



MANAGEMENT DISCUSSION AND ANALYSIS

For the Period Ending

June 30, 2007

Augusta Resource Corporation

General

The following Management's Discussion and Analysis ("MD&A") of Augusta Resource Corporation and its subsidiaries, (the "Company", "Augusta", "we", "us", "our") should be read in conjunction with the accompanying consolidated financial statements and notes for quarter ended June 30, 2007 and with the audited consolidated financial statements for the year ended December 31, 2006, all of which are available at the SEDAR website at www.sedar.com. This MD&A report is current as at August 2, 2007.

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles and presented in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results and performance of achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made, and readers are also advised to consider such forward-looking statements while considering the risks set forth in the MD&A filed in conjunction with the December 31, 2006 year-end.

Description of Business

We are engaged in the exploration and development of mineral properties located in Pima County, Arizona and White Pine County, Nevada. Our properties are in the exploratory and development stages and are thus non-producing and consequently do not generate any operating income or cash flows from operations. The Company depends on equity and debt capital to finance its activities.

Overview of Performance

Property in Pima County, Arizona

On June 1, 2005, the Company announced that it had entered into an Option Agreement to purchase 100% of the Rosemont Ranch copper deposits in Pima County, Arizona, subject to a 3% Net Smelter Royalty ("NSR"). The property (which includes patented and unpatented claims, fee land and surface grazing rights that in aggregate total approximately 14,880 acres (6,026 hectares) is approximately 50 kilometers southeast of Tucson, situated near a number of large porphyry type producing copper mines operated by Phelps Dodge and Asarco. The property contains three known potentially open-pit mine-able copper/molybdenum/silver ("Cu-Mo-Ag") skarn deposits on patented mining claims and on fee lands.

The Option Agreement required the cash payment of US \$20,800,000 payable over a three-year period. After making the initial payment of \$8,439,226 (US \$6,666,666) in June 2005, the Company completed the remaining payments, after a reduction for early payment provisions of approximately \$470,000, of \$16,114,985 (US \$ 13,733,582) on March 31, 2006 and thereby acquired a 100% working interest in the property subject to the 3% NSR.

In August 2006, the Company commenced the feasibility study on Rosemont with M3 Engineering and Technology Corporation of Tucson, Arizona being awarded the contract after a due bid and selection process. To lead the project internally, the Company appointed Mr. Lance Newman as VP, Metallurgical Operations and Mr. Mark Stevens as Chief Project Geologist. Both Mr. Newman and Mr. Stevens are seasoned members of the team with proven track records in project development and operations.

The Company continues to work with consultants to advance the NI 43-101 compliant feasibility study, which is now expected for publication by mid third quarter 2007 as a result of the delay in completing the updated resource statement (see below). Metallurgical test work and engineering has been completed; M3 Engineering of Tucson is now integrating study components and completing the final details. The feasibility study will also evaluate the project economics associated with solvent extraction and electrowinning oxide copper processing as well as sulfide concentrate production.

The Company delivered the 2007 Rosemont Deposit Mineral Resource Estimate during the first quarter of 2007. The updated resource estimate reports 5.7 billion pounds (“lbs”) of copper (“Cu”) and 157 million lbs of molybdenum (“Mo”) in measured and indicated resources, and 1.5 billion lbs of Cu and 23 million lbs of Mo in inferred resources. The estimate also includes a new silver (“Ag”) resource for the deposit, which quantifies approximately 66.5 million ounces (“oz”) of Ag in measured and indicated resources and 9.3 million oz of Ag in inferred resources.

The updated resource statement comes after completing a 20,000-meter infill drill program at Rosemont in 2006, which was focused on upgrading the sulfide copper-molybdenum resource (543.1 M tons at 0.75% Cu equivalent at a 0.2% Cu cutoff) and quantifying a new silver resource (543.1 M tons at 0.12 Ag oz/ton at a 0.2% Cu cutoff). In addition the Company conducted a re-assay program of historic drilling, which combined with new drilling to quantify a surface oxide copper resource (74.5 M tons at 0.20% Cu equivalent at a 0.1% Cu cutoff).

Water conservation is one of the most important components of the Company’s plan to operate the Rosemont Copper project. As of the end of June 2007, the Company has stored a full two years’ worth of water needed to operate the Rosemont Copper project within the Tucson Active Management Area (“Tucson AMA basin”). By the end of 2007, a total of 15,000 acre feet of water delivered by the Central Arizona Project (“CAP”) is expected to be stored in the Tucson aquifer, bringing the level stored for Rosemont Copper to a three-year operating supply.

On July 12, 2007 the Company formally filed the Mine Plan of Operations with the United States Forest Service. The detailed plan for Augusta’s Rosemont Copper project includes progressive design, conservation and sustainability initiatives. Once approved, the final Rosemont Mine Plan of Operations becomes a binding document that assures the plan’s commitments, including reclamation and closure funding guarantees. Highlights of the plan include:

- **Significant Economic Benefits** – The Rosemont Copper project will produce more than 230 million pounds of copper per year. Rosemont Copper alone will produce 10 percent of the entire U.S. copper production for 20 years. About 500 high-paying direct jobs, as well as at least 1,000 indirect jobs will be created, adding over \$500 million in local payroll over the mine life and \$1.4 billion in goods and services, in addition to local, state, and federal tax revenue.

- **Water Conservation** – The Rosemont design avoids impacts to the Davidson Canyon and Cienega Creek watershed. Central Arizona Project water is already being purchased and stored in advance. Rosemont will add to the local aquifer more water than it will use, leaving a five-percent net water gain in the community. By the end of this year, a supply of water will have been stored sufficient to sustain the operation for three years. In addition, new water conservation and recycling techniques at Rosemont will save 50 to 60 percent of the total water used in traditional mining.
- **Concurrent Reclamation** – Reclamation will begin within the first year of mine operation and will feature state-of-the-art practices. They include greenhouse studies for optimum revegetation, cattle use to prepare the seedbed for replanting, and construction of perimeter buttresses to stabilize soil and shield visual impact from state highway SH 83. Only a small portion of the final pit configuration will be visible from the highway.
- **Community Conservation** – At the end of the estimated 20 years of production, Rosemont Copper will leave open space and conservation easements to the community in perpetuity. In addition, the project will endow funds to support local projects for generations to come.

Qualified Person

Augusta Resource Corporation retained WLR Consulting, Inc. (WLRC) of Lakewood, Colorado to estimate the Rosemont mineral resources as a part of a NI 43-101 compliant feasibility study that is presently in progress. The mineral resource estimation work was performed by or under the direction of Mr. William L. Rose, P.E., WLRC's Principal Mining Engineer and an independent Qualified Person under the standards set forth by Canadian National Instrument 43-101.

Feasibility Study

Augusta's management team is pleased with being able to increase the measured and indicated resource estimate for the Rosemont project. These results will now be evaluated for economic mine designs in the final feasibility study due for completion mid third quarter. With the sizable increase in the resource estimate to more than 10 billion pounds of copper equivalent, the Rosemont project is proving to be even more of a strategic domestic asset.

Permitting

Using the Plan of Operations as a basis for permitting, Augusta will now move through the National Environmental Policy Act ("NEPA") permitting process, whereby the US Forest Service initiates an Environmental Impact Statement and public review process. The company continues to work with local interests to address relevant factual concerns and issues as part of the NEPA process.

Financing

The Company delivered on its corporate objective to secure sufficient funding to cover expenditures through to the expected completion of the permitting process, raising \$37,519,394 through a non-brokered private placement (the "Placement") for 10,719,827 common shares at a price of \$3.50 per share, representing an approximate \$0.90 per share premium. The Placement was 71% (7,600,000) subscribed by Sumitomo Corporation and Sumitomo Corporation of America ("Sumitomo"), and 29% (3,119,827) subscribed by two funds managed by US private investment firm Harbinger Capital Partners ("Harbinger"). The closing of the placement resulted in Sumitomo holding an 8.7% interest and Harbinger holding 19.9% (up from 18.6%) in Augusta.

The Company is committed to advancing the Rosemont project as a cornerstone asset for growth in becoming a mid-tier copper producer within the next four years. The Company continues to look for opportunities to acquire exploration, development and production stage projects, in an effort to position the Company as a major copper producer in the longer term.

To June 30, 2007 expenditures related to the Rosemont mineral property totalled \$26,167,456 and deferred development expenditures totalled \$22,224,513, of which \$3,895,791 was incurred during the second quarter and \$2,857,073 during the first quarter.

Properties in White Pine County, Nevada

On May 11, 2006, the Company announced it had retained Pincock, Allen & Holt, to conduct a pre-feasibility study at Mount Hamilton. The study is evaluating the development of the Centennial Deposit as an open-pit heap leach gold mine. The study has been expanded to assess run of mine heap leaching methods.

In May 2006, the Company announced a 3,000 meter Phase I Exploratory Drilling Program at the Shell Deposit, which commenced in August 2006.

On May 1, 2007, the Company entered into a Letter of Intent (“LOI”) with Ivana Ventures Inc. (“Ivana”) respecting the sale of the Company’s interest in the Mount Hamilton, Shell and Monte Cristo properties. The consideration for the sale is US \$6,500,000 in cash, and warrants exercisable to purchase up to 3,000,000 shares of Ivana for eighteen months after closing at the price of \$0.50 per share. The cash portion of the purchase price will be payable in installments over five years, with US \$1,500,000 payable on closing and an additional US \$1,000,000 payable each 12 months thereafter. The shares of the subsidiaries will be pledged to the Company as its sole recourse for non-payment of any portion of the purchase price. The sale is subject to completion of a definitive sale/purchase agreement and certain regulatory approvals.

As of June 30, 2007, at the Mount Hamilton project, mineral property expenditures totaled \$6,801,978 and deferred development expenditures were \$396,246 of which \$49,098 was incurred during the second quarter and \$489 during the first quarter. Total mineral property expenditures on the Shell property were \$363,957 and deferred development expenditures were \$794,054 of which \$237,573 was incurred during the second quarter and \$336,036 during the first quarter.

As at June 30, 2007, the Company's capitalized costs on its mining assets were as follows:

<u>Mineral Properties and Deferred Development</u>	Mineral Properties Cost		Deferred Development Expenses	
	June 30 2007	December 31 2006	June 30 2007	December 31 2006
Rosemont, and Sanrita properties	\$ 26,167,456	\$ 25,017,429	\$ 22,224,513	\$ 15,471,679
Mount Hamilton property	6,801,978	6,801,978	396,246	378,670
Shell, and Monte Cristo properties	363,957	228,292	794,054	188,434
	<u>\$ 33,333,391</u>	<u>\$ 32,047,699</u>	<u>\$ 23,414,813</u>	<u>\$ 16,038,783</u>
 <u>Mineral properties:</u>	 <u>2007</u>	 <u>2006</u>		
Balance, beginning of period	\$ 32,047,699	\$ 15,161,604		
Acquisition costs	1,285,692	17,157,330		
Lone Mountain cost adjustment	-	(24,993)		
Write-offs	-	(246,242)		
Balance, June 30, 2007 and December 31, 2006	<u>33,333,391</u>	<u>32,047,699</u>		
 <u>Deferred development:</u>				
Balance, beginning of period	16,038,783	3,035,560		
Work program expenditures ⁽¹⁾	7,376,030	13,066,531		
Write-offs	-	(63,308)		
Balance, June 30, 2007 and December 31, 2006	<u>23,414,813</u>	<u>16,038,783</u>		
 Total Mineral Properties and Deferred Development	 <u>\$ 56,748,204</u>	 <u>\$ 48,086,482</u>		

⁽¹⁾ Includes geological, engineering and environmental work programs designed to advance the development of the mineral properties.

Results of Operations

Comparison of the six-month period ending June 30, 2007 and 2006

	Six Months Ended June 30		Change
	2007	2006	
EXPENSES			
Stock based compensation	\$ 986,451	\$ 1,018,056	\$ 31,605
Salaries, benefits and bonuses	973,619	891,643	(81,976)
Investor relations	156,303	138,288	(18,015)
Travel	146,171	146,019	(152)
Insurance	113,378	74,341	(39,037)
Filing and regulatory	90,182	48,936	(41,246)
Office and sundry	86,124	70,829	(15,295)
Accounting and audit	71,232	62,400	(8,832)
Legal fees	67,323	76,710	9,387
Rent	59,257	55,097	(4,160)
Consulting and communication	49,493	45,411	(4,082)
Amortization	13,429	1,526	(11,903)
Fiscal and advisory services	13,375	25,114	11,739
Administration	-	15,000	15,000
Write-off of mining assets	-	309,550	309,550
Foreign exchange gain	(259,594)	(115,197)	144,397
Other expenses	66,292	58,990	(7,302)
Loss from operations	(2,633,035)	(2,922,713)	289,678
Interest and other income	132,191	305,822	(173,631)
Debt issuance costs	-	(272,796)	272,796
Interest and finance charges	(107,364)	(1,073,677)	966,313
NET LOSS	(2,608,208)	(3,963,364)	1,355,156

The net loss for the period was \$2,608,206 (\$0.03 loss per share), which was \$1,355,156 lower than the net loss of \$3,963,364 (\$0.08 loss per share) reported for the period ending June 30, 2006. The favourable change in operations was largely due to fluctuations in write-offs of mining properties along with the strengthening of the Canadian dollar. Reduction in debt contributed to lower interest and financing charges.

General and administrative expenses increased during the six-month period in 2007 reflecting the increased corporate and operational activities, additional costs for the TSX and AMEX listings, and the ongoing efforts to increase awareness of the Company with the shareholder/investing community.

Salaries, benefits and bonuses are higher by \$81,976 reflecting the higher expense associated with the management team hired in the third quarter of 2006.

Interest and other income decreased during the six-months ended June 30, 2007 due to the lower cash balances held during the year compared to the equity funds raised during the first quarter of 2006. The Company secured a non-brokered private placement on June 19, 2007 for \$37,519,394 increasing our cash position for the quarter close.

The debt issuance costs in 2006 arose on the issuance of the \$6,000,000 convertible debenture. The debenture was retired on June 1, 2006.

Interest and finance charges to June 30, 2007 are \$107,364 a decrease of \$966,313 over the \$1,073,677 during the six-months ended June 30, 2006. The interest charge is the accretion on the notes payable and convertible debenture, and represents the difference between the face value and carrying value of the notes and is expensed over the term of the note. The lower interest charge in the year reflects the near term maturity of the note payable. The note of US \$1,500,000, initially due on April 20, 2007 was extended for two months at an interest rate of 10% (\$24,658) and was paid June 19, 2007.

Comparison of the three-months ending June 30, 2007 and 2006

	Three months ending June 30		Change
	2007	2006	
EXPENSES			
Stock based compensation	\$ 539,381	\$ 787,510	\$ 248,129
Salaries, benefits and bonuses	467,242	650,176	182,934
Investor relations	113,302	67,776	(45,526)
Travel	93,676	97,920	4,244
Filing and regulatory	17,679	29,771	12,092
Office and sundry	38,101	39,049	948
Accounting and audit	36,232	26,900	(9,332)
Legal fees	(29,110)	56,571	85,681
Rent	25,566	38,307	12,741
Consulting and communication	11,044	20,556	9,512
Amortization	6,799	681	(6,118)
Fiscal and advisory services	9,363	16,117	6,754
Administration	-	7,500	7,500
Write-off of mining assets	-	309,550	309,550
Foreign exchange gain	(249,636)	(105,937)	143,699
Other expenses	5,585	58,990	53,405
	(1,085,224)	(2,101,437)	1,016,213
Loss from operations	(1,085,224)	(2,101,437)	1,016,213
Interest and other income	64,185	233,839	(169,654)
Debt issuance costs	-	(109,118)	109,118
Interest and finance charges	(46,285)	(460,167)	413,882
	(1,067,324)	(2,436,883)	1,369,559
NET LOSS	(1,067,324)	(2,436,883)	1,369,559

During the three months ended June 30, 2007, the Company incurred a net loss of \$1,067,324 (\$0.01 loss per share) compared to a net loss of \$2,436,883 (\$0.04 loss per share) in the second quarter of 2006. The changes in comparative results are due primarily to significant fluctuations in stock based compensation, salaries, benefits and bonuses, legal expenses, mining property write-downs and foreign exchange gains.

Stock based compensation expense reflects the number and fair value of options granted during a given period and the vesting pattern of the underlying stock options that gave rise to the compensation expense resulting in fluctuations in this expense on a quarterly basis.

Salaries, benefits and bonuses were higher in the second quarter of 2006 due to performance bonuses granted that were not accrued during the year.

During the quarter legal fees of \$67,300 previously expensed, which were directly related to the Rosemont Copper project were capitalized in the quarter resulting in a recovery of expenses of \$29,110.

During the second quarter of 2006, the Company made the decision not to pursue its option to purchase the Lone Mountain project and as such incurred a write-down on mining properties of \$309,550.

Foreign exchange translation gains were \$249,636 for the three-months ended June 30, 2007 (prior year period - \$105,937) due to the increasing strength of the Canadian dollar compared to the U.S. dollar.

Summary of Quarterly Results

Selected financial information for each of the eight most recently completed quarters, as revised, of fiscal 2007, 2006 and 2005 are as follows, the first quarter 2006 and 2005 quarters have been restated:

	Revenue	Net loss	Net loss per share basic & diluted
Jun 2007	Nil	\$ (1,067,324)	\$ (0.01)
Mar 2007	Nil	\$ (1,540,884)	\$ (0.02)
Dec 2006	Nil	\$ (1,242,765)	\$ (0.02)
Sep 2006	Nil	\$ (1,453,462)	\$ (0.02)
Jun 2006	Nil	\$ (2,436,883)	\$ (0.04)
Mar 2006	Nil	\$ (1,526,481)	\$ (0.04)
Dec 2005	Nil	\$ (2,527,247)	\$ (0.07)
Sep 2005	Nil	\$ (1,458,494)	\$ (0.04)

Liquidity

The Company's mineral exploration and development activities have provided the Company with no sources of income and a history of losses, working capital deficiencies and deficit positions. However, given the nature of its business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of the Company's performance and valuation.

On June 19, 2007 the Company closed a non-brokered private placement of 10,719,827 common shares at \$3.50 per share for gross proceeds of \$37,519,934. During the quarter 5,045,000 warrants were exercised for gross proceeds of \$4,549,140.

The Company's working capital as at June 30, 2007 was \$37,392,236 compared with a working capital of \$6,760,921 as at December 31, 2006, an increase of \$30,631,315. The Company's cash position as at June 30, 2007 was \$37,402,860 compared with \$9,686,886 as of December 31, 2006, an increase of \$27,715,974.

During the six-months ending June 30, 2007, expenditures for land for water pumping purposes, capital assets and deferred development on the mineral properties were \$10,793,514 and cash used in operations totaled \$1,685,805.

On June 19, 2007 the Company repaid the US \$1,500,000 (\$1,601,850) note payable. The note was initially due on April 20, 2007 and was extended for two months at an interest rate of 10% (\$24,658). No additional long-term liabilities have been incurred during the period. The current obligations of the Company are expected to be funded through existing cash.

The following table lists as of June 30, 2007 information with respect to the company's known contractual obligations.

<i>Contractual Obligations</i>	<i>Total</i>	<i>Payments due by period</i>			
		<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>More than 5 years</i>
Accounts payable and accrued liabilities ⁽¹⁾	\$ 501,545	\$ 501,545	\$ -	\$ -	\$ -
Notes, advances and other ⁽²⁾	37,251	23,288	13,963	-	-
Operating Lease Obligations ⁽³⁾	182,700	46,800	89,900	46,000	-
Total	\$ 721,496	\$ 571,633	\$ 103,863	\$ 46,000	\$ -

(1) Represents accounts payable and accrued liabilities due within the next 12 months.

(2) Represents amounts owed to various unrelated parties totaling \$37,251. These amounts do not bear interest.

(3) Represents Glendale office rent of US \$6,900 per month, under a 36 month lease agreement expiring on June, 2009 and US \$939 per month for lodging premises in Tucson, under a 12 month lease agreement expiring on September 30, 2007.

Capital Resources

The Company's primary capital assets are cash and mineral properties, which are discussed in detail in the section, Overview of Performance. The Company has entered into several option agreements, which provide for further acquisitions and exploration expenses to be incurred, however, these are option agreements and the Company is not committed to completing these expenditures.

We will require additional capital to fund our business plan. We have no revenue from operations and do not expect to generate any revenue from operations in the foreseeable future.

With the completion of the private placement, the Company has secured sufficient funding to cover expenditures through to the expected completion of the permitting process. During the remainder of 2007 the Company anticipates that it will require capital totalling \$14.5 million for the following:

- Approximately \$500,000 for the purchase of water for storage into the land aquifer and for use of the Pima Mine Storage and Retrieval Facility, to be accessed at a later time during production.
- On going direct administrative support of Rosemont project for the year \$200,000.
- Assuming a positive feasibility study and Board of Directors development decision additional 2007 expenditures are anticipated to include:
 - i) deposits on long lead time mill and mobile equipment \$5,000,000,
 - ii) detailed engineering work \$3,000,000,
 - iii) ongoing engineering, geological and environmental expenditures to advance the Rosemont project post development decision \$3,500,000,
 - iv) additional employees to advance Rosemont development \$500,000.
 - v) ongoing administrative expenses for the Company \$1,800,000.

The Company has commenced a process of discussions with various financial intermediaries in preparation for the release of the NI 43-101 compliant feasibility study in mid third quarter of 2007 and the subsequent Board of Directors decision to proceed with the development of Rosemont.

The Company historically has relied upon equity subscriptions to satisfy its capital requirements. The Company may continue to depend upon equity capital to finance its activities. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. Management continues with its efforts to secure additional financing arrangements for the Company and the support of its creditors.

Off Balance-Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

During the period ending June 30, 2007, the Company incurred expenses of \$Nil (2006 - \$15,000) for administrative services provided by a company in which a director of the Company has a 25% interest.

At June 30, 2007, \$257,299 of accounts receivable (2006 - \$1,467 of accounts payable) is due from related companies, which share office space, administrative services and certain common directors with the Company. Also, included in accounts receivable is an amount of \$57,098 (2006 - \$33,827) due from a company in which a director of the Company has a 25% interest. At June 30, 2007, \$50,000 (2006 - \$95,000) is due to the Vice President Administration of the Company for accrued salaries.

All related party transactions are recorded at fair value.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

Changes in Accounting Policies including Initial Adoption

The Canadian Institute of Chartered Accountants (“CICA”) has issued the following new Handbook Sections, which were effective for interim periods beginning on or after October 1, 2006:

- i) Section 3855, “Financial Instruments – Recognition and Measurement”, describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial assets, except for those classified as held-to-maturity, loans and receivables, and derivative financial instruments are measured at their fair values. All financial liabilities are measured at their fair values when they are classified as held for trading purposes. Otherwise, they are measured at their carrying value. The impact of the adoption of this new section did not have a significant effect on the consolidated financial statements.
- ii) Section 1530, “Comprehensive Income”, and Section 3251, “Equity”. Comprehensive income is the change in equity of an enterprise during a period arising from transactions and other events and circumstances from non-owner sources. It includes items that would normally not be included in net income such as changes in the foreign currency translation adjustment relating to self-sustaining foreign operations and unrealized gains or losses on available-for-sale financial instruments. This section describes how to report and disclose comprehensive income and its components. Section 3251, ‘Equity’, replaces Section 3250, “Surplus”, and establishes standards for the presentation of equity and changes in equity as a result of the new requirements of Section 1530, “Comprehensive Income.” The impact of the adoption of this new section did not have a significant effect on the consolidated financial statements.

Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, notes and advances and convertible debenture as reflected in the balance sheet approximate their fair values. The company has no significant concentrations of credit risk.

Share Capital information

As at the date of this report the Company had an unlimited number of common shares authorized for issuance, with 88,583,061 issued and outstanding. The Company had 5,742,000 outstanding stock options with 2,170,748 vested and available for exercise. The Company also had 12,997,600 in outstanding warrants available to be exercised. From June 30, 2007 to the date of this report no options were exercised.