

**PETROMIN RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(prepared by management without audit)**

**6 MONTHS ENDED MARCH 31, 2007**

**PETROMIN RESOURCES LTD.**

**CONSOLIDATED BALANCE SHEETS**  
(prepared by management without audit)

	Mar-31 2007	September 30 2006
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 71,124	\$ 523,629
Receivables	282,927	352,886
	<u>354,051</u>	<u>876,515</u>
<b>Deposits on Property</b>	388,000	-
<b>Equipment</b>	27,992	31,322
<b>Oil and gas properties</b>	1,327,002	1,312,162
	<u>\$ 2,097,045</u>	<u>\$ 2,219,999</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 737,726	\$ 651,147
Accounts payable and accrued liabilities - related parties	299,715	84,711
Loans payable (Note 3)	30,002	30,000
	<u>1,067,443</u>	<u>765,858</u>
<b>Asset retirement obligation</b>	18,280	17,410
	<u>1,085,723</u>	<u>783,268</u>
<b>Shareholders' equity (deficiency)</b>		
Capital stock (Note 4)	14,813,023	14,813,023
Contributed surplus (Note 4)	1,632,654	1,529,992
Deficit	(15,434,355)	(14,906,284)
	<u>1,011,323</u>	<u>1,436,731</u>
	\$ 2,097,046	\$ 2,219,999

**Nature and continuance of operations (Note 1)**  
**Subsequent events (Note 7)**

**On behalf of the Board:**

"A. Ross Gorrell" Director "Kenny W. Chan" Director

The accompanying notes are an integral part of these consolidated financial statements

PETROMIN RESOURCES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT  
(prepared by management without audit)

	Quarter Ended 31-Mar 2007	Quarter Ended 31-Mar 2006	Fiscal Year to Date 2007	Fiscal Year to Date 2006
<b>REVENUE</b>	\$ 487,477	\$ 373,706	\$ 907,648	\$ 637,797
<b>DIRECT COSTS</b>	<u>(281,885)</u>	<u>(160,715)</u>	<u>(608,748)</u>	<u>(314,540)</u>
	<u>205,592</u>	<u>212,991</u>	<u>298,900</u>	<u>323,257</u>
<b>EXPENSES</b>				
Accretion of asset retirement obligation	435	297	870	595
Consulting	167,460	149,840	331,351	241,140
Depletion and amortization	42,900	89,877	82,145	137,606
Listings and transfer agent fees	10,382	12,603	11,456	15,480
Management fees	19,500	19,500	39,000	39,000
Office, rent and telephone	40,762	32,256	59,286	47,842
Professional fees	4,908	42,322	7,073	46,609
Stock-based compensation	0	126,467	102,662	374,520
Travel and promotion	138,765	91,530	212,102	102,527
	<u>425,111</u>	<u>564,692</u>	<u>845,944</u>	<u>1,005,319</u>
<b>Loss before other items</b>	<u>(219,519)</u>	<u>(351,701)</u>	<u>(547,044)</u>	<u>(682,062)</u>
<b>OTHER ITEMS</b>				
Other income	16,460		16,460	
Interest income and other	622	903	1,560	1,188
Foreign exchange loss	0	(6)	953	(6)
Loss on settlement of contingency		-	-	
	<u>17,083</u>	<u>897</u>	<u>18,974</u>	<u>1,182</u>
<b>Loss for the period</b>	<u>(202,436)</u>	<u>(350,804)</u>	<u>(528,070)</u>	<u>(680,880)</u>
<b>Deficit, beginning of period</b>	<u>(15,231,919)</u>	<u>(12,414,590)</u>	<u>(14,906,285)</u>	<u>(12,084,514)</u>
<b>Deficit, end of period</b>	<u>\$ (15,434,355)</u>	<u>\$ (12,765,394)</u>	<u>\$ (15,434,355)</u>	<u>\$ (12,765,394)</u>
<b>Basic and diluted loss per share</b>	\$ -	\$ -	\$ -	\$ -

PETROMIN RESOURCES LTD.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(prepared by management without audit)

	Quarter Ended Mar-31 2007	Quarter Ended Mar-31 2006	Fiscal Year to Date 2007	Fiscal Year to Date 2006
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (202,436)	\$ (350,804)	\$ (528,070)	\$ (680,880)
Items not affecting cash:				
Accretion of asset retirement obligation	435	297	870	595
Depletion and amortization	42,900	89,877	82,145	137,606
Stock-based compensation	0	126,467	102,662	374,520
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(23,065)	(15,477)	69,960	(32,351)
Increase (decrease) in accounts payable	13,666	180,714	86,579	194,151
Decrease in accounts payable - related parties	195,456	(127,676)	215,004	(288,621)
Net cash used in operating activities	<u>26,955</u>	<u>(96,602)</u>	<u>29,149</u>	<u>(294,980)</u>
<b>INVESTING ACTIVITIES</b>				
Investment in oil and gas properties	(63,876)	(291,425)	(93,055)	(335,687)
Acquisition of equipment	(600)	(1,688)	(600)	(1,688)
Deposits on property	-	-	(388,000)	-
Finder's fee payable	-	-	-	-
Net cash used in investing activities	<u>(64,475)</u>	<u>(293,113)</u>	<u>(481,655)</u>	<u>(337,375)</u>
<b>FINANCING ACTIVITIES</b>				
Proceeds on issuance of capital stock	-	404,500	-	614,500
Proceeds from exercise of share warrants	-	1,910	-	1,910
Proceeds from exercise of share options	-	22,500	-	22,500
Net cash provided by financing activities	<u>-</u>	<u>428,910</u>	<u>-</u>	<u>638,910</u>
<b>Change in cash during the period</b>	<b>(37,520)</b>	<b>39,195</b>	<b>(452,505)</b>	<b>6,555</b>
<b>Cash, beginning of period</b>	<u>108,644</u>	<u>182,644</u>	<u>523,629</u>	<u>215,284</u>
<b>Cash, end of period</b>	<u>\$ 71,124</u>	<u>\$ 221,839</u>	<u>\$ 71,124</u>	<u>\$ 221,839</u>

**PETROMIN RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Prepared by management without audit)  
MARCH 31, 2007

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated under the laws of British Columbia and its principal business activities include the acquisition and development of oil and gas properties.

The Company is in the process of exploring and developing its oil and gas properties. The recoverability of the amounts shown for oil and gas properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future.

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	March 31, 2007	September 30, 2006
Working capital (deficiency)	\$ (713,392)	\$ 110,657
Deficit	(15,434,355)	(14,906,284)

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**2. BASIS OF PRESENTATION**

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

**3. LOANS PAYABLE**

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	2007	2005
Loans payable bearing interest at 11% per annum repayable by April 10, 2007	\$ 30,000	\$ 150,000

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**PETROMIN RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus
Authorized Unlimited common shares without par value			
Balance as at September 30, 2006	49,822,374	\$ 14,813,023	\$ 1,529,992
Private Placement	-	-	-
Stock-based compensation	-	-	102,662
Balance as at March 31, 2007	49,822,374	\$ 14,813,023	\$ 1,632,654

**Stock options**

The Company has a rolling stock option plan in place under which it is authorized to grant options up to 10% of the issued and outstanding common stock of the Company to executive officers and directors, employees and consultants. Under the plan, the exercise price of each option equals the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of 5 years. The plan must be approved each year at the annual general meeting of the shareholders. Under the terms of the plan, all options vest immediately.

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

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2006	4,573,310	\$ 0.24
Options granted	400,000	0.25
Options cancelled/expired	150,000	0.20
Options exercised	-	-
Balance, March 31, 2007	4,823,310	\$ 0.24
Number of options currently exercisable	4,823,310	\$ 0.24

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**4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont...)**

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

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	Number of Shares		Exercise Price	Expiry Date
<b>Options</b>	200,000	\$	0.15	September 30, 2009
	1,286,310		0.20	October 28, 2010
	430,000		0.20	March 24, 2011
	167,000		0.25	April 10, 2011
	1,300,000		0.30	April 18, 2011
	1,040,000		0.33	June 27, 2011
	400,000		0.25	October 2, 2011

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**Stock-based compensation**

During the three month period ended March 31, 2007, the Company did not granted any stock options. The weighted average fair value of the options granted was \$0.256 per option.

**5. RELATED PARTY TRANSACTIONS**

These financial statements include transactions with related parties as follows:

- a) Paid or accrued \$19,500 (2006 - \$19,500) in management fees to a director.
- b) Paid or accrued \$167,460 (2006 - \$149,840) in consulting fees to directors and a company controlled by a director.
- c) Paid or accrued \$1,650 (2005 - \$13,475 ) in interest on loans payable to directors and officers.

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

**6. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the acquisition and development of petroleum and natural gas interests in Canada.

**7. SUBSEQUENT EVENT**

The following events occurred subsequent to March 31, 2007:

1. The Company granted stock options to acquire 142,867 common shares in the capital of the company at \$0.35 per share to consultants, directors and officers on April 23, 2007.

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2. The Company completed a private placement of 2,405,000 common shares at \$0.35 per share with a proceed of \$841,750.