

TRADESTAR CORPORATION.
Balance Sheet (Unaudited)

ASSETS

	December 31, <u>2004</u>	March 31, <u>2004</u>
<u>Current Assets</u>		
Cash	\$ <u>25,980.87</u>	\$ <u>195.49</u>
Total Current Assets	<u>25,980.87</u>	<u>195.49</u>
<u>Property and Equipment</u>		
Producing Properties	164,000.00	-0-
Equipment	4,868.00	-0-
Furniture and Fixtures	<u>-0-</u>	<u>1,186.63</u>
Total	168,868.00	1,186.63
Less Accumulated Depreciation	<u>-0-</u>	<u>(1,186.63)</u>
Property and Equipment - Net	<u>168,868.00</u>	<u>-0-</u>
<u>Other Assets</u>		
Organization Cost	37,700.00	15,000.00
Deposits	2,861.77	-0-
Membership	-0-	1,000.00
Note Receivable - Non Current	<u>-0-</u>	<u>170,000.00</u>
Total Other Assets	<u>40,561.77</u>	<u>186,000.00</u>
Total Assets	\$ <u><u>235,410.64</u></u>	\$ <u><u>186,195.49</u></u>

LIABILITIES AND STOCKHOLDERS EQUITY

<u>Current Liabilities</u>		
Note Payable - Bank	\$ -0-	\$ 253,593.75
Note Payable - Stockholders'	<u>22,500.00</u>	<u>539,967.30</u>
Total Current Liabilities	<u>22,500.00</u>	<u>793,561.05</u>
Long -Term Debt	<u>220,000.00</u>	<u>-0-</u>
<u>Stockholders Equity (Deficit)</u>		
Common Stock, \$0.001 par value, 100,000,000 shares authorized, 64,910,000 and 34,139,749 issued and outstanding respectively	64,910.00	34,140.00
Paid in Capital	63,580.00	-0-
Retained Earnings (Deficit)	<u>(135,579.36)</u>	<u>(641,505.56)</u>
Total Stockholders Equity (Deficit)	<u>(7,089.36)</u>	<u>(607,167.74)</u>

Total Liabilities and Stockholders Equity	\$ <u>235,410.64</u>	\$ <u>186,195.49</u>
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TRADESTAR CORPORATION.
Statement of Income (Loss) and Retained Earnings (Deficit)(Unaudited)

Year	For the Nine Months Ending December 31, <u>2004</u>	For the Ending March <u> </u>
31, <u>2004</u>		
Revenue	\$ <u>-0-</u>	\$ <u>-0-</u>
Expenses		
Management Fees	36,800.00	-0-
Interest	2,550.00	17,523.21
Travel	6,699.50	200.00
Depreciation	-0-	725.63
Legal and Professional	2,050.00	1,151.81
Consulting	10,345.29	-0-
Miscellaneous	0.00	-0-
Transfer Agent Fees	2,824.28	-0-
Permits	1,112.00	-0-
Pumper fees	501.00	-0-
Insurance	350.96	-0-
Engineering	630.00	-0-
Meals and Entertainment	1,382.94	-0-
Office Supplies	1,672.71	-0-
Telephone	501.58	-0-
Gasoline	900.86	-0-
Directors Fees	3,000.00	-0-
Bank Charges	<u>205.65</u>	<u>206.26</u>
Total Expenses	<u>71,526.77</u>	<u>19,806.91</u>
Net Income (Loss) from operation	<u>(71,526.77)</u>	<u>(19,806.91)</u>
Other Income		
Gain on Forgiveness of Debt	577,406.02	-0-
Interest Income	<u>46.95</u>	<u>-0-</u>
Total Other Income	<u>577,452.97</u>	<u>-0-</u>
Net Income (Loss)	505,926.20	(19,806.91)
Retained Earnings, (Deficit) Beginning of Period	<u>(641,505.56)</u>	<u>(621,698.74)</u>
Retained Earnings, (Deficit) End of Period	<u>\$(135,579.36)</u>	<u>\$(641,505.56)</u>

TRADESTAR CORPORATION.
Statement of Cash Flow (Unaudited)

	Year	For the Nine Months Ending December 31, <u>2004</u>	For the Ending March <u> </u>
31,	<u>2004</u>		
Cash Flows from operating activities			
Net Income (Loss)		\$ 505,926.20	\$ (19,806.91)
Adjustments to reconcile net income to net cash provided by operating activities:			
Accumulated Depreciation		-0-	725.63
Membership		1,000.00	-0-
Notes Receivable		170,000.00	-0-
Note Payable - Bank		(253,593.75)	(67,625.00)
Note Payable - Stockholders		<u>(517,467.30)</u>	<u>87,118.77</u>
Total Adjustments		<u>(600,061.05)</u>	<u>(20,219.40)</u>
Net Cash provided by Operations		<u>(94,134.85)</u>	<u>(412.49)</u>
Cash Flows from operating activities			
User For			
Organization Costs		(22,700.00)	-0-
Producing Properties		(164,000.00)	-0-
Equipment		(4,868.00)	-0-
Deposits		<u>(2,861.77)</u>	<u>-0-</u>
Net cash used in investing		<u>(194,429.77)</u>	<u>-0-</u>
Cash Flows from financing activities			
Proceeds From			
Notes Payable		220,000.00	-0-
Common Stock		<u>94,350.00</u>	<u>-0-</u>
Net Cash used in financing		<u>314,350.00</u>	<u>-0-</u>
Net increase (decrease) in cash		<u>\$ 25,785.38</u>	<u>\$ (412.49)</u>
Summary			
Cash Balance at End of Period		\$ 25,980.87	\$ (195.49)
Cash Balance at Beginning of Period		<u>(195.49)</u>	<u>(217.00)</u>
Net Increase (Decrease) in Cash		<u>\$ 25,785.38</u>	<u>\$ (412.49)</u>

TRADESTAR CORPORATION
Notes to Financial Statements Unaudited

Note A - Organization and Description of Business

Tradestar Corporation (Company) was incorporated as Western Research and Manufacturing Company under the laws of the State of Utah on March 22, 1966 as a manufacturing concern. Western Research and Manufacturing was inactive from 1977 to March 1980 when it was granted a Discharge in Bankruptcy. The Company was reactivated in March 1980 by the acquisition of all of the assets of MRDB Investments, a partnership, after which acquisition its name changed to Tierra Energy Corporation. The Company then began to engage in the oil and gas exploration and development business. In 1982, the Company completed a domiciliary merger to change its state of incorporation to Oklahoma, to reduce the par value of its shares of common stock and to adopt new Articles of Incorporation and corporate by-laws. In 1985, the Company changed its name to Tradestar Corporation.

In February 1987, the Company exchanged all of its assets for common stock in a company then known as Show Tiger, Inc. and the assumption of all liabilities. The Company then declared a property dividend to its shareholders and distributed 100% of its holdings in Snow Tiger, Inc. to the Company's shareholders.

The Company has had no significant operations, assets or liabilities from 1987 through 2000. Accordingly, the Company was dependent upon the management and/or significant shareholders to provide sufficient working capital to preserve the integrity of the corporate entity during this phase.

On May 8, 1998, at the Company's Annual Meeting of Shareholders, a 15 for 1 reverse stock split was approved, effective as of that date. All amounts in the accompanying financial statements reflect the effect of this reverse split as of the first day of the first period presented herein.

On May 15, 1998, the Company amended its Articles of Incorporation to modify the Company's capital structure to authorize the issuance of up to 100,000,000 shares of \$0.001 par value common stock from the previously authorized 20,000,000 share of \$0.01 par value common stock. No change was made to the authorized amounts and par value of the Company's Preferred Stock. The effect of this transaction had been reflected in the accompanying financial statements during the period in which the change was effective.

On August 3, 1998, the Company issued an aggregate approximate 32,826,925 post 15 for 1 reverse split shares of restricted, unregistered common stock to an individual in anticipation of a pending business transaction to recapitalize the Company through the contribution of various operating assets. These shares were issued pursuant to an oral stock subscription agreement by and between the individual and the Company. On September 4, 1998, the individual funded the stock subscription agreement with the opening of a cash account in the Company's name. Subsequently, all of the stock was acquired by a group of individuals.

In 2000 the Company acquired certain oil and gas leases that the Company operated until 2002. The Company disposed of all of its leases at a loss in 2002.

In 2004 control of the Company was transferred to a group who sought to purchase leases and develop oil and gas properties. As part of the consideration the note receivable, bank debt, and prior stockholder's loans were forgiven and assumed by the former controlling group.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRADESTAR CORPORATION
Notes to Financial Statements - Continued

Note B - Summary of Significant Account Policies

For Statement of Cash Flows purposes, the Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Note C - Common Stock Transactions

On February 2, 1998, the Company issued 400,000 post-reverse split shares (6,000,000 pre-reverse split shares) of restricted, unregistered common stock to an individual, who was also a then officer and director of the Company. This transaction was entered into to facilitate the acquisition of or merger with a privately-owned corporation. No acquisition or merger activities were completed as a result of these efforts. This transaction was valued at approximately \$60,000.00 which approximated the fair value of the services provided.

On August 3, 1998, the Company issued an aggregate approximate 32,826,925 post-reverse split shares of restricted, unregistered common stock to an individual for \$100,000 in anticipation of a pending business transaction whereby the Company would recapitalize through the contribution of various operating assets owned or controlled by this individual. These shares were issued in August 1998, pursuant to an oral stock subscription agreement by and between the individual and the Company. On September 4, 1998, the individual funded the stock subscription agreement with the opening of a cash account in the Company's name.

In May 2004 control of the Company was transferred to a group who sought to develop oil and gas properties. As a result the Company issued 30,770,251 shares of stock for services and cash.

Note D - Producing Properties

During the last quarter of 2004 the Company purchased and worked over certain oil and gas leases. These leases were put on line in January 2005.

Note E - Long Term Debt

During the months of October and November 2004 certain shareholders loaned the Company \$220,000 for the purchase of certain leases and for operating expenses. The notes are due in April 2006 and bear interest at the rate of 6% per annum.