



**Interim Consolidated Financial Statements
For The Six Months Ended**

June 30, 2007

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Exeter Resource Corporation
Consolidated Balance Sheets (Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | June 30, 2007 | December 31, 2006 |
|---|----------------------|--------------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 9,495,571 | \$ 14,511,062 |
| Other receivables and prepaid expenses | 82,106 | 929 |
| Goods and services tax recoverable | 80,012 | 24,861 |
| | 9,657,689 | 14,536,852 |
| Exploration Advances | 108,947 | 97,866 |
| Property and equipment | 190,139 | 203,358 |
| Mineral properties and deferred costs (Note 3) | 26,426,956 | 21,052,423 |
| | \$ 36,383,731 | \$ 35,890,499 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 1,046,498 | \$ 1,884,769 |
| Due to related parties (Note 7) | 112,282 | 376,616 |
| | 1,158,780 | 2,261,385 |
| Share Capital and Deficit | | |
| Share capital (Note 4) | 49,475,456 | 46,230,295 |
| Contributed surplus (Note 6) | 7,325,342 | 4,588,941 |
| Deficit | (21,575,847) | (17,190,122) |
| | 35,224,951 | 33,629,114 |
| | \$ 36,383,731 | \$ 35,890,499 |

Nature of business and continued operations (Note 1)

Exeter Resource Corporation
Consolidated Statements of Operations and Deficit (Expressed in Canadian Dollars)
For the period ended June 30, 2007
(Unaudited – Prepared by Management)

| | Three Months ended June 30 | | Six Months ended June 30 | |
|---|-------------------------------|---------------|-----------------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Income | | | | |
| Interest Income | \$ 85,295 | \$ 67,785 | \$ 171,151 | \$ 123,326 |
| Expenses | | | | |
| Accounting and audit | \$ 45,682 | \$ 18,981 | \$ 89,982 | \$ 24,679 |
| Administration salaries and consulting | 126,761 | 101,002 | 293,173 | 194,753 |
| Amortization | 9,630 | 8,648 | 19,260 | 25,180 |
| Bank charges | 6,300 | 5,757 | 11,075 | 9,944 |
| Directors fees | 7,500 | 7,500 | 15,000 | 15,000 |
| Shareholder communications | 111,093 | 135,836 | 266,515 | 279,902 |
| Legal fees | 27,937 | 58,130 | 50,062 | 101,869 |
| Loss on write-off of mineral properties | - | 401,588 | - | 401,588 |
| Management fees | 9,902 | 135,000 | 38,250 | 147,000 |
| Office and miscellaneous | 33,628 | 9,780 | 55,098 | 30,020 |
| Property examination costs | 39,309 | 52,475 | 82,552 | 79,268 |
| Rent | 30,670 | 7,211 | 43,593 | 18,201 |
| Stock-based compensation | 3,172,322 | 527,359 | 3,183,937 | 1,093,812 |
| Stock exchange listing and filing fees | 40,943 | 13,797 | 56,514 | 24,445 |
| Telecommunications | 9,957 | 6,653 | 16,366 | 9,530 |
| Transfer agent | 2,730 | 4,875 | 8,037 | 12,082 |
| Travel and promotion | 160,762 | 117,308 | 322,000 | 231,967 |
| | \$ 3,835,126 | \$ 1,611,900 | \$ 4,551,414 | \$ 2,699,240 |
| Loss before other items | \$ 3,749,831 | \$ 1,544,115 | \$ 4,380,263 | \$ 2,575,914 |
| (Gain) / Loss on conversion of foreign currencies | (1,325) | 1,919 | 5,462 | (100) |
| Net loss and comprehensive loss for the period | \$ 3,748,506 | \$ 1,546,034 | \$ 4,385,725 | \$ 2,575,814 |
| Deficit at beginning of period | \$ 17,827,341 | \$ 12,931,262 | \$ 17,190,122 | \$ 11,901,482 |
| Deficit at end of period | \$ 21,575,847 | \$ 14,477,296 | \$ 21,575,847 | \$ 14,477,296 |
| Basic & diluted loss per common share | \$ (0.10) | \$ (0.05) | \$ (0.12) | \$ (0.09) |
| Weighted average number of common shares outstanding | 38,099,346 | 28,621,583 | 37,986,013 | 28,541,652 |
| Cash paid during the period for interest | \$ - | \$ - | \$ - | \$ - |
| Cash paid during the period for taxes | \$ - | \$ - | \$ - | \$ - |

Exeter Resource Corporation
Consolidated Statements of Cash Flow (Expressed in Canadian Dollars)
For the period ended June 30, 2007
(Unaudited – Prepared by Management)

| | Three Months ended June 30 | | Six Months ended June 30 | |
|--|-------------------------------|----------------|-----------------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Operating Activities | | | | |
| Comprehensive loss for the period | \$ (3,748,506) | \$ (1,546,034) | \$ (4,385,725) | \$ (2,575,814) |
| Adjustments | | | | |
| Amortization | 9,630 | 8,648 | 19,260 | 25,180 |
| Stock based compensation | 3,172,322 | 527,359 | 3,183,937 | 1,093,812 |
| Loss on write-off of mineral properties | - | 401,588 | - | 401,588 |
| Unrealized loss/(gain) on conversion of foreign currencies | (1,325) | 1,919 | 5,462 | (100) |
| | (567,879) | (606,520) | (1,177,066) | (1,055,334) |
| Changes in non-cash working capital items | | | | |
| Other receivables and prepaid expenses | (57,726) | 8,452 | (52,418) | (29,734) |
| Goods and services tax recoverable | (30,094) | (1,750) | (55,151) | 14,708 |
| Accounts payable and accrued liabilities | 6,050 | (53,381) | (44,506) | (8,497) |
| Due to related parties | (2,796) | (7,605) | (136,484) | (119,435) |
| | (652,445) | (660,804) | (1,465,625) | (1,198,292) |
| Financing Activities | | | | |
| Issue of share capital for cash (Note 4) | 2,575,925 | 890,178 | 2,797,625 | 1,988,641 |
| Investing Activities | | | | |
| Exploration Activities | | | | |
| Accounts payable and accrued liabilities | 120,484 | 16,255 | (793,764) | 477,974 |
| Due to related parties | (35,538) | 8,704 | (127,851) | 14,050 |
| Exploration advances | 30,943 | 58,308 | (39,840) | (31,220) |
| Acquisition of Mineral Properties | (28,840) | - | (28,840) | - |
| Acquisition of property and equipment | (6,836) | (25,093) | (23,137) | (90,022) |
| Deferred exploration costs, net of amortization and property examination costs | (2,749,986) | (2,447,513) | (5,328,597) | (4,017,275) |
| | (2,669,773) | (2,389,339) | (6,342,029) | (3,646,493) |
| Gain / (Loss) on the conversion of foreign currencies | 1,325 | (1,919) | (5,462) | 100 |
| Net change in cash and cash equivalents | (744,968) | (2,161,885) | (5,015,491) | (2,856,044) |
| Cash and cash equivalents – beginning of period | 10,240,539 | 7,094,538 | 14,511,062 | 7,788,697 |
| Cash and cash equivalents – end of period | \$ 9,495,571 | \$ 4,932,653 | \$ 9,495,571 | \$ 4,932,653 |

Supplemental cash flow information (Note 9)

Exeter Resource Corporation
Consolidated Statements of Deferred Exploration Costs (Expressed in Canadian Dollars)
For the period ended June 30, 2007
(Unaudited – Prepared by Management)

| | Don Sixto Project | CVSA Properties | Chilean Properties | Other | Six Months Ended June 30 | |
|---|----------------------|--------------------|-----------------------|-----------|-----------------------------|---------------|
| | | | | | 2007 | 2006 |
| Exploration Costs | | | | | | |
| Assays | \$ 633,010 | \$ 91,068 | \$ 34,041 | \$ - | \$ 758,119 | \$ 136,063 |
| Consultants & contractors | 124,736 | 10,097 | - | - | 134,883 | 182,253 |
| Drilling | 52,637 | 538,248 | 333,127 | - | 924,012 | 1,739,337 |
| Engineering | 136,902 | - | 1,303 | - | 138,205 | 41,284 |
| Environmental | 126,560 | - | - | 362 | 126,922 | 15,479 |
| Field Camp | 221,145 | 84,498 | 206,314 | 666 | 512,623 | 250,646 |
| Geological | 91,074 | 245,762 | 279,029 | 54,472 | 670,337 | 371,200 |
| Geophysical | 416 | - | - | - | 416 | 8,194 |
| Hydrology | 23,073 | - | - | - | 23,073 | 23,506 |
| IVA tax | 118,601 | 191,520 | 130,783 | - | 440,904 | 417,164 |
| Legal and title Resource | 36,507 | 56,573 | 72,668 | 2,726 | 168,474 | 151,294 |
| development | 67,246 | - | - | - | 67,246 | |
| Office operations | 21,324 | 73,847 | - | 1,721 | 96,892 | 88,582 |
| Metallurgical | 123,525 | - | 35,439 | - | 158,964 | 23,031 |
| Travel and Accommodation | 113,097 | 174,217 | 178,264 | 13,636 | 479,214 | 261,533 |
| Wages and benefits | 446,440 | 233,804 | 40,390 | 7,380 | 728,014 | 412,784 |
| | 2,336,293 | 1,699,634 | 1,311,358 | 80,963 | 5,428,248 | 4,122,350 |
| Property examination costs | - | 1,589 | - | 80,963 | 82,552 | 79,268 |
| Total costs incurred during the period | 2,336,293 | 1,698,045 | 1,311,358 | - | 5,345,696 | 4,043,082 |
| Balance of costs, beginning of period | 13,039,318 | 3,876,962 | 803,024 | 83,103 | 17,802,407 | 7,214,676 |
| Balance of costs, end of period | \$ 15,375,611 | \$ 5,575,007 | \$ 2,114,382 | \$ 83,103 | \$ 23,148,103 | \$ 11,257,758 |

Notes to the Interim Consolidated Financial Statements
June 30, 2007
(Unaudited – Prepared by Management)

1. Nature of Business and Continued Operations

Exeter Resource Corporation (the “Company”) is an exploration stage company incorporated under the laws of British Columbia, Canada and together with its subsidiaries, is engaged in the acquisition, and exploration of mineral properties located in Argentina and Chile.

These interim financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amount shown for mineral properties and deferred costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of such reserves, and the profitable production or disposition of such reserves.

2. Significant Accounting Policies

Except as noted below, the interim consolidated financial statements of the Company have been prepared in accordance with the same accounting policies and methods of their application as the Company’s consolidated financial statements for the year ended December 31, 2006, without the note disclosures required for audited financial statements. The interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements.

New Accounting Policies

The CICA Handbook Section 3855 “Financial Instruments – Recognition and Measurement” requires that financial assets classified as “available-for-sale” be recorded at fair market values and that gains or losses in available-for-sale financial assets be recorded in the balance sheet as “Other comprehensive income (loss)”. The standard became a reporting requirement for all publicly traded companies with year-ends after October 1, 2006. The Company, as permitted by CICA Handbook Section 3855, has adopted this section prospectively for financial assets valued after November 1, 2006. The adoption of this handbook section has had no effect on the Company’s financial statements.

3. Mineral Properties and Deferred Costs

| | Acquisition Costs | Deferred Exploration Costs | June 30, 2007 Total | December 31, 2006 Total |
|--------------------|-------------------|----------------------------|---------------------|-------------------------|
| Don Sixto | \$ 3,105,281 | \$ 15,375,611 | \$ 18,480,892 | \$ 16,115,762 |
| CVSA Properties | 128,572 | 5,575,007 | 5,703,579 | 4,005,535 |
| Chilean Properties | - | 2,114,382 | 2,114,382 | 803,103 |
| Other | 45,000 | 83,103 | 128,103 | 128,103 |
| | \$ 3,278,853 | \$ 23,148,103 | \$ 26,426,956 | \$ 21,052,423 |

Don Sixto

On June 20, 2007 the Mendoza Provincial government introduced anti-mining legislation which may preclude development of mining projects in Mendoza Province. The Company has deferred all exploration and independent engineering studies in Mendoza and filed an action in the Mendoza Supreme Court to have this anti-mining legislation declared unconstitutional. Should the Company not be successful in its constitutional challenge or the anti mining legislation not be amended, the carrying value of the Don Sixto project may not be recoverable requiring the Company to write-off its entire investment of \$18,480,892.

Notes to the Interim Consolidated Financial Statements
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4. Share Capital

The authorized share capital of the Company is 100,000,000 shares without par value.

The Company has issued shares of its capital stock as follows:

| | June 30, 2007 | | December 31, 2006 | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Balance, beginning of year | 37,836,013 | \$ 46,230,295 | 27,845,763 | \$ 27,802,270 |
| Issued during the period/year for: | - | - | - | - |
| Cash | 1,355,500 | 2,797,625 | 9,990,250 | 18,975,198 |
| Contributed surplus allocated | - | 447,536 | - | 205,203 |
| Share Issue costs | - | - | - | (752,376) |
| Balance, end of period | 39,191,513 | \$ 49,475,456 | 37,836,013 | \$ 46,230,295 |

Transactions for the Issue of Share Capital
During the Three Months ended June 30, 2007

- a) The Company issued 30,000 shares at a price of \$0.405 per share, 25,000 shares at a price of \$1.08, 150,000 shares at a price of \$1.12, 100,000 shares at a price of \$1.10, 70,000 shares at a price of \$1.20, 57,500 shares at a price of \$2.01 and 60,000 shares at a price of \$2.52 for a total consideration of \$667,925 pursuant to the exercise of stock options.

In addition, an amount totaling \$447,536 representing stock-based compensation recognized on the exercise of the above stock options was allocated to share capital.

- b) The Company issued 252,000 shares at a price of \$2.50, and 426,000 shares at a price of \$3.00 for a total consideration of \$1,908,000 pursuant to the exercise of warrants.

5. Stock Option Plan

The Company has adopted an incentive stock option plan (the “Plan”), the essential elements of which are as follows: Following approval of the amendments to the Plan at the Company’s Annual General Meeting held on May 23, 2007, the aggregate number of shares of the Company’s capital stock issuable pursuant to options granted under the Plan may not exceed 7,627,203. Options granted under the Plan may have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company’s shares immediately preceding the grant date, less the maximum discount permitted by TSX Venture Exchange policy (“TSX-V")), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are generally exercisable immediately following the grant, however certain options may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

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A summary of the status of options granted under the Plan as of June 30, 2007 and December 31, 2006, and changes during the period/year then ended, is as follows:

| | June 30, 2007 | | December 31, 2006 | |
|---|------------------|---------------------------------|-------------------|---------------------------------|
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Options outstanding, beginning of period/year | 5,606,750 | \$ 1.58 | 4,949,750 | \$ 1.15 |
| Forfeited/cancelled | (480,000) | 3.00 | (556,000) | 1.75 |
| Granted | 2,575,000 | 3.20 | 1,755,000 | 2.62 |
| Exercised | (677,500) | 1.28 | (542,000) | 0.83 |
| Options outstanding, end of period/year | 7,024,250 | \$ 2.10 | 5,606,750 | \$ 1.58 |

At June 30, 2007, the Company had outstanding stock options to acquire 7,024,250 shares as follows:

| Number of Options Outstanding | Number of Options Exercisable | Price | Expiry Date |
|-------------------------------|-------------------------------|---------|-------------------|
| 275,000 | 275,000 | \$ 0.41 | August 15, 2008 |
| 1,098,000 | 1,098,000 | \$ 1.08 | January 21, 2009 |
| 10,000 | 10,000 | \$ 1.41 | April 7, 2009 |
| 3,750 | 3,750 | \$ 0.85 | June 21, 2009 |
| 225,000 | 225,000 | \$ 1.20 | March 21, 2010 |
| 300,000 | 300,000 | \$ 1.20 | April 5, 2010 |
| 285,000 | 285,000 | \$ 1.12 | July 7, 2010 |
| 250,000 | 250,000 | \$ 1.10 | August 19, 2010 |
| 130,000 | 130,000 | \$ 1.20 | October 25, 2010 |
| 1,020,000 | 920,000 | \$ 1.59 | December 30, 2010 |
| 75,000 | 75,000 | \$ 1.79 | February 3, 2011 |
| 97,500 | 97,500 | \$ 2.01 | March 2, 2011 |
| 225,000 | 225,000 | \$ 2.52 | May 3, 2011 |
| 50,000 | 50,000 | \$ 1.89 | June 12, 2011 |
| 415,000 | 405,000 | \$ 3.02 | November 30, 2011 |
| 775,000 | 775,000 | \$ 2.52 | January 31, 2012 |
| 220,000 | 220,000 | \$ 2.52 | February 13, 2012 |
| 1,570,000 | 1,170,000 | \$ 3.64 | June 27, 2012 |
| 7,024,250 | 6,514,250 | | |

The following table summarizes information about the stock options outstanding at June 30, 2007.

| Range of Prices \$ | Number | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price |
|--------------------|------------------|---|---------------------------------|
| 0.01 - 1.00 | 278,750 | 1.14 | \$ 0.41 |
| 1.01 - 2.00 | 3,443,000 | 2.70 | \$ 1.29 |
| 2.01 + | 3,302,500 | 3.82 | \$ 3.10 |
| | 7,024,250 | 3.17 | \$ 2.10 |

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Stock-based Compensation

The fair values of options vested during the three months ended June 30, 2007 was estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|----------------------------|---------|
| Expected annual volatility | 66.39% |
| Risk-free interest rate | 3.92% |
| Expected life | 3 years |
| Expected dividend yield | 0.0% |

Stock-based compensation recognized in the quarter, on the vesting of stock options granted, totaling \$3,172,322 was allocated to contributed surplus.

Warrants

At June 30, 2007 the Company had outstanding share purchase warrants exercisable to acquire 1,624,000 shares as follows:

| Number | Exercise Price | Expiry Date |
|------------------|----------------|----------------|
| 250,000 | \$ 3.00 | April 18, 2008 |
| 1,374,000 | \$ 3.00 | July 20, 2007* |
| 1,624,000 | | |

* see Subsequent Events, Note 11

6. Contributed Surplus

| | June 30, 2007 | December 31, 2006 |
|-------------------------------|----------------------|-------------------|
| Balance beginning of year | \$ 4,588,941 | \$ 3,280,672 |
| Stock-based compensation | 3,183,937 | 1,213,506 |
| Agent's warrants | - | 221,139 |
| Contributed surplus allocated | (447,536) | (126,376) |
| Balance, end of period | \$ 7,325,342 | \$ 4,588,941 |

7. Related Party Transactions

Amounts due to related parties are for management, consulting, exploration, legal fees and for expenses incurred while conducting the Company's business.

A total of \$515,534 (June 30, 2006: \$488,484) were paid or accrued for related party transactions as described below:

- Exploration and consulting fees totaling \$120,000 (2006 - \$122,000) and \$28,500 (2006 - \$10,500) for the provision of other consulting services were paid or accrued to a corporation of which the President and CEO of the Company is a principal.
- Legal fees of \$35,375 (2006 - \$78,646) were paid or accrued to a corporation controlled by a director of the Company of which the Secretary of the Company is an employee.
- Exploration and development fees of \$155,409 (2006 - \$119,338) were paid or accrued to a corporation controlled by

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the Vice-President, Exploration and Development.

- d) Management fees of \$90,000 (2006 - \$98,000) were paid or accrued to a corporation controlled by the Chairman of the Company.
- e) Management fees of \$86,250 (2006 - \$60,000) were paid or accrued to a corporation controlled by the Chief Financial Officer of the Company.

All of the above transactions were in the normal course of operations and, in management's opinion, undertaken with the same terms and conditions as transactions with unrelated parties.

8. Segmented Information

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development. Following is a summary of assets and liabilities by geographical segment:

| June 30, 2007 | Canada | Argentina | Chile | Total |
|---------------------------------------|----------------------|----------------------|---------------------|----------------------|
| Cash and cash equivalents | \$ 8,830,551 | \$ 640,290 | \$ 24,730 | \$ 9,495,571 |
| Other current assets | 162,118 | 97,866 | 11,081 | 271,065 |
| Property and equipment | 76,643 | 52,582 | 60,914 | 190,139 |
| Mineral properties and deferred costs | - | 24,335,892 | 2,091,064 | 26,426,956 |
| | 9,069,312 | 25,126,630 | 2,187,789 | 36,383,731 |
| Current liabilities | (419,075) | (727,428) | (12,277) | (1,158,780) |
| | \$ 8,650,237 | \$ 24,339,202 | \$ 2,175,512 | \$ 35,224,951 |
| December 31, 2006 | Canada | Argentina | Chile | Total |
| Cash and cash equivalents | \$ 13,452,871 | \$ 994,656 | \$ 63,535 | \$ 14,511,062 |
| Other current assets | 54,549 | 62,562 | 6,545 | 123,656 |
| Property and equipment | 90,779 | 68,216 | 44,363 | 203,358 |
| Mineral properties and deferred costs | - | 20,249,399 | 803,024 | 21,052,423 |
| | 13,598,199 | 21,374,833 | 917,467 | 35,890,499 |
| Current liabilities | (805,239) | (1,398,421) | (57,725) | (2,261,385) |
| | \$ 12,792,960 | \$ 19,976,412 | \$ 859,742 | \$ 33,629,114 |

9. Supplemental Cash Flow Information

The Company did not incur any non-cash financing or investing activities in the first two quarters of 2007 or 2006.

Notes to the Interim Consolidated Financial Statements
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(Unaudited – Prepared by Management)

10. Contractual Obligations

The Company leases offices in Vancouver, Argentina and Chile and has expenditure and option payment obligations related to its properties. Option payments and property expenditure obligations are contingent on exploration results and can be cancelled at any time should exploration results so warrant. Financial commitments other than property options and expenditure requirements are summarized in the table below:

| | Payments Due by Period | | | | |
|---------------|-------------------------------|------------------|-------------------|-------------------|---------------|
| | Total | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Office leases | \$ 311,504 | \$ 45,688 | \$ 160,702 | \$ 105,114 | \$ - |
| Total | \$ 311,504 | \$ 45,688 | \$ 160,702 | \$ 105,114 | \$ - |

11. Subsequent Events

As at August 7, 2007

- a) The Company issued 20,000 shares at a price of \$1.20, 26,080 shares at a price of \$1.79, 125,000 shares at a price of \$2.52, and 50,000 shares at a price of \$1.10 upon the exercise of options, for a total consideration of \$440,683.

An amount totaling \$202,263 representing stock-based compensation recognized on the grant of the above stock options will be allocated to share capital in the third quarter.

- b) The Company issued 1,373,999 shares at a price of \$3.00 for a total consideration of \$4,121,997 upon the exercise of warrants.