

MERCATOR TRANSPORT GROUP CORPORATION
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Three-month and Six-month periods ended October 31, 2007 and 2006



MERCATOR TRANSPORT GROUP CORPORATION

TABLE OF CONTENTS

Three-month and Six-month periods ended October 31, 2007 and 2006

Consolidated statements of earnings	1
Consolidated statements of Shareholders' Equity	2
Consolidated balance sheets	3
Consolidated statements of cash flows	4
Notes to interim consolidated financial statements	5

NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of October 31st, 2007.

MERCATOR TRANSPORT GROUP CORPORATION**Consolidated statements of earnings (unaudited)****For the three-month and six-month periods ended October 31, 2007 and 2006**

	For the three-month periods ended October 31		For the six-month periods ended October 31	
	2007	2006	2007	2006
	\$ unaudited	\$ unaudited	\$ unaudited	\$ unaudited
Revenue	4 007 516	2 413 817	7 726 257	4 362 186
Direct costs	3 599 044	2 128 244	6 880 684	3 840 914
Gross profit	408 472	285 573	845 573	521 272
Administrative fees	36 000	43 200	72 000	171 300
	444 472	328 773	917 573	692 572
Operating expenses				
Amortization (<i>note 17</i>)	9 997	7 992	18 113	14 817
Insurance	13 000	9 589	22 145	16 737
Bad debts (recovered)	-	-	(721)	900
Travel	32 546	28 108	70 002	46 018
Advertising	7 488	6 621	12 190	12 125
Maintenance and repairs	7 259	5 027	17 037	9 531
Consulting fees	10 694	3 590	25 928	7 675
Overhead and office expenses	22 822	26 158	41 386	43 581
Professional fees	54 244	22 038	93 516	29 288
Interest and bank charges (<i>note 17</i>)	9 184	9 210	17 904	15 511
Rent	23 226	17 085	45 631	32 830
Salaries and fringe benefits	348 606	233 588	755 370	434 080
Telecommunications	7 869	6 690	17 448	12 433
	546 935	375 696	1 135 949	675 526
Earnings (loss) before income taxes	(102 463)	(46 923)	(218 376)	17 046
Income taxes (recovered) (<i>note 3</i>)	(28 056)	(10 741)	(60 140)	3 601
Net earnings (net loss)	(74 407)	(36 182)	(158 236)	13 445
Basic and diluted earnings (loss) per share (<i>note 4</i>)	(0.003)	(0.034)	(0.006)	0.013

The accompanying notes are an integral part of the interim consolidated financial statements.

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MERCATOR TRANSPORT GROUP CORPORATION
Consolidated statements of Shareholders' Equity, unaudited
for the periods ended October 31, 2007 and 2006

For the six-month period ended October 31, 2007				
	Capital stock	Deficit	Contributed surplus	Shareholders' Equity
	\$	\$	\$	\$
Balance-beginning of period	1 021 349	(148 882)	47 058	919 525
Net loss	-	(158 236)	-	(158 236)
Adjustment related to stock options	6 083	-	37 710	43 793
Balance-end of period	1 027 432	(307 118)	84 768	805 082

For the six-month period ended October 31, 2006				
	Capital stock	Deficit	Contributed surplus	Shareholders' Equity
	\$	\$	\$	\$
Balance-beginning of period	75 000	16 915	-	91 915
Net income		13 445	-	13 445
Shares exchange	(75 000)	-	-	(75 000)
Issuance of shares	10	-	-	10
Excess of the redemption price of the preferred shares over their paid-up value	-	(1 000 000)	-	(1 000 000)
Balance-end of period	10	(969 640)	-	(969 630)

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MERCATOR TRANSPORT GROUP CORPORATION**Consolidated balance sheets****As at October 31, 2007 (unaudited) and as at April 30, 2007 (audited)**

	As at October 31 2007	As at April 30 2007
Assets	\$	\$
	(unaudited)	(audited)
Current assets		
Cash	15 089	498 398
Cash and cash equivalents held in trust	20 000	56 000
Accounts receivable (<i>note 5</i>)	2 557 364	1 905 146
Prepaid expenses	157 504	157 817
	2 749 957	2 617 361
Equipment (<i>note 6</i>)	34 926	29 246
Intangible assets (<i>note 7</i>)	64 985	71 492
Future income taxes	276 888	216 567
	3 126 756	2 934 666
Liabilities		
Current liabilities		
Bank loans (<i>note 8</i>)	177 512	45 037
Accounts payable (<i>note 9</i>)	1 898 468	1 688 229
Income taxes payable		
Current portion of obligations under capital leases (<i>note 10</i>)	24 204	31 416
Current portion of long-term debt (<i>note 11</i>)	41 820	41 820
	2 142 004	1 806 502
Obligations under capital leases (<i>note 10</i>)	5 420	13 479
Long-term debt (<i>note 11</i>)	174 250	195 160
	2 321 674	2 015 141
Shareholders' equity		
Capital stock (<i>note 12</i>)	1 027 432	1 021 349
Contributed surplus (<i>note 12</i>)	84 768	47 058
Deficit	(307 118)	(148 882)
	805 082	919 525
	3 126 756	2 934 666

The accompanying notes are an integral part of the interim consolidated financial statements.

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MERCATOR TRANSPORT GROUP CORPORATION
Consolidated statements of cash flows, unaudited
For the three-month and six-month periods ended October 31, 2007 and 2006

	For the three-month periods ended October 31		For the six-month periods ended October 31	
	2007	2006	2007	2006
	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)	\$ (unaudited)
Operating activities				
Net earnings (net loss)	(74 407)	(36 182)	(158 236)	13 445
Adjustments for:				
Depreciation and amortization	9 997	7 992	18 113	14 817
Future income taxes	(28 056)	-	(60 140)	-
Stock-based compensation	19 666	-	38 792	-
Net change in non-cash working capital components <i>(note 17)</i>	(375 346)	(1 103)	(441 846)	(157 171)
	(448 146)	(29 293)	(603 317)	(128 909)
Investing activities				
Acquisition of equipment	(4 204)	(10 410)	(9 728)	(35 930)
Proceeds of disposal	-	-	-	19 540
Acquisition of intangible assets	(1 858)	-	(7 558)	-
Collection of advances from an affiliated company	-	-	-	50 000
Net change in other assets	-	410	-	(13 541)
	(6 062)	(10 000)	(17 286)	20 069
Financing activities				
Net change in bank loans	7 721	(38 530)	132 475	(21 335)
Repayment of obligations under capital leases	(7 742)	(6 797)	(15 271)	(22 429)
Increase in long-term financing	-	155 000	-	155 000
Long-term debt repayments	(10 455)	-	(20 910)	-
Issuance of common shares	5 000	-	5 000	10
Advances from an individual	-	(4 527)	-	30 498
	(5 476)	105 146	101 294	141 744
Net change in cash and cash equivalents	(459 684)	65 853	(519 309)	32 904
Cash and cash equivalents - Beginning of year	494 773	99 520	554 398	132 469
Cash and cash equivalents - End of year	35 089	165 373	35 089	165 373

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

1-Statutes of incorporation, nature of activities

Statutes of incorporation and nature of activities

The Company, incorporated under the *Canada Business Corporations Act*, specializes in air and sea transportation engineering as well as international logistics.

2-Significant accounting policies

These unaudited interim consolidated financial statements and the notes thereto have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception that they do not conform in all material respects to the requirement of GAAP for annual financial statements. These financial statements should be read in conjunction with the most recent annual financial statements of the Company as they have been prepared using the same accounting policies except for the following:

a) Comprehensive income

On May 1, 2007, the Company adopted Section 1530 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, "Comprehensive Income". It describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income represents changes in net assets arising from transactions, events and circumstances not related to shareholders.

b) Equity

On May 1, 2007, the company adopted Section 3251 of the CICA Handbook, "Equity" which describes standards for presentation of changes in equity. As a result of the adoption of Sections 3251 and 1530 described above, the Company is now presenting a consolidated statement of shareholders' equity, which includes information about comprehensive income and accumulated other comprehensive income when applicable.

c) Financial Instruments - Recognition and Measurement

On May 1, 2007, the Company adopted Section 3855 of the CICA Handbook, "Financial Instruments - Recognition and Measurement". It describes the standards for recognizing and measuring financial instruments in the financial statements. Under this Section, financial assets available for sale, assets and liabilities held for trading and derivatives financial instruments, when part of a hedging relationship or not, are measured and accounted for at fair value. Certain derivatives embedded in other contracts are also measured and accounted for at fair value.

Upon the adoption of this Section, the Company made the following classifications:

- Cash, cash equivalents and derivative financial instruments not designated as hedging relationships are classified as financial assets held for trading and are measured at fair value. Resulting gains and losses are recorded in earnings.
- Accounts receivable, bank loans, accounts payable, obligations under capital leases and accrued liabilities and long-term debt are classified as loans and receivable and are initially recorded at fair value. Subsequently, they are recorded at amortized costs using the effective interest rate method.

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MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****2-Significant accounting policies (cont'd)****d) Accounting changes**

As at May 1, 2007, the Company adopted Section 1506 "Accounting changes". This Section establishes criteria to be met in order to change, together with the accounting treatment and disclosure required when there is a change in accounting policies, estimates and correction of errors. The adoption of this Section had no impact on the consolidated financial position and results of the Company.

e) New accounting standards not yet adopted

Capital disclosures - In December 2006, the CICA published Section 1535, "Capital Disclosures". This new standard established disclosure requirements concerning capital such as: qualitative information about its objectives, policies and process for managing capital; quantitative data about what its regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The new requirements will be effective starting May 1, 2008. The Company is presently evaluating the impact of this new standard.

Financial instruments - disclosures and presentation - During the next fiscal period, the Company will apply the new CICA accounting recommendations regarding the recognition, measurement and disclosure of financial instruments as follows: 3862 "Financial Instruments - Disclosures" and 3863 "Financial Instruments - Presentation". The new requirements will be effective starting May 1, 2008. The Company is presently evaluating the impact of these new standard.

General Standards of financial Statements Presentation - In June 2007, the CICA amended Section 1400 to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. This new requirement will be effective for interim period and annual financial statement starting May 1, 2008. The application of this standard does not expect to have a material impact on the financial position on results of operations of the Company.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries, which are wholly-owned.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, as well as the reported amounts of operating revenues and expenses reported during year covered by these financial statements. Actual results could differ from those estimates. Items that require management to make greater use of estimates are the provision for income taxes and estimation of the fair value of options granted under the stock option incentive plan.

Revenue recognition

Revenue is recognized when the requirements related to the transaction's completion are met and collectibility is reasonably assured at the time of the transaction. Revenue arising from administrative fees are recognized when services are rendered.

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

2-Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term liquid investments that have a term of three months or less when purchased.

Equipment

Equipment is recorded at cost. Depreciation is based on their respective useful lives using the following methods and rates:

	<u>Method</u>	<u>Rate</u>
Office furniture	Declining balance	20%
Computer equipment	Declining balance	30%

Intangible assets

Intangible assets are recorded at cost. Amortization is based on their respective useful lives using the following methods and periods:

	<u>Method</u>	<u>Period</u>
Software	Straight-line	3 years
Web site	Straight-line	3 years

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recorded when the carrying value exceeds undiscounted cash flows expected to result from their use and eventual disposition. An impairment loss should be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income taxes

The Company uses the liability method of accounting for income taxes. Future income taxes are recognized based on the deductible or taxable temporary differences between the carrying value and tax value of balance sheet items, measured using the enacted or substantively enacted tax rates expected to apply in the years in which those temporary differences are expected to reverse. Future income tax assets are recognized when, in management's opinion, it is more likely than not that these assets will be realized.

Stock-based compensation

The fair value method is used to account for stock-based compensation. This method consists of recording an expense over the vesting period of the options granted. When options are exercised, any consideration paid and the corresponding compensation recorded as contributed surplus are credited to capital stock.

Earnings per share

Earnings per share are calculated by dividing net earnings by the weighted-average number of common shares outstanding during the year. Diluted earnings per share are calculated by taking into account any potential dilution that may occur if securities or other contracts to issue common shares were exercised or converted to common shares at the beginning of the period or at the time of issuance, if later. The treasury stock method is used to determine the dilutive effect of stock purchase warrants and options on shares.

Currency translation

The Company's accounts are translated using the temporal method. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect on the balance sheet date, and non-monetary assets and liabilities at their historical rates. Revenue and expense items are translated at the monthly rate in effect during the year. Gains and losses on exchange are included in earnings for the period.

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
3-Income taxes

Income tax expense (recovery) was as follows:

	October 31, 2007	October 31, 2006	October 31, 2007	October 31, 2006
	(3 months)	(3 months)	(6 months)	(6 months)
	\$	\$	\$	\$
Current income taxes	-	(10 741)	-	3 601
Future income taxes	(28 056)	-	(60 140)	-
	(28 056)	(10 741)	(60 140)	3 601

4- Earnings per share

The following table provides information on net earnings per basic share:

	October 31, 2007	October 31, 2006	October 31, 2007	October 31, 2006
	(3 months)	(3 months)	(3 months)	(3 months)
Net earnings (loss)	(74 407)	(36 182)	(158 236)	13 445
Weighted-average number of basic and diluted shares outstanding	26 570 533	1 075 000	26 569 422	1 075 000
Net earnings (loss) per basic and diluted share	(0.003)	(0.034)	(0.006)	0.013

Options and stock purchase warrants to purchase 2,008,334 and 125,000 common shares respectively were outstanding as at October 31, 2007. They were, however, not included in the calculation of the diluted loss per share, because the Company incurred losses. Including these options and stock purchase warrants in the calculation would have had an antidilutive effect.

5-Accounts receivable

	October 31, 2007	April 30, 2007
	\$	\$
Clients	1 590 197	1 109 599
Related	933 240	787 207
Taxes	15 815	7 184
Other	18 112	1 156
	2 557 364	1 905 146

The companies are related, because they have common shareholders.

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MERCATOR TRANSPORT GROUP CORPORATION
Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)
6-Equipment

	October 31, 2007		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Office	24 556	4 684	19 872
Computer equipment	21 369	6 315	15 054
	45 925	10 999	34 926

	April 30, 2007		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Office	18 536	2 898	15 638
Computer	17 662	4 054	13 608
	36 198	6 952	29 246

7-Intangible assets

	October 31, 2007		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software	16 004	3 437	12 567
Software leased under capital leases	81 775	29 357	52 418
	97 779	32 794	64 985

	April 30, 2007		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Software	8 446	2 011	6 435
Web site	12 000	8 611	3 389
	20 446	10 622	9 824
Property leased under capital leases			
Software	81 775	20 107	61 668
	102 221	30 729	71 492

8-Bank loans

As at October 31, 2007, the Company had two lines of credit. The first one was for \$50,000, guaranteed by a suretyship of certain shareholders at prime rate plus 3%, of which \$22,488 was unused as at October 31, 2007. The second line of credit was for \$150,000 at prime rate plus 1.9%, secured by a first mortgage on trade accounts receivable and other receivables, as well as a guarantee by a suretyship of certain shareholders of which \$nil was unused as at October 31, 2007. These lines of credit are renewable annually.

Under the terms of the credit agreement, a Subsidiary must comply with certain debt covenants, including the maintenance of financial ratios. As at October 31, 2007, the Subsidiary was not in compliance with these financial ratios.

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MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****9-Accounts payable**

	October 31, 2007	April 30, 2007
	\$	\$
Accounts payable and accrued liabilities	1 893 868	1 659 629
Related company	4 600	28 600
	1 898 468	1 688 229

The company is related, because it has common shareholders.

10-Obligations under capital leases

	October 31, 2007	April 30, 2007
	\$	\$
Computer software lease contract, repayable in monthly instalments of \$2,227, including interest of 9.5%, maturing June 1, 2008, with a purchase option upon maturity.	17 202	29 417
Computer software lease contract, repayable in monthly instalments of \$724, including interest of 18.1%, maturing July 1, 2009, with a purchase option upon maturity.	12 422	15 478
	29 624	44 895
Current portion	24 204	31 416
	5 420	13 479

Minimum payments due during the years ending April 30 are as follows:

	\$
2008	26 502
2009	5 792
Total payments due, including interest	32 294
Incidental expenses and interest included in payments	2 670
Balance of obligations	29 624

11-Long-term debt

Loan from the Business Development Bank of Canada at an interest rate varying between 10.9% and 11.7%, repayable in one principal payment of \$2,565 and 71 monthly principal instalments of \$3,485 starting January 15, 2007, secured by a corporate guarantee, certain equipment and intangible assets, as well as trade accounts receivable and up to 50% of the commitment is by the Company's directors.

The estimated repayments of long-term debt over the next five years and thereafter are as follows:

	\$
2009	41 820
2010	41 820
2011	41 820
2012	41 820
2013	41 820
Thereafter	6 970
	216 070

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
12-Capital stock

The Company's authorized capital stock consists of an unlimited number of common shares without par value, participating and voting, as well as an unlimited number of preferred shares, without par value and non-voting, issuable in series.

Reported

The following table shows the changes in the Company's common capital stock during the year:

	Number	Amount
		\$
Balance as at April 30, 2007	26 568 335	1 021 349
Shares issued upon exercise of stock options	25 000	6 083
Balance as at October 31, 2007	26 593 335	1 027 432
Contributed surplus	October 31, 2007	April 30, 2007
	\$	\$
Beginning balance	47 058	-
Contributed surplus following the reverse takeover	-	49 787
Contributed surplus after stock options were granted	38 793	18 111
Contributed surplus after stock options were exercised	(1 083)	(20 840)
Ending balance	84 768	47 058
The balance of the contributed surplus as at October 31, 2007 was as follows:		
Stock-based compensation for options granted to directors and executives	62 768	25 058
Stock-based compensation for options granted to the underwriter	22 000	22 000
	84 768	47 058

Stock-based compensation plan

On January 16, 2004, the Company adopted a stock option incentive plan in accordance with TSX Venture Exchange policies, which state that the Company's board of directors may from time to time and at its discretion grant the Company's directors, executives, employees, consultants and technical advisors non-transferable stock options on common shares exercisable during a period of up to five years after the grant date. However, the number of common shares reserved for the issue under the terms of the stock-option plan may not exceed 3,497,881 shares.

Moreover, the number of common shares reserved for issue to a particular director, executive or employee may not exceed 5% of the common shares issued and outstanding. The number of common shares reserved for issue to a consultant or technical adviser may not exceed 2% of the common shares issued and outstanding.

The board of directors determines the price per common share and the number of common shares that can be allocated to each director, executive, employee, consultant and technical advisor, as well as all other terms and conditions of the option, subject to the rules of the TSX Venture Exchange. Holders must exercise their options within 90 days of resigning from their position or no longer holding their position within the Company. However, if the holder's death is the reason for the termination of employment as a director, consultant or employee, options must be exercised within the 12 months following the death, subject to their maturity date.

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MERCATOR TRANSPORT GROUP CORPORATION
**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)**
12-Capital stock (cont'd)
Options granted to directors and executives

During the six-month period ended October 31, 2007, stock options on 675,000 common shares maturing over a maximum of three years were granted to directors and executives. These options were estimated at their fair value using the Black-Scholes option pricing model. An amount of \$19,126 was expensed as stock-based compensation for the three-month period ended October 31, 2007 and the related credit was recorded in the contributed surplus.

In 2004, stock options on 533,334 common shares maturing five years after the grant date were granted to directors and executives. These options were recorded at their fair value using the Black-Scholes option pricing model. Consequently, a stock-based compensation expense of \$27,787 was recorded in 2004 and the related credit was allocated to contributed surplus. As at October 31, 2007, 400,000 of these options were exercised.

Options and stock purchase warrants granted to the underwriter

The Company granted stock options on 400,000 common shares at an exercise price of \$0.15 per share exercisable for a period of 18 months after the date of the underwriter's placement set forth in the prospectus, of which 50% were exercisable before the eligible transaction described in Note 1. These options were exercisable immediately on the grant date up to May 5, 2006. They were recorded at their fair value using the Black-Scholes option pricing model in 2004. Consequently, share issue expenses of \$22,000 were recorded as a reduction of the capital stock issued and the related credit was allocated to contributed surplus. When the options expired, the underwriter had not exercised them and they were cancelled.

Following the transaction with Nature Genetiks Capital, 125,000 stock purchase warrants were issued. These instruments have an exercise price of \$0.20 and expire 2 years after the transaction closing date.

Changes in the number of stock options outstanding as at July 31, 2007 were as follows:

	Number of options	Weighted-average exercise price
Beginning of year	1 483 334	0.20
Granted	675 000	0.22
Exercised	(25 000)	0.20
Cancelled	(125 000)	0.20
End of year	2 008 334	0.21
Exercisable options at the end of the quarter	333 334	0.18

The following options were outstanding as at October 31, 2007:

<u>Options outstanding</u>			<u>Exercisable options</u>		
Granted in	Number of options	Weighted- average exercise price	Maturing	Number of options	Weighted- average exercise price
2004	133 334	0.15	2 009	133 334	0.15
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	1 350 000	0.20	2 010	200 000	0.20
2008	525 000	0.22	2 009	-	-
	2 008 334			333 334	

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

12-Capital stock (cont'd)

The following assumptions were used to determine the fair value of options at the time of granting:

	<u>2008</u>	2007
Risk-free interest rate	4.11%	4.58%
Expected dividend yield	-	-
Expected life of options	2.0	2.13
Expected volatility	75%	75%
Weighted-average fair value of options granted	0.185	0.075

13-Contractual commitments

The Company rents premises under leases expiring June 30, 2008. Minimum payments over the next two fiscal years amount to: 2008 - \$45,882; 2009 - \$15,294.

14-Related party transactions

The Company entered into the following transactions with related parties:

	<u>October 31, 2007</u>	October 31, 2006
	<u>(6 months)</u>	<u>(6 months)</u>
	\$	\$
Revenues	903 646	197 976
Administrative fees	72 000	130 800

The Company is related to other companies that are controlled by common shareholders. Transactions between the Company and related companies are conducted in the ordinary course of business and are measured at the exchange amount, which is the consideration established and agreed upon by the related parties.

15-Segmented information

The Company's only operating segment is transportation engineering and international logistics.

Providing the geographic information is impracticable as at October 31, 2007.

For the three-month period ended October 31, 2007, one client represents 10 % or more of the Company's revenues (26%) (in 2006, one customer represented 11% of revenues).

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MERCATOR TRANSPORT GROUP CORPORATION

Notes to Interim Consolidated Financial Statements - unaudited (in dollars)

16-Financial instruments

a) Currency risk

Part of the Company's sales and purchases are denominated in foreign currency. Consequently, the Company has a foreign currency exposure on certain assets, liabilities, revenue and expenses. As at October 31, 2007, cash, receivables and payables denominated in US dollars amounted to \$202 324, \$1 318 933 and \$1 068 679 respectively. Receivables and payables in euros were \$nil, 1 153 and \$186 952 respectively. The Company manages part of its currency risk using currency conversion options.

b) Credit risk

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks of its clients and maintains provisions for potential losses on receivables, which are consistent with management's forecasts, when they occur. As at October 31, 2007, the Company had receivables of \$460,295 from one client and \$722,887 from a related company.

c) Fair value

The Company determines the fair market value of financial instruments based on current interest rates, the market value and current price of a financial instrument under comparable conditions. Unless otherwise specified, the carrying value of these financial instruments, particularly short-term instruments, approximates their fair value.

17-Additional information

a) The net change in non-cash working capital components was as follows:

	October 31, 2007 (3 months)	October 31, 2006 (3 months)	October 31, 2007 (6 months)	October 31, 2006 (6 months)
	\$	\$	\$	\$
Accounts receivable	(255 592)	(237 103)	(652 218)	(599 495)
Prepaid expenses	(6 736)	(46 926)	313	(86 508)
Accounts payable	(112 838)	321 390	210 239	552 954
Others	(180)	(38 464)	(180)	(24 122)
	(375 346)	(1 103)	(441 846)	(157 171)
b) Additional information				
Interest paid	10 598	7 156	20 685	12 106
Income taxes paid	180	27 723	180	27 723
c) Foreign exchange loss	23 414	1 875	50 212	2 309
d) Depreciation and amortiation				
Depreciation of equipment	2 138	1 464	4 048	2 721
Amortization of intangible assets	7 859	6 528	14 065	12 096
	9 997	7 992	18 113	14 817

NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of October 31st, 2007.

MERCATOR TRANSPORT GROUP CORPORATION**Notes to Interim Consolidated Financial Statements - unaudited
(in dollars)****17-Additional information (cont'd)**

	October 31, 2007	October 31, 2006	October 31, 2007	October 31, 2006
	(3 months)	(3 months)	(6 months)	(6 months)
e) Interest and bank charges	\$	\$	\$	\$
Interest on bank and other loans	(3 172)	1 153	(7 015)	2 659
Interest on long-term debt	6 549	2 939	13 092	2 939
Interest on obligations under capital leases	1 111	2 055	2 433	3 405
Bank charges	4 696	3 063	9 394	6 508
	9 184	9 210	17 904	15 511

18-Comparative figures

Certain prior year figures have been reclassified to conform with the current year presentation.

NOTICE

Mercator Transport Group Corporation hereby advises that its auditors have not performed a review of its interim financial statements of October 31st, 2007.