

KINGSMAN RESOURCES INC.

**Financial Statements
March 31, 2007 and December 31, 2006**

Unaudited – Prepared by Management

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May 10, 2007

KINGSMAN RESOURCES INC.**Balance Sheets****Unaudited**

	March 31, 2007	December 31. 2006
Assets		
Current		
Cash	\$ 30,977	\$ 0
Short-term investments	680,000	936,750
Account receivable and prepaid expenses	35,446	4,844
	746,423	941,594
Reclamation Bond (note 3(h))	5,000	5,000
Resource Property (schedule) (note 5)	705,466	362,991
	\$ 1,456,889	\$ 1,309,585
Liabilities		
Current		
Bank indebtedness	\$ 0	\$ 15,732
Accounts payable and accrued liabilities	3,453	36,863
	3,453	52,595
Shareholders' Equity		
Capital Stock (note 6)	4,660,305	4,340,657
Contributed Surplus (note 6(e))	211,483	252,131
Deficit	(3,418,352)	(3,335,798)
	1,453,436	1,256,990
	\$ 1,456,889	\$ 1,309,585

Going-Concern (note 2)

Subsequent Events (note 9)

Approved on behalf of the Board:

"Robert McLaughlin"

..... Director

Robert McLaughlin

"James G. Stewart"

..... Director

James G. Stewart

KINGSMAN RESOURCES INC.
Statements of Operations and Deficit
Three Months Ended March 31
Unaudited

	2007	2006
		(note 10)
Expenses		
Stock option compensation	\$ 0	\$ 40,534
Accounting and legal	8,159	6,000
Management fees	7,500	7,500
Investor communications	49,249	713
Transfer agent and filing fees	6,667	4,273
Office	3,391	3,372
Travel	9,670	684
Interest and bank charges, net	(2,082)	(864)
Net Loss for Year	82,554	62,212
Deficit, Beginning of Year	3,335,798	3,069,039
Deficit, End of Year	\$ 3,418,352	\$ 3,131,251
Loss Per Share	\$ 0.01	\$ 0.01
Weighted Average Number of Common Shares Outstanding	10,908,058	8,603,151

KINGSMAN RESOURCES INC.
Statements of Cash Flows
Three Months Ended March 31
Unaudited

	2007	2006
Operating Activities		
Net loss	\$ (82,554)	\$ (62,212)
Item not involving cash		
Stock-based compensation	0	40,534
	(82,554)	(21,678)
Changes in non-cash working capital		
Account receivable and prepaid expenses	(30,602)	(2,822)
Accounts payable and accrued liabilities	(33,410)	(35,426)
	(64,012)	(38,248)
Cash Used in Operating Activities	(146,566)	(59,926)
Investing Activities		
Short-term investments	256,750	2,000
Resource property	(342,475)	(5,189)
Cash Used in Investing Activities	(85,725)	(3,189)
Financing Activity		
Issuance of common shares, net of share issue costs	279,000	30,000
Inflow (Outflow) of Cash	46,709	(33,115)
Cash, Beginning of Year	(15,732)	40,223
Cash (Bank Indebtedness), End of Year	\$ 30,977	\$ 7,108
Supplemental Cash Flow Information		
Shares issued for property	\$ 0	\$ 0

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

1. OPERATIONS

Kingsman Resources Inc. (the "Company") was incorporated under the *Company Act* of British Columbia on October 14, 1993, and is involved in the acquisition, exploration and development of mineral properties. The Company is currently evaluating opportunities both in the mineral sector and otherwise.

2. GOING-CONCERN

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles on a going-concern basis. The Company's ability to continue operations is uncertain and is dependent upon its ability to obtain necessary financing to meet the Company's liabilities and commitments as they become payable and to complete the exploration and development of mining properties and oil and gas interests, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims and oil and gas reserves, and the attainment of future profitable production or sufficient proceeds from the disposition thereof. The outcome of these matters cannot be predicted at this time. These financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Short-term investments

Short-term investments represent cash held on short-term deposit. Management reviews the carrying values regularly and records each investment at the lower of its cost and estimated net recoverable amount.

(b) Resource property

The Company defers all costs related to investments in mineral property interests on a property-by-property basis. Such costs include property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property is sold or the Company's mineral rights are allowed to lapse.

All deferred costs are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount (as estimated by quantifiable evidence of an economic geological resource or reserve or by reference to option or joint venture expenditure commitments) or when, in the Company's assessment, it will be unable to sell the property for an amount greater than the deferred costs, the property is written down for the impairment in value.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Resource property (Continued)

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded at the time of the agreement. Option payments are recorded as property costs or recoveries when the payments are made or received.

The amounts shown for deferred costs represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful life of the property upon commencement of commercial production or written off if the property is abandoned or the claims allowed to lapse.

(c) Stock-based compensation

The Company accounts for stock-based compensation expense using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(d) Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated using the treasury stock method, which gives effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

However, diluted loss per share is not presented when the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow are excluded from the computation of loss per share until the conditions for their release are satisfied or if their release is subject to other than the passage of time.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Use of estimates

The preparation of financial statements in conformity 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include accrued liabilities, the recoverability of the resource property expenditures, determination of valuation allowance for future income tax assets and the assumptions in the calculation of stock-based compensation. Management believes the estimates are reasonable; however, actual results could differ from those estimates and would impact future results of operations and cash flows.

(f) Income taxes

The Company uses the asset and liability method to account for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(g) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a unit-of-production basis over the life of the proved reserves. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

The Company has determined that it has no material AROs.

(h) Reclamation bond

Reclamation bond represents cash held in a term deposit account intended to cover any AROs arising from the Snowshoe Property. Management believes funds in place are adequate to meet any future potential liability.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Flow-through shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances that have not been spent and are held by the Company for such expenditures.

4. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying values of short-term investments, bank indebtedness, and accounts payable and accrued liabilities approximate their fair values because of the short-term to maturity of these financial instruments.

(b) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(c) Credit risk

The Company's financial assets that are exposed to credit risk consist primarily of cash (bank indebtedness), short-term investments and accounts receivable. Cash (bank indebtedness) and short-term investments are placed with major financial institutions rated in the two highest grades by nationally recognized rating agencies.

5. RESOURCE PROPERTY

On February 24, 2003, the Company entered into an option agreement (the "Agreement") with parties at arm's length to the Company, whereby the Company was granted an option (the "Option") to acquire a 100% interest in and to the Snowshoe mineral claims located in the Greenwood Mining Division of British Columbia.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

5. RESOURCE PROPERTY (Continued)

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work on the Snowshoe Property according to the following schedule:

Date	Payment	Shares	Exploration Work
2003	⁽¹⁾ \$ 5,000	⁽²⁾ 60,000	0
2004	⁽¹⁾ \$ 10,000	⁽²⁾ 75,000	⁽³⁾ \$ 50,000
2005	⁽¹⁾ \$ 10,000	⁽²⁾ 75,000	⁽³⁾ \$ 50,000
2006	⁽¹⁾ \$ 10,000	⁽²⁾ 75,000	⁽³⁾ \$ 50,000
2007	\$ 50,000	75,000	⁽³⁾ \$ 50,000
2008	0	0	⁽³⁾ \$ 50,000
2009	0	0	⁽³⁾ \$ 50,000
2010	0	0	⁽³⁾ \$ 50,000
	\$ 85,000	360,000	\$ 350,000

⁽¹⁾ Paid ⁽²⁾ Issued ⁽³⁾ Completed

The vendors retained a 2.5% net smelter return royalty (“NSR”) to a maximum of \$2,500,000.

Should the Property achieve commercial production, defined as the point after which 10,000 tonnes of material have been processed and for which NSR payments have been made, the Company will be obligated to pay a further \$150,000 and issue a further 150,000 shares.

The investment in and expenditures on resource properties comprise a significant portion of the Company’s assets. Realization of the Company’s investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

6. CAPITAL STOCK

(a) Authorized
 Unlimited without par value

(b) Issued

	Shares	Amount
Balance at December 31, 2005	8,568,630	3,224,622
For cash		0
Private placements at \$0.15 per share	1,500,000	225,000
Private placement at \$0.17 per share – flow through	2,500,000	425,000
Share issuance costs		(53,965)
Exercise of warrants	2,100,000	505,000
Property payment	75,000	15,000
Balance, December 31, 2006	14,743,630	4,340,657
For cash		
Exercise of options	320,000	64,000
Exercise of warrants	862,800	215,000
Reallocation from contributed surplus		40,648
Balance, March 31, 2007	15,926,430	\$ 4,660,305

In the first quarter of 2007, 848,800 warrants @ \$0.25 were exercised.

In the first quarter of 2007, 14,000 warrants @ \$0.20 were exercised.

In the first quarter of 2007, 320,000 options @ \$0.20 were exercised.

In December 2006, the Company completed a 1,500,000-unit private placement at \$0.15 per unit for proceeds of \$225,000. Each unit consisted of one share plus one warrant exercisable at \$0.20 in the first year or \$0.25 in the second year.

In December 2006, the Company completed a 2,500,000-unit flow-through private placement at \$0.17 per unit for gross proceeds of \$425,000. Each unit consisted of one share plus one warrant exercisable at \$0.20 in the first year or \$0.25 in the second year.

Share issuance costs totalling \$30,000 in cash and 176,470 agent's options, expiring December 1, 2008, to acquire units having the same terms as the non-flow-through units of the private placement were paid in relation to the private placement. As of December 31, 2006, none of the agent's options had been exercised.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

6. CAPITAL STOCK (Continued)

(c) Stock options

The Company does not have a formal stock option plan in place but follows the Toronto Stock Exchange Venture Exchange Policy under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. Under the policy, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options are for a maximum term of five years.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	March 31, 2007		Year 2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,586,470	\$ 0.22	341,429	\$ 0.20
Granted	0		1,266,470	\$ 0.22
Expired/cancelled	0		(21,429)	\$ 1.05
Exercised	(320,000)	\$ 0.20	0	\$ 0.00
Outstanding, end of period	1,266,470	\$ 0.32	1,586,470	\$ 0.22

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

6. CAPITAL STOCK (Continued)

(c) Stock options (Continued)

The following stock options were outstanding and exercisable at March 31, 2007 and December 31, 2006:

Expiry Date	Exercise Price	2007	2006
		Number of Shares	Number of Shares
February 24, 2007	\$ 0.20	0	320,000
January 19, 2008	\$ 0.13	510,000	510,000
December 1, 2008	\$ 0.15	176,470	176,470
December 5, 2008	\$ 0.32	580,000	580,000
		1,266,470	1,586,470
Weighted average outstanding life of options		1.5 years	1.3 years

The Company applies the fair value method in accounting for its stock options. Stock options granted during the period ended March 31, 2007 resulted in stock-based compensation of \$nil (2006 - \$105,335).

The fair value of each option granted is calculated using the following weighted average assumptions:

	2007	2006
Risk-free interest rate		3.80%
Expected life of options		2 years
Annualized volatility		78%
Dividends		0.00%

All options issued by the Company vest on the issue date.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

6. CAPITAL STOCK (Continued)

(d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

Expiry Date	Exercise Price	2007 Number of Warrants	2006
January 27, 2007	\$0.15/\$0.25	0	900,000
December 1, 2008	\$0.20/\$0.25	3,986,000	4,000,000
		3,986,000	4,900,000
Weighted average outstanding life of warrants		1.7 years	1.1 years

Agent's options, if exercised, would result in a further 176,470 warrants to acquire shares at \$0.20 to December 1, 2007 or \$0.25 to December 1, 2008.

(e) Contributed surplus

	2007	2006
Balance, beginning of year	\$ 252,131	\$ 122,831
Fair value of agent's options	0	23,965
Stock-based compensation	0	105,335
Reallocation to capital stock	(40,648)	0
Balance, end of year	\$ 211,483	\$ 252,131

7. INCOME TAXES

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2007	2006
Income tax benefit computed at Canadian statutory rates	\$ (28,000)	\$ (91,000)
Stock-based compensation	0	36,000
Share issue costs expensed for tax purposes	0	(2,000)
Unrecognized tax losses	28,000	57,000
	\$ 0	\$ 0

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

7. INCOME TAXES (Continued)

The Company has non-capital losses carried forward of approximately \$867,000 available to reduce future years' income taxes. These losses expire as follows:

2007	\$	14,000
2008		65,000
2009		137,000
2010		204,000
2014		90,000
2015		107,000
2026		250,000
	\$	867,000

The components of the future income tax assets are as follows:

	2007	2006
Future income tax assets		
Non-capital losses carry-forward	\$ 867,000	\$ 784,000
Share issue cost deductible for tax purposes	24,000	24,000
Cumulative Canadian exploration expenses	1,373,000	1,031,000
Cumulative Canadian development expenses	200,000	200,000
Cumulative foreign exploration and development	441,000	441,000
	2,905,000	2,480,000
Tax rate	34.12%	34.12%
	991,000	846,000
Valuation allowance	(991,000)	(846,000)
	\$ 0	\$ 0

The valuation allowance reflects the Company's estimate that the tax assets more likely than not will not be realized.

KINGSMAN RESOURCES INC.
Unaudited Notes to Financial Statements
Three Months Ended March 31, 2007 and Year Ended December 31, 2006

8. RELATED PARTY TRANSACTIONS

Balances due to related parties:

- (a) Included in accounts payable at March 31, 2007 is \$nil (2006 - \$350) due to a director of the Company.

The aggregate amount of expenditures made to related parties not at arm's length to the Company include:

- (b) Management fees of \$7,500 (2006 - \$30,000) paid or payable to directors
- (c) No stock options have been granted to directors and officers of the Company so far this year (2006 -310,000 stock options exercisable at \$0.13 per share and stock options for 165,000 shares exercisable at \$0.32 per share, both for two-year periods, were granted).
- (d) Exercise of 200,000 stock options at \$0.20 per share (2006 - nil).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

9. SUBSEQUENT EVENTS

- (a) None;

10. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation adopted in the current year.

KINGSMAN RESOURCES INC.
Schedules of Resource Property Deferred Costs
Three Months Ended March 31, 2007 and Year Ended December 31, 2006
Unaudited

	2007	2006
British Columbia		
Snowshoe		
Property acquisition costs (in cash and shares)	\$ 0	\$ 25,000
Property exploration costs		
Drilling and trenching	262,965	105,000
Mapping and compilation	2,779	15,189
Engineering	31,363	11,270
Site preparation	6,175	0
Assays	39,193	0
Provincial mining tax credits	0	(26,662)
Total Costs for Year	342,475	129,797
Balance, Beginning of Year	362,991	233,194
Balance, End of Year	\$ 705,466	\$ 362,991