

TRADESTAR RESOURCES CORPORATION
Consolidated Balance Sheet
December 31, 2007 and 2006

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Regions Bank (Note 1)	\$ 34,391.40	\$ 13,339.95
Accounts Receivable - Trade	41,135.35	39,168.33
Loan Rec. - ETG (Note 3)	1,000.00	0.00
Loan Rec. - Tom Feimster (Note 3)	6,540.00	0.00
Expense Clearing Account	1,084.01	0.00
Employee Advances	<u>500.00</u>	<u>0.00</u>
Total Current Assets	<u>84,650.76</u>	<u>52,508.28</u>
PROPERTY AND EQUIPMENT		
Automotive (Note 2)	38,125.39	20,554.81
Office Furniture & Fixture (Note 2)	3,837.51	3,837.51
Equipment (Note 2)	90,258.84	87,166.16
Producing Properties (Note 2)	69,645.19	69,694.21
Non producing Leases (Note 2)	49,950.00	49,950.00
Accum Depr. & Depletion (Note 2)	<u>(48,917.25)</u>	<u>(28,490.00)</u>
Total Property and Equipment	<u>202,899.68</u>	<u>202,712.69</u>
OTHER ASSETS		
Organization Costs	37,700.00	37,700.00
Deposits	<u>5,606.00</u>	<u>29,941.03</u>
Total Other Assets	<u>43,306.00</u>	<u>67,641.03</u>
TOTAL ASSETS	<u>\$ 330,856.44</u>	<u>\$ 322,862.00</u>

The accompanying notes are an integral part of these financial statements

TRADESTAR RESOURCES CORPORATION
Consolidated Balance Sheet
December 31, 2007 and 2006

LIABILITIES AND STOCKHOLDERS' EQUITY

	2007	2006
CURRENT LIABILITIES		
Accounts Payable	\$ 26,877.37	\$ 11,521.94
N/P-Ford Credit-2007 Truck	30,064.18	0.00
Notes Payable Stockholder	82,500.00	82,500.00
Payroll Liabilities	3,434.86	0.00
Total Current Liabilities	142,876.41	94,021.94
LONG-TERM LIABILITIES		
Total Long-Term Liabilities		
Total Liabilities	142,876.41	94,021.94
STOCKHOLDERS' EQUITY (Note 4)		
Paid in Capital	729,136.15	657,341.13
Capital Stock, \$0.001 par value, 400,000,000 shares authorized, 14,203,852 issued and outstanding	13,953.85	11,748.87
Retained Earnings	(510,095.53)	(152,461.92)
Net Income (Loss)	(45,014.44)	(287,788.02)
Total Stockholders' Equity	187,980.03	228,840.06
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 330,856.44	\$ 322,862.00

The accompanying notes are an integral part of these financial statements

TRADESTAR RESOURCES CORPORATION
Consolidated Income Statement
For Three and Nine Months Ended December 31, 2007 and 2006

	Three Months Ended Dec. 31, 2007	Nine Months Ended Dec. 31, 2007	Three Months Ended Dec. 31, 2006	Nine Months Ended Dec. 31, 2006
Revenue				
Oil & Gas Revenue	\$ 182,626.91	\$ 388,280.05	\$ 127,622.32	\$ 280,386.30
Total Revenue	<u>182,626.91</u>	<u>388,280.05</u>	<u>127,622.32</u>	<u>280,386.30</u>
Expenses				
General & Admin. Expenses	75,825.35	199,783.52	53,026.26	138,699.55
Lease Operating Expenses	70,230.30	206,694.91	176,113.12	414,493.65
Depreciation Expense (Note 2)	7,800.00	23,400.00	5,000.00	15,000.00
Total Expenses	<u>153,855.65</u>	<u>429,878.43</u>	<u>234,139.38</u>	<u>568,193.20</u>
Other Income				
Interest Earned	0.00	0.00	0.00	18.88
Gain (Loss) on sale of assets	0.00	(3,416.06)	0.00	0.00
Total Other Income	<u>0.00</u>	<u>(3,416.06)</u>	<u>0.00</u>	<u>18.88</u>
Net Income (Loss)	<u>\$ 28,771.26</u>	<u>\$ (45,014.44)</u>	<u>\$ (106,517.06)</u>	<u>\$ (287,788.02)</u>

The accompanying notes are an integral part of these financial statements

TRADESTAR RESOURCES CORPORATION
Consolidated Statement Of Cash Flows
Nine Months Ended December 31, 2007 and 2006

	Nine Months Ended December 31, 2007	Nine Months Ended December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (45,014.44)	\$ (287,788.02)
Adjustments to reconcile Net Income (Loss) to net Cash:		
Depreciation Expense	15,301.25	15,000.00
(Increase) Decrease in:		
Accounts Receivable - Trade	34,730.78	(21,521.22)
Loan Rec. - ETG	(1,000.00)	0.00
Loan Rec.- Tom Feimster	(6,540.00)	0.00
Expense Clearing Account	(1,360.96)	0.00
Increase (Decrease) in:		
Accounts Payable	25,712.37	7,171.94
Notes Payable Stockholder	0.00	60,000.00
Payroll Liabilities	3,310.54	0.00
Total Adjustments	70,153.98	45,650.72
Net Cash Provided By (Used In) Operating Activities	25,139.54	(242,137.30)
CASH FLOWS FROM INVESTING ACTIVITIES		
Automotive	(17,570.58)	0.00
Office Furniture & Fixture	0.00	(3,837.51)
Equipment	0.00	(42,660.07)
Deposits	25,000.00	(4,941.03)
Net Cash Provided By (Used In) Investing Activities	7,429.42	(51,438.61)
CASH FLOWS FROM FINANCING ACTIVITIES		
N/P-Ford Credit-2007 Truck	30,064.18	0.00
Paid in Capital	(25,000.00)	268,228.46
Capital Stock	0.00	(47,628.46)
Retained Earnings	(25,000.00)	0.00
Net Cash Provided By (Used In) Financing Activities	(19,935.82)	220,600.00
NET INCREASE (DECREASE) IN CASH	12,633.14	(72,975.91)
CASH AT BEGINNING OF PERIOD	21,758.26	71,315.86
CASH AT END OF PERIOD	\$ 34,391.40	\$ (1,660.05)

The accompanying notes are an integral part of these financial statements

TRADESTAR RESOURCES COMPANY
Consolidated Statement Of Changes In Stockholder's Equity
For Three and Nine Months Ended December 31, 2007

Common Stock

	Shares	Amount	Paid-In Capital	Retained Earnings	Total Equity
Stockholder's Equity Balance, Sept. 30, 2007 as Previously Reported	14,203,852	\$ 14,203.85	\$ 753,886.15	\$ (558,881.23)	\$ 209,208.77
Prior period adjustments (Note 5)	-	0.00	(24,750.00)	(25,250.00)	(50,000.00)
Net Profit (Loss) for the three months ended December 31, 2007	-	0.00	0.00	28,771.26	28,771.26
Balance, December 31, 2007	<u>14,203,852</u>	<u>\$ 14,203.85</u>	<u>\$ 729,136.15</u>	<u>\$ (555,359.97)</u>	<u>\$ 187,980.03</u>

Common Stock

	Shares	Amount	Paid-In Capital	Retained Earnings	Total Equity
Stockholder's Equity Balance, March 31, 2007 as Previously Reported	14,203,852	\$ 14,203.85	\$ 753,886.15	\$ (485,095.53)	\$ 282,994.47
Prior period adjustments (Note 5)	-	0.00	(24,750.00)	(25,250.00)	(50,000.00)
Net Profit (Loss) for the nine months ended December 31, 2007	-	0.00	0.00	(45,014.44)	(45,014.44)
Balance, December 31, 2007	<u>14,203,852</u>	<u>\$ 14,203.85</u>	<u>\$ 729,136.15</u>	<u>\$ (555,359.97)</u>	<u>\$ 187,980.03</u>

The accompanying notes are an integral part of these financial statements

TRADESTAR RESOURCES CORPORATION

Notes to Financial Statements

December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Tradestar Resources Corporation (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to the GAAP basis of accounting and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Company is in the business of acquiring oil and gas leases for re-entry and workovers. In the process the company will buy and sell leases.

Basis of Accounting

The accrual method is used for financial statement purposes and is intended to present the financial position and results of operations in accordance with generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements include the accounts of Tradestar Resources, Inc., it's wholly owned subsidiary Tradestar Energy, Inc., and its share of the assets, liabilities, revenues, and expenses. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and certificates of deposit that mature within three months of the date of purchase.

Long-Lived Assets

Long-lived assets to be held and used or disposed of other than by sale are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used or disposed of other than by sale are recognized based on the fair value of the asset. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amount of fair value less cost to sell.

Income Taxes

The company has had significant net operating losses in the past which have resulted in tax loss carryover. A significant amount of the carryover was used for the year ending March 31, 2006. The loss carryover amount available to off-set future income is \$52,376 and if not used expire in various amounts thru the year 2019.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

TRADESTAR RESOURCES CORPORATION

Notes to Financial Statements

December 31, 2007

Fixed Assets

Fixed assets are stated at cost. Expenditures for maintenance and repairs that do not improve or extend the useful lives of assets are charged to expenses. Major renewals and betterments are charged to the fixed asset accounts. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the fixed asset accounts and any gain or loss is recognized in income or expense.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – Fixed Assets

An analysis of the fixed asset accounts and the related accumulated depreciation is presented below:

	3/31/07			12/31/07
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Automotives	\$ 20,555	\$ 17,571	\$ -	\$ 38,125
Office Furniture	3,837.51	0.00	0.00	3,837.51
Equipment	90,258.84	0.00	0.00	90,258.84
Producing Properties	69,645.19	0.00	0.00	69,645.19
Non-producing Leases	49,950.00	0.00	0.00	49,950.00
Net Assets	<u>234,246.35</u>	<u>17,570.58</u>	<u>0.00</u>	<u>251,816.93</u>
Accumulated Depreciation	<u>33,616.00</u>	<u>15,301.25</u>	<u>0.00</u>	<u>48,917.25</u>
Fixed Assets, net	<u>\$ 200,630</u>	<u>\$ 2,269</u>	<u>\$ -</u>	<u>\$ 202,900</u>

NOTE 3 – RELATED PARTY TRANSACTIONS

TRADESTAR RESOURCES CORPORATION

Notes to Financial Statements

December 31, 2007

During the ordinary course of business, the Company enters into certain transactions with officers of the Company. Such transactions include loans to the Company from officers as well as loans from the Company to the officers. During the nine months ended December 31, 2007 the Company had no outstanding loans from any officers and loans totaling \$6,540 to officers of the Company as well as a loan of \$1,000 to a wholly owned company owned by an officer.

NOTE 4 – RESTRICTED STOCK OUTSTANDING

Out of the 14,203,852 shares issued and outstanding, there are 6,684,456 shares that are restricted and 7,519,396 that are unrestricted. The restrictions have to do with how long a shareholder is required to keep the stock before selling it. Anybody affiliated with Tradestar Resources Company is restricted from selling their stock for two years.

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

Two errors resulting in an overstatement of previously reported income were discovered during the current period. Accordingly, two adjustments of \$25,000 each were made during the quarter ended 12/31/2007. Both adjustments were made to correct recorded assets that should have been recorded as expenses.