



U308 CORP.

Consolidated Interim Financial Statements

(Unaudited)

Three and Nine Months Ended September 30, 2007

(A Development Stage Company)

Responsibility for Consolidated Interim Financial Statements

The accompanying unaudited consolidated interim financial statements for U308 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 U308 Corp. has not performed a review of the unaudited consolidated interim financial statements for the three and nine months ended September 30, 2007 and September 30, 2006.

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

	September 30, 2007	December 31, 2006
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	24,049,348	28,563,589
Accounts receivable	15,607	29,763
Prepayments and deposits	202,065	91,130
	24,267,020	28,684,482
Property and equipment (Note 3)	1,541,130	295,485
	25,808,150	28,979,967
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	398,743	604,131
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	30,197,967	29,606,277
Warrants (Note 8)	711,512	908,952
Contributed surplus	1,966,809	595,595
Accumulated deficit	(7,466,881)	(2,734,988)
	25,409,407	28,375,836
	25,808,150	28,979,967

See accompanying notes to unaudited consolidated interim financial statements

Nature of operations and going concern (Note 1)

Commitments (Note 10)

U308 CORP.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)
(A Development Stage Company)

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Expenses					
Directors' stock based compensation	134,406	-	721,311	-	1,070,767
Management compensation	122,949	42,000	284,659	126,000	487,279
Business development	15,060	43,397	144,911	177,135	367,666
Investor relations	55,470	23,431	187,641	65,322	314,490
Professional fees	120,455	14,200	252,484	47,751	361,249
Reporting issuer costs	3,187	-	23,665	-	67,587
Administrative and general (Note 12)	31,811	15,068	90,894	30,227	141,301
Capital tax - Canada (Ontario)	16,527	-	46,245	-	106,245
Directors' compensation	12,610	-	38,382	-	38,382
	512,475	138,096	1,790,192	446,435	2,954,966
Less: interest income	(241,456)	(391)	(755,887)	(5,429)	(773,113)
	271,019	137,705	1,034,305	441,006	2,181,853
Loss before the following items	(271,019)	(137,705)	(1,034,305)	(441,006)	(2,181,853)
Exploration expenditures in Guyana (Note 4)	(1,238,334)	(542,584)	(3,109,341)	(740,717)	(4,607,716)
Amortization	(73,764)	(16,614)	(203,140)	(23,378)	(301,299)
Foreign exchange gain (loss)	(431,709)	9,053	(385,107)	2,568	(367,531)
Interest expense	-	(3,288)	-	(3,288)	(8,482)
Net loss and comprehensive loss	(2,014,826)	(691,138)	(4,731,893)	(1,205,821)	(7,466,881)
Basic and diluted loss per share	(0.09)	(0.07)	(0.21)	(0.14)	
Weighted average number of shares outstanding	23,057,700	10,000,000	23,007,765	8,736,301	

See accompanying notes to unaudited consolidated interim financial statements

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

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Cash provided by (used in)					
Operating					
Net loss	(2,014,826)	(691,138)	(4,731,893)	(1,205,821)	(7,466,881)
Items not involving cash:					
Amortization	73,764	16,614	203,140	23,378	301,299
Accrued interest	-	3,288	-	3,288	-
Stock-based compensation (Note 7)	264,868	-	1,371,214	-	1,966,809
Foreign exchange (gain) loss	431,709	(9,053)	385,107	(2,568)	367,531
	(1,244,485)	(680,289)	(2,772,432)	(1,181,723)	(4,831,242)
Changes in non-cash working capital					
Accounts receivable	22,188	(14,744)	14,156	(17,762)	(13,357)
Prepayments and deposits	(77,871)	902	(110,935)	(8,484)	(202,065)
Deferred costs	-	(8,284)	-	770	-
Accounts payable and accrued liabilities	97,067	413,779	(205,388)	512,542	398,743
	(1,203,101)	(288,636)	(3,074,599)	(694,657)	(4,647,921)
Investing					
Acquisition of property and equipment	(48,725)	(163,317)	(1,448,785)	(285,833)	(1,842,429)
Issue of promissory note	-	200,000	-	200,000	-
Loan receivable	-	-	-	49,602	-
	(48,725)	36,683	(1,448,785)	(36,231)	(1,842,429)
Financing					
Issue of share capital	-	-	-	308,500	32,653,750
Share issue costs	-	-	-	(16,513)	(2,140,771)
Conversion of warrants	-	-	394,250	-	394,250
	-	-	394,250	291,987	30,907,229
Net change in cash and cash equivalents	(1,251,826)	(251,953)	(4,129,134)	(438,901)	24,416,879
Cash and cash equivalents, beginning of period	25,732,883	280,417	28,563,589	473,850	-
Effect of exchange rate changes on cash held in foreign currencies	(431,709)	9,053	(385,107)	2,568	(367,531)
Cash and cash equivalents, end of period	24,049,348	37,517	24,049,348	37,517	24,049,348
Other information					
Interest paid	-	-	-	-	8,482
Cash and cash equivalents consist of:					
Cash	4,495,257	37,517	4,495,257	37,517	4,495,257
Guaranteed investment certificates	19,554,091	-	19,554,091	-	19,554,091
Total	24,049,348	37,517	24,049,348	37,517	24,049,348

See accompanying notes to unaudited consolidated interim financial statements

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

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Share capital					
Balance at beginning of period	30,197,967	789,487	29,606,277	3,750	-
Issued for cash on incorporation	-	-	-	-	3,750
Purchase of Prometheus Resources (Barbados) Inc.	-	-	-	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	-	-	394,250	-	394,250
Fair market value of conversion of warrants	-	-	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	711,512	-	908,952	-	-
Fair market value of warrants issued	-	-	-	-	908,952
Transferred to share capital on conversion of warrants	-	-	(197,440)	-	(197,440)
Balance at end of period	711,512	-	711,512	-	711,512
Contributed surplus					
Balance at beginning of period	1,701,941	-	595,595	-	-
Stock-based compensation (Note 7)	264,868	-	1,371,214	-	1,966,809
Balance at end of period	1,966,809	-	1,966,809	-	1,966,809
Accumulated deficit					
Balance at beginning of period	(5,452,055)	(533,176)	(2,734,988)	(18,493)	-
Net loss	(2,014,826)	(691,138)	(4,731,893)	(1,205,821)	(7,466,881)
Balance at end of period	(7,466,881)	(1,224,314)	(7,466,881)	(1,224,314)	(7,466,881)
Total	25,409,407	(434,827)	25,409,407	(434,827)	25,409,407

See accompanying notes to unaudited consolidated interim financial statements

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

Three and nine months ended September 30, 2007

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 approximately \$8 million relating to the recommended work program as disclosed in the Corporation's prospectus dated December 15, 2006. The Corporation has approximately \$24 million in cash and cash equivalents at September 30, 2007 to fund its recommended work program and other working capital requirements. The Corporation expects to be fully funded for the next three years.

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.

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 September 30, 2007, the Corporation is in the process of making an application for one prospecting license for uranium in Guyana. There are no assurances that a prospecting license 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 nine months ended September 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2007.

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

Three and nine months ended September 30, 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.

Accounting changes

Section 1506, "Accounting Changes". This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Corporation has adopted these new standards effective January 1, 2007.

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 Corporation 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.

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Three and nine months ended September 30, 2007

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.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Corporation has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. The Corporation has evaluated the impact of EIC-166 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.

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

Three and nine months ended September 30, 2007

3. PROPERTY AND EQUIPMENT

	September 30, 2007	December 31, 2006
	\$	\$
Guyana		
Field equipment	718,141	264,767
Vehicles	71,964	23,964
Mobile equipment and drilling equipment	991,154	67,385
Furniture and fixtures	44,978	21,336
	1,826,237	377,452
Less: accumulated amortization	(295,706)	(94,437)
	1,530,531	283,015
Canada		
Furniture and equipment	16,192	16,192
Less: accumulated amortization	(5,593)	(3,722)
	10,599	12,470
Total	1,541,130	295,485

4. EXPLORATION EXPENDITURES IN GUYANA

The following uranium exploration activities have occurred in Guyana:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Reconnaissance permit "A" exploration costs (i)	633,362	337,591	1,392,142	447,298	2,191,100
Reconnaissance permit "B" exploration costs (ii)	-	7,463	-	7,463	7,463
Reconnaissance permit "B" acquisition cost	-	-	41,250	29,143	70,393
Project administration and general (iii)	262,474	95,506	869,811	122,094	1,219,994
Reconnaissance permit "A" acquisition cost	-	-	-	17,651	42,437
Exploration camp maintenance costs (iv)	342,498	102,024	806,138	117,068	1,076,329
Total and cumulative expenditures	1,238,334	542,584	3,109,341	740,717	4,607,716

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4. EXPLORATION EXPENDITURES IN GUYANA (continued)

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

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Balance at beginning of period	1,557,738	109,707	798,958	-	-
Labour	252,584	18,130	665,781	31,387	791,569
Survey costs	67,786	263,766	67,786	333,516	649,821
Drilling expenditures	241,433	28,207	485,577	28,207	513,784
Miscellaneous	39,320	-	97,316	6,254	103,570
Travel	31,429	20,025	72,733	20,025	97,998
Reports	-	7,463	643	7,463	8,106
Software	-	-	-	6,996	6,996
Data management	-	-	-	6,451	6,451
Assays	-	-	-	4,523	4,523
Lab analysis	-	-	-	-	3,500
Equipment transportation	-	-	-	2,476	2,476
Corporation's portion of source deductions	714	-	1,731	-	1,731
Communication	96	-	575	-	575
Total and cumulative expenditures	633,362	337,591	1,392,142	447,298	2,191,100
Balance at end of period	2,191,100	447,298	2,191,100	447,298	2,191,100

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

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

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NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. EXPLORATION EXPENDITURES IN GUYANA (continued)

(iii) Project administration and general costs consist of:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Balance at beginning of period	957,520	26,588	350,183	-	-
Labour	185,212	46,112	577,515	59,827	800,635
Travel	9,319	5,163	50,168	8,825	84,082
Rental of office charges and storage	27,957	9,262	67,781	17,262	91,591
Insurance	2,946	2,000	59,849	2,000	60,516
Office and general Maintenance	10,943	4,226	38,102	4,636	48,368
Professional fees	7,583	693	29,735	1,007	39,764
Communications	3,371	11,314	15,797	11,314	35,343
Meals and entertainment	8,203	12,544	15,011	12,544	27,555
Accommodation	1,378	1,234	6,057	1,550	15,613
Corporation's portion of source deductions	1,428	2,674	3,512	2,674	7,951
Community relations	1,643	284	3,793	455	4,525
	2,491	-	2,491	-	4,051
Total and cumulative expenditures	262,474	95,506	869,811	122,094	1,219,994
Balance at end of period	1,219,994	122,094	1,219,994	122,094	1,219,994

U308 CORP.
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. EXPLORATION EXPENDITURES IN GUYANA (continued)

(iv) Exploration camp maintenance costs consist of:

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Balance at beginning of period	733,831	15,044	270,191	-	-
Labour	107,310	29,376	227,552	31,902	340,092
Travel	65,083	32,732	183,856	41,235	254,516
Camp supplies	113,200	12,826	203,211	14,193	236,945
Fuel	13,322	14,255	73,863	15,937	100,007
Repairs and maintenance	34,280	1,477	89,443	1,477	96,837
Corporation's portion of source deductions	7,660	859	17,651	859	21,977
General exploration	-	2,682	-	2,791	6,505
Freight	-	2,924	2,435	2,924	5,359
Medical	315	387	3,884	387	4,945
Communication	1,328	-	4,243	-	4,243
Camp accommodation	-	3,016	-	3,873	3,628
Maps	-	-	-	-	443
Meals and entertainment	-	262	-	262	423
Insurance	-	1,228	-	1,228	409
Total and cumulative expenditures	342,498	102,024	806,138	117,068	1,076,329
Balance at end of period	1,076,329	117,068	1,076,329	117,068	1,076,329

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 nine months ended September 30, 2007, U308 expensed \$8,250 and \$24,750 respectively (three months ended September 30, 2006 - \$3,500 and nine months ended September 30, 2006 - \$8,000) for services rendered by this firm. In addition, as at September 30, 2007, this firm was owed \$3,519 (September 30, 2006 - \$8,531) and this amount was included in accounts payable and accrued liabilities.

(ii) For the three and nine months ended September 30, 2007, the Corporation was charged \$60,500 and \$181,500 (three months ended September 30, 2006 - \$42,000 and nine months ended September 30, 2006 - \$126,000) 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 September 30, 2007 is \$3,672 (September 30, 2006 - \$149,833) owing to these related parties.

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5. RELATED PARTY TRANSACTIONS (continued)

(iii) During the nine months ended September 30, 2006, 2,250,000 common shares were issued to a director at a deemed price of \$0.001 per share in satisfaction of the consideration owing by the Corporation to the director in exchange for all of the issued and outstanding shares of Prometheus Resources (Barbados) Inc., all pursuant to a Share Purchase Agreement as disclosed in the final prospectus dated December 15, 2006.

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, September 30, 2007	23,057,700	30,197,967

7. STOCK OPTIONS

The following table reflects the continuity of stock options for the nine months ended September 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, September 30, 2007	2,050,000	2.55

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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 nine months ended September 30, 2007, the estimated impact on expenses was \$229,084 and \$1,229,376 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 nine months ended September 30, 2007, the estimated impact on expenses was \$35,784 and \$141,838 respectively.

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

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Canada					
Directors' stock based compensation	134,406	-	721,311	-	1,070,767
Management compensation	18,699	-	100,358	-	148,976
Investor relations	11,689	-	62,724	-	93,112
Professional fees	3,506	-	18,817	-	27,933
	168,300	-	903,210	-	1,340,788
Guyana					
Labour (1)	49,096	-	263,433	-	391,061
Labour (2)	47,472	-	204,571	-	234,960
	96,568	-	468,004	-	626,021
Total	264,868	-	1,371,214	-	1,966,809

(1) Included in project administration and general costs

(2) Included in Reconnaissance Permit "A" exploration costs

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7. STOCK OPTIONS (continued)

The following table reflects the actual stock options issued and outstanding as of September 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	45,000	45,000
			2,050,000	1,025,000	1,025,000

(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 nine months ended September 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, September 30, 2007	568,300	2.50	711,512

The following table reflects the actual warrants outstanding as of September 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.

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9. SEGMENTED INFORMATION

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

(a) Segmented assets

September 30, 2007

	Canada	Barbados	Guyana	Total
	\$	\$	\$	\$
Current assets	23,952,666	26,154	288,200	24,267,020
Long-term assets	10,599	-	1,530,531	1,541,130
	23,963,265	26,154	1,818,731	25,808,150

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

Nine months ended September 30, 2007

	Canada	Barbados	Guyana	Total
	\$	\$	\$	\$
Corporate	1,164,317	20,072	438,163	1,622,552
Exploration	-	-	3,109,341	3,109,341
	1,164,317	20,072	3,547,504	4,731,893

Three months ended September 30, 2007

	Canada	Barbados	Guyana	Total
	\$	\$	\$	\$
Corporate	330,074	8,255	438,163	776,492
Exploration	-	-	1,238,334	1,238,334
	330,074	8,255	1,676,497	2,014,826

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9. SEGMENTED INFORMATION (continued)

(b) Segmented expenses (continued)

Nine Months Ended September 30, 2006

	Canada	Barbados	Guyana	Total
	\$	\$	\$	
Corporate	465,104	-	-	465,104
Exploration	-	-	740,717	740,717
	465,104	-	740,717	1,205,821

Three months ended September 30, 2006

	Canada	Barbados	Guyana	Total
	\$	\$	\$	
Corporate	148,554	-	-	148,554
Exploration	-	-	542,584	542,584
	148,554	-	542,584	691,138

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	7,785,132
(ii) Optional expenses to fund future growth plans	400,000
(iii) Payments to the Government of Guyana	79,584
	8,264,716

(i) \$11,695,248 as disclosed in the Corporation's prospectus dated December 15, 2006 less an amount equal to \$3,910,116 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

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11. COMPARATIVE FIGURES

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

12. ADMINISTRATIVE AND GENERAL

	Three months ended September 30, 2007	Three months ended September 30, 2006	Nine months ended September 30, 2007	Nine months ended September 30, 2006	Cumulative from inception to September 30, 2007
	\$	\$	\$	\$	\$
Rent	8,676	8,416	28,004	10,973	47,394
Computer and website maintenance	1,650	2,218	4,400	10,837	19,089
Insurance	13,595	-	38,534	-	43,097
Office supplies and postage	3,404	3,593	11,130	5,677	17,755
Telephone	1,200	841	3,144	2,740	6,702
Bank service charges	3,286	-	5,682	-	7,264
	31,811	15,068	90,894	30,227	141,301