

TRADESTAR RESOURCES CORPORATION
Balance Sheet (Unaudited)

ASSETS

	<u>June 30,</u> <u>2007</u>	<u>March 31,</u> <u>2007</u>
<u>Current Assets</u>		
Cash	\$15,382.04	\$21,227.26
Accounts Receivable	25,000.00	75,865.73
Employee Advances	500.00	754.05
Total Current Assets	<u>40,882.04</u>	<u>97,847.04</u>
<u>Property and Equipment</u>		
Producing Properties	208,231.04	155,993.52
Equipment	175,445.64	131,529.27
Non-Producing Leases	49,950.00	49,950.00
Automotive Expenses	20,554.81	20,554.81
Office Furniture and Fixtures	9,777.26	9,777.26
Total	<u>463,958.75</u>	<u>367,804.86</u>
Less Accumulated Depreciation and Depletion	<u>59,490.00</u>	<u>50,490.00</u>
Property and Equipment - Net.	<u>404,468.75</u>	<u>317,314.86</u>
<u>Other Assets</u>		
Organization Cost	37,700.00	37,700.00
Deposit	29,941.03	30,606.00
Total Other Assets	<u>67,641.03</u>	<u>68,306.00</u>
Total Assets	<u>\$512,991.82</u>	<u>\$483,467.90</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<u>Current Liabilities</u>		
Accounts Payable	\$2,259.35	\$0.00
Payroll Liabilities	\$3,827.38	\$124.32
Note Payable - Stockholder	82,500.00	82,500.00
Total Current Liabilities	<u>88,586.73</u>	<u>82,624.32</u>
<u>Stockholder's Equity</u>		
Common Stock, \$0.001 par value, 400,000,000 shares authorized, 14,203,852 issued and outstanding	14,203.85	15,204.13
Paid in Capital	776,339.13	756,341.13
Retained Earnings (Deficit)	<u>(366,137.89)</u>	<u>(370,701.68)</u>
Total Stockholder's Equity	424,405.09	400,843.58
Total Liabilities and Stockholder's Equity	<u>\$512,991.82</u>	<u>\$483,467.90</u>

TRADESTAR RESOURCES CORPORATION

Statement of Cash Flow (Unaudited)

June 30, 2007

	For the three months Ending June 30, 2007	For the Year Ending March 31, 2007
Cash Flows from operating activities		
Net Income (Loss)	\$ 2,435.82	\$ (218,239.76)
Adjustments to reconcile net income to net cash provided by operating activities:		
Accumulated Depreciation	9,000.00	37,000.00
Payroll Liabilities	3,703.06	124.32
Employee Advances	254.05	(754.05)
Proceeds from Sale of Lease	0.00	0.00
Accounts Receivable Trade	50,000.00	(58,363.86)
Accounts Payable - Trade	1,094.35	10,621.94
Total Adjustments	<u>64,051.46</u>	<u>(11,371.65)</u>
Net Cash provided by Operations	66,487.28	(229,611.41)
Cash Flows from investing activities		
Used for		
Purchase of Properties and Equipment	72,357.33	173,322.09
Purchase of Automotive Equipment	-	-
Purchase of Office Furniture & Equipment		9,777.26
Deposit		5,606.00
Net cash used in investing	<u>72,357.33</u>	<u>188,705.35</u>
Cash Flows from financing activities		
Proceeds from		
Issuance of Common Stock		367,228.46
Loan from Shareholder		
Net Cash used in financing	<u>0.00</u>	<u>367,228.46</u>
Net increase (decrease) in cash	<u>\$ (5,870.05)</u>	<u>\$ (51,088.30)</u>
Summary		
Cash Balance at End of Period	\$15,357.21	\$21,227.26
Cash Balance at Beginning of Period	<u>\$21,227.26</u>	<u>\$72,315.56</u>
Net Increase (Decrease) in Cash	<u>\$ (5,870.05)</u>	<u>\$ (51,088.30)</u>

TRADESTAR RESOURCES CORPORATION
Statement of Income (Loss and Retained Earnings (Deficit) (Unaudited)

	For the three months Ending June 30, 2007	For the Year Ending March 31, 2007
Revenue	\$ 92,377.84	\$ 342,058.67
Expenses		
Lease Operating	19,429.80	320,470.57
General and Administrative	59,384.25	202,827.86
Depreciation and Depletion	9,000.00	37,000.00
Total Expenses	<u>87,814.05</u>	<u>560,298.43</u>
Net Income (Loss) from operation	\$ 4,563.79	\$ (218,239.76)
Other Income		
Gain on Forgiveness of Debt		-
Sale of Lease		-
Interest Income		-
Total Other Income		
Net Income (Loss)	\$ 4,563.79	\$ (218,239.76)
Retained Earnings, (Deficit) Beginning of Period	<u>(370,701.68)</u>	<u>(152,461.92)</u>
Retained Earnings, (Deficit) End of Period	<u>\$ (366,137.89)</u>	<u>\$ (370,701.68)</u>

TRADESTAR RESOURCES CORPORATION
Statement of Changes in Stockholder's Equity
June 30, 2007

	Common Stock <u>Shares</u>	Common Stock <u>Amount</u>	Paid-In <u>Capital</u>	Retained <u>Earnings</u>	Total <u>Equity</u>
Balance March 31, 2004	34,139,479	\$34,140.00	-0-	(\$641,505.56)	(\$607,365.56)
Common Stock Issues for Services in April 2004	150,000	150.00	-0-	-0-	\$150.00
Common Stock Issued for Cash during the period from July 2004 through February 2005	25,087,580	25,087.33	389,112.67	-0-	414,200.00
Net Profit (Loss) for the Year				494,486.03	494,486.03
Balance March 31, 2005	59,377,059	59,377.33	389,112.67	(147,019.53)	301,470.47
Net Profit (Loss) for the Year				(5,442.39)	(5,442.39)
Balance March 31, 2006	59,377,059	59,377.33	389,112.67	(152,461.92)	296,028.08
Reverse Split (20 to 1) effective June 9, 2006	(56,408,477)	(56,408.46)	56,406.46		0.00
Common Stock Issued for Service July 2006	5,000,000	5,000.00			0.00
Common Stock Issued for Cash August 2006	3,000,000	3,000.00	297,000.00		300,000.00
Common Stock Issued for Service September 2006	2,000,000	2,000.00			0.00
Common Stock Issued for Services October 2006	55,000	54.98			
Common Stock Issued for Cash December 2006	1,180,000	1,180.00	33,820.00		35,000.00
Net Profit or (Loss) Ending 12/31/2006				(164,741.51)	(164,741.51)
Balance March 31, 2007	14,203,852	14,203.85	776,339.13	(370,701.68)	400,843.58
Net Profit (Loss) for the Three Months Ending June 30, 2007				4,563.79	4,563.79
Balance June 30, 2007	14,203,852	14,203.85	776,339.13	(366,137.89)	405,407.37

TRADESTAR RESOURCE CORPRATION
Notes to Financial Statements Unaudited
June 30, 2007

Note A – Organization and Description of Business

Tradestar Resources Corp (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 "Snow Tiger, Inc." and the assumption of all liabilities. The Company then declared a property divided 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 [reserve the integrity of the corporate during this phase.

On May 8, 1998, at the Company's Annual Meeting of Shareholders, a 15 for 1 reverse stock was approved, effective as of that date. All amounts in the accompanying financial statement 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 cash in the Company's name. In March 2000, 32,826,924 share of the stock were acquired by a group of individuals.

During the year 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.

On June 9, 2006 the Company reincorporated in the State of Nevada under the name of Tradestar Resource Corporation and amended its corporate charter. The amendment authorized 400,000,000 Class A Common Share and 100,000,000 of Preferred Shares both with par value of \$.001. The previously issued Common Stock was reverse split 20 to 1. The stock outstanding after the split was 2, 968,867.

TRADESTAR RESOURCE CORPRATION
Notes to Financial Statements – Continued
June 30, 2007

Note B – Summary of Significant Accounting Policies

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.

Cash and Cash Equivalents

For Statement of Cash Flows purpose, 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.

Trade Accounts Receivable

Trade accounts receivable is recorded at the amounts the Company expects to collect on balances outstanding at the end of the period reported.

Property and Equipment

Property and equipment are carried at cost. Depreciation and depletion of property and equipment is provided using the straight-line method for financial reporting purpose over the estimated lives of the assets.

Income Taxes

The company has had significant net operating losses in past the 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 amount thru the year 2019.

Not C – Method of Accounting

For financial reporting, revenue are recognized when earned and costs are recognized when incurred.

Not D – Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.