

# FINANCIAL STATEMENTS

## **Petro Uno Resources Ltd.**

(a Capital Pool Company)

Financial Statements

**June 30, 2007**

**Petro-Uno Resources Ltd.**  
**Balance Sheet**  
**As at June 30, 2007**

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<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 288,270
	<u>288,270</u>
	<hr/>
	\$ 288,270
<hr/>	
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	\$ 29,000
	<u>29,000</u>
 <b>Shareholders' Equity</b>	
Share capital	289,400
Retained earnings (deficit)	<u>(30,130)</u>
	<hr/>
	\$ 288,270
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See accompanying notes to financial statements

**Approved by the Board of Directors**

*"Signed"*  
William E. Ambrose

*"Signed"*  
Donald Boykiw

**Petro-Uno Resources Ltd.**  
**Statement of Operations and Deficit**  
**For the Period June 30, 2007**

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**Revenue**

**Expenses**

General and administrative \$ 30,130

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**Net loss for the period and deficit** (30,130)

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**Net loss per common share – basic and diluted** (\$ 3.33)

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**Weighted average number of common shares – basic and diluted** 9,036

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See accompanying notes to financial statements

**Petro-Uno Resources Ltd.**  
**Statement of Cash Flows**  
**For the Period June 30, 2007**

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**Cash provided by (used in)**

**Operating activities**

Net loss for the period	(\$ 30,130)
Changes in non-cash operating working capital	29,000
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	(1,130)

**Financing activities**

Issue of common shares, net of issue costs	289,400
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**Cash and cash equivalents – increase in and end of period** **\$ 288,270**

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See accompanying notes to financial statements

**1 Incorporation**

Petro Uno Resources Ltd. (the "Corporation") was incorporated under the Business Corporation Act (Alberta) on July 12, 2006 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Corporation has no assets other than cash and proposes to identify and evaluate potential acquisitions or businesses, and identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory and, if required, shareholder approval.

Where an acquisition or participation is warranted (the "Qualifying Transaction"), additional funding may be required. The ability of the Corporation to fund its potential operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

**2 Summary of significant accounting policies**

As the determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these financial statements requires the use of estimates and assumptions, which have been made using careful judgement. In the opinion of management, these financial statements have been prepared with reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Basis of presentation**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and all investments that are highly liquid in nature and generally have a maturity date of three months or less.

**Income taxes**

The Corporation uses the asset and liability method of accounting for future income taxes. Under this method, temporary differences arising from the differences between the tax bases of an asset or liability and the carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using substantively enacted tax rates that will be in effect when the temporary differences are expected to reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

**Per share amounts**

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury stock method, which assumes that any proceeds obtained on exercise of options would be used to purchase common shares at the average price during the period. The weighted average number of shares outstanding is then adjusted by the net change. For the period end, the weighted average number of common shares outstanding was 9,036.

**3 Cash**

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to 30% of the gross proceeds may be used to cover prescribed costs of issuing the common shares of general and administrative expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the policies of the Exchange.

**4 Financial instruments**

The Corporation's current financial instrument include cash and accounts payable and accrued liabilities which approximate their fair value due to their short-term nature.

**5 Share capital**

**Authorized**

Unlimited number of common shares  
Issued and outstanding

	<b>Number of shares</b>	<b>Amount \$</b>
Common share issued on incorporation	1	1
Common share cancelled	(1)	(1)
Common shares issued for cash, net of issue costs	3,000,000	289,400
Balance as at June 30, 2007	3,000,000	289,400

**6 Income taxes**

Future income taxes arise from temporary differences, which are differences between the tax basis of an asset or liability and its carrying amount in the balance sheet. The components of future income tax balances are as follows:

	<b>\$</b>
Future income tax assets and liabilities	
Non-capital losses carried forward	9,642
Share issue costs	3,392
Less : Valuation allowance	(13,034)
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The provision for income taxes varies from the amount that would be computed by applying the combined federal and provincial income tax rates for the following reasons:

	<b>\$</b>
Loss before tax	30,130
Income tax rate	32%
Computed and expected income tax recovery	9,642
Unrecognized benefit	(9,642)
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**7 Subsequent Event**

Pursuant to an agency agreement dated September 4, 2007 (the "Agency Agreement") between the Corporation and Emerging Equities Inc. (the "Agent"), the Corporation has agreed to file a prospectus with the Alberta Securities Commission, British Columbia Securities Commission and the Ontario Securities Commission offering 3,000,000 Common Shares at \$0.20 per share (the "Offering"). The Agent will receive a cash commission equal to 10% of the gross proceeds raised resulting in a total commission of \$60,000, a corporate finance fee of \$10,000 plus GST plus reimbursement of legal and other costs. The Agent for the Offering has agreed to use commercial reasonable best efforts to secure subscriptions for these shares. The total minimum subscriptions must be raised within 90 days of the date of the receipt for the final prospectus relating to the Offering, otherwise all funds collected under subscriptions will be returned to subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement and subject to the closing of the Offering, the Agent will be granted a non-transferable option (the "Agent's Option") to purchase up to such number of Common Shares equal to 10% of the aggregate number of Common Shares sold under the Offering (the "Agent's Shares") at a price of \$0.20 per Agent's Share, and expiring 18 months from the date the Common Shares are listed on the TSX Venture Exchange. The prospectus also qualifies for distribution options to be issued to directors and officers of the Corporation (the "Directors' and Officers' Options") at the closing of the Offering. The

Directors' and Officers' Options enable the holders thereof to purchase an aggregate of 600,000 Common Shares at a price of \$0.20 per Common Share and such options may be exercised for a period of five years from the date of the grant.

Petro Uno Resources Ltd.  
Notes to Financial Statements  
June 30, 2007