,303</b>	<b>1,840,482</b>
Interest paid		-	-	8,482

See accompanying notes to consolidated interim financial statements



**U308 CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**  
**(A Development Stage Company)**

	Notes	Three months ended March 31, 2007 \$	Three months ended March 31, 2006 \$	Cumulative from inception to March 31, 2007 \$
<b>Share capital</b>				
Balance at beginning of period		29,606,277	3,750	-
Issued for cash on incorporation		-	-	3,750
Purchase of Prometheus Resources (Barbados) Inc.		-	-	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		203,750	-	203,750
Fair market value of conversion of warrants		102,038	-	102,038
Balance at end of period		29,912,065	787,237	29,912,065
<b>Warrants</b>				
Balance at beginning of period		908,952	-	-
Fair market value of warrants issued		-	-	908,952
Transferred to share capital on conversion of warrants		(102,038)	-	(102,038)
Balance at end of period		806,914	-	806,914
<b>Contributed surplus</b>				
Balance at beginning of period		595,595	-	-
Stock based compensation	7	633,612	-	1,229,207
Balance at end of period		1,229,207	-	1,229,207
<b>Accumulated deficit</b>				
Balance at beginning of period		(2,734,988)	(18,493)	-
Loss for the period		(1,248,322)	(92,824)	(3,983,310)
Balance at end of period		(3,983,310)	(111,317)	(3,983,310)

See accompanying notes to consolidated interim financial statements



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**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**(A Development Stage Company)**

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**Three months ended March 31, 2007**

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**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. 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 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 \$10 million over the next two years relating to the recommended work program as disclosed in the Corporation's prospectus dated December 15, 2006. The Corporation has approximately \$27 million in cash at March 31, 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 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 March 31, 2007, the Corporation has not made an application for a prospecting license for uranium in Guyana. There are no assurances that a prospecting license will be issued to the Corporation when it makes this application to the Government of Guyana.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The unaudited consolidated 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 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 month period ended March 31, 2007 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2007.



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**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
**(A Development Stage Company)**

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**Three months ended March 31, 2007**

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**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 interim consolidated 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.

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



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(A Development Stage Company)**  
**Three months ended March 31, 2007**

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

**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**

	<b>March 31, 2007</b>	December 31, 2006
	\$	\$
<b>Guyana</b>		
Field equipment	<b>383,940</b>	264,767
Vehicles	<b>71,962</b>	23,964
Earth moving equipment	<b>675,170</b>	67,385
Furniture and fixtures	<b>34,657</b>	21,336
	<b>1,165,729</b>	377,452
Less: accumulated amortization	<b>(138,091)</b>	(94,437)
	<b>1,027,638</b>	283,015
<b>Canada</b>		
Furniture and equipment	<b>16,192</b>	16,192
Less: accumulated amortization	<b>(4,346)</b>	(3,722)
	<b>11,846</b>	12,470
	<b>1,039,484</b>	295,485





**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(A Development Stage Company)**  
**Three months ended March 31, 2007**

**4. EXPLORATION EXPENDITURES IN GUYANA**

The following uranium exploration activities have occurred in Guyana:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Cumulative from inception to March 31, 2007
	\$	\$	\$
Reconnaissance permit "A" exploration costs (i)	235,730	-	1,034,688
Reconnaissance permit "B" exploration costs (ii)	-	-	7,463
Reconnaissance permit "B" acquisition cost	-	-	29,143
Project administration and general (iii)	378,714	-	728,897
Reconnaissance permit "A" acquisition cost	-	-	42,437
Exploration camp maintenance costs (iv)	215,741	-	485,932
<b>Total and cumulative expenditures</b>	<b>830,185</b>	<b>-</b>	<b>2,328,560</b>

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

	Three months ended March 31, 2007	Three months ended March 31, 2006	Cumulative from inception to March 31, 2007
	\$	\$	\$
Airborne geophysical survey	-	-	582,035
Consulting	101,094	-	159,454
Drilling expenditures	55,399	-	83,606
Salaries and benefits	8,177	-	75,605
Travel	21,074	-	46,339
Customs	30,576	-	30,576
Field supplies	8,833	-	15,087
Reports	643	-	8,106
Maintenance	8,050	-	8,050
Software	-	-	6,996
Data management	-	-	6,451
Assays	-	-	4,523
Lab analysis	-	-	3,500
Equipment transportation	-	-	2,476
Other	1,336	-	1,336
Communication	258	-	258
Corporation's portion of source deductions	290	-	290
<b>Total and cumulative expenditures</b>	<b>235,730</b>	<b>-</b>	<b>1,034,688</b>



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Three months ended March 31, 2007**

**4. EXPLORATION EXPENDITURES IN GUYANA (continued)**

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

	<b>Three months ended March 31, 2007</b>	<b>Three months ended March 31, 2006</b>	<b>Cumulative from inception to March 31, 2007</b>
	\$	\$	\$
Reports	-	-	7,463
<b>Total and cumulative expenditures</b>	<b>-</b>	<b>-</b>	<b>7,463</b>

(iii) Project administration and general costs consist of:

	<b>Three months ended March 31, 2007</b>	<b>Three months ended March 31, 2006</b>	<b>Cumulative from inception to March 31, 2007</b>
	\$	\$	\$
Salaries and benefits	<b>254,950</b>	-	470,058
Travel	<b>23,044</b>	-	56,958
Insurance	<b>49,768</b>	-	50,435
Rental of office charges and storage	<b>15,486</b>	-	39,296
Professional fees	<b>8,542</b>	-	28,088
Maintenance	<b>9,570</b>	-	19,599
Office and general	<b>9,161</b>	-	19,427
Casual labour	<b>4,652</b>	-	12,664
Communications	-	-	12,544
Meals and entertainment	<b>2,707</b>	-	12,263
Accommodation	-	-	4,439
Community relations	-	-	1,560
Corporation's portion of source deductions	<b>834</b>	-	1,566
<b>Total and cumulative expenditures</b>	<b>378,714</b>	<b>-</b>	<b>728,897</b>



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(A Development Stage Company)**  
**Three months ended March 31, 2007**

**4. EXPLORATION EXPENDITURES IN GUYANA (continued)**

(iv) Exploration camp maintenance costs consist of:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Cumulative from inception to March 31, 2007
	\$	\$	\$
Salaries and benefits	82,343	-	190,532
Travel	43,123	-	113,783
Camp supplies	38,162	-	71,896
Fuel	21,961	-	48,105
Repairs and maintenance	19,289	-	26,683
Corporation's portion of source deductions	4,232	-	8,558
General exploration	-	-	6,505
Freight	1,858	-	4,782
Casual labour	-	-	4,351
Medical	2,244	-	3,305
Communication	2,529	-	2,529
Camp accommodation	-	-	3,628
Maps	-	-	443
Meals and entertainment	-	-	423
Insurance	-	-	409
<b>Total and cumulative expenditures</b>	<b>215,741</b>	<b>-</b>	<b>485,932</b>

**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 months ended March 31, 2007, U308 expensed \$8,900 (March 31, 2006 - \$1,000) for services rendered by this firm. In addition, as at March 31, 2007, this firm was owed \$3,460 (March 31, 2006 - \$1,179) and this amount was included in accounts payable and accrued liabilities. This firm was also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.

(ii) For the three months ended March 31, 2007, the Corporation was charged \$60,500 (March 31, 2006 - \$42,000) 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, other comprehensive loss and deficit. Included in accounts payable and accrued liabilities at March 31, 2007 is \$12,785 (March 31, 2006 - \$55,990) owing to these related parties. The director and two officers of the Corporation were also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Three months ended March 31, 2007**

**5. RELATED PARTY TRANSACTIONS**

(iii) Director fees of \$12,500 (March 31, 2006 - \$nil) were paid or accrued during the period.

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	81,500	203,750
Fair market value of conversion of warrants	-	102,038
Balance, March 31, 2007	22,981,500	29,912,065

**7. STOCK OPTIONS**

The following table reflects the continuity of stock options for the three months ended March 31, 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, March 31, 2007	2,050,000	2.55



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Three months ended March 31, 2007**

**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 months ended March 31, 2007, the estimated impact on earnings was \$542,140 and was segregated into the following expense categories: - (Canadian operations) directors' stock based compensation - \$318,094; management compensation - \$44,253; investor relations - \$27,661; and professional fees - \$8,298 - (Guyana operations) salaries and benefits - \$116,173; and consulting - \$27,661.

(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 months ended March 31, 2007, the estimated impact on earnings was \$91,472 and was expensed in salaries and benefits (Guyana operations).

The following table reflects the actual stock options issued and outstanding as of March 31, 2007:

	<b>Expiry Date</b>	<b>Exercise price (\$)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested (Exercisable)</b>	<b>Number of Options Unvested</b>
(i)	December 15, 2009	2.50	1,960,000	490,000	1,470,000
(ii)	March 6, 2010	3.63	90,000	22,500	67,500
			<b>2,050,000</b>	<b>512,500</b>	<b>1,537,500</b>

- (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.



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. WARRANTS**

The following table reflects the continuity of warrants for the three months ended March 31, 2007:

	Number of Warrants	Weighted average exercise price (\$)	Black-scholes value (\$)
Balance, December 31, 2006	726,000	2.50	908,952
Exercised	(81,500)	2.50	(102,038)
Balance, March 31, 2007	644,500	2.50	806,914

The following table reflects the actual warrants outstanding as of March 31, 2007:

Expiry Date	Number of warrants	Exercise price (\$)	Black- Scholes Value (\$)
December 27, 2008	644,500	2.50	806,914 (1)

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



**U308 CORP.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**  
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**Three months ended March 31, 2007**

**9. SEGMENTED INFORMATION**

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

**(a) Segmented assets**

**March 31, 2007**

	<b>Canada</b>	<b>Guyana</b>	<b>Total</b>
	\$	\$	\$
Current assets	27,247,006	47,464	27,294,470
Long-term assets	11,846	1,027,638	1,039,484
	<b>27,258,852</b>	<b>1,075,102</b>	<b>28,333,954</b>

**December 31, 2006**

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

**(b) Segmented expenses**

**Three Months Ended March 31, 2007**

	<b>Canada</b>	<b>Guyana</b>	<b>Total</b>
	\$	\$	\$
Corporate	374,483	-	374,483
Exploration	-	873,839	873,839
	<b>374,483</b>	<b>873,839</b>	<b>1,248,322</b>

**Three Months Ended March 31, 2006**

	<b>Canada</b>	<b>Guyana</b>	<b>Total</b>
	\$	\$	\$
Corporate	92,824	-	92,824



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**10. COMMITMENTS**

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

	\$
(i) Complete Phase I and, if warranted, Phase II of the recommended program for the areas underlying the Reconnaissance Permits	9,831,590
(ii) Optional expenses to fund future growth plans	400,000
(iii) Payments to the Government of Guyana	134,010
	10,365,600

i) \$11,695,248 as disclosed in the Corporation's prospectus dated December 15, 2006 less an amount equal to \$1,863,658 in exploration expenditures previously incurred in furtherance of the recommended programs.

(ii) This amount represents expenses over the course of the ensuing 12 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 Government of Guyana by the dates below to maintain the Reconnaissance Permits in good standing:

<u>Permit "A" Costs</u>		<u>Permit "B" Costs</u>	
Date	Amount	Date	Amount
November 2007	US\$30,000	June 2007	US\$35,000
		June 2008	US\$50,000

**11. COMPARATIVE FIGURES**

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





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**12. ADMINISTRATIVE AND GENERAL**

	<b>Three months ended March 31, 2007</b>	<b>Three months ended March 31, 2006</b>	<b>Cumulative from inception to March 31, 2007</b>
	\$	\$	\$
Rent	<b>9,458</b>	-	28,848
Computer and website maintenance	<b>1,650</b>	-	16,339
Insurance	<b>11,345</b>	-	15,908
Office supplies and postage	<b>2,390</b>	338	9,015
Telephone	<b>1,087</b>	-	4,645
Bank service charges	<b>1,123</b>	-	2,705
	<b>27,053</b>	338	77,460

**13. SUBSEQUENT EVENT**

Subsequent to March 31, 2007, 70,200 broker warrants were exercised for gross proceeds of \$175,500.

