BERKLEY RESOURCES INC.

Financial Statements

Three Months Ended March 31, 2008

(unaudited)

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Notice to Readers: These financial statements have been prepared by management of the Company and have not been subject to review by the Company's auditor.

BERKLEY RESOURCES INC.
BALANCE SHEETS
(Prepared by Management)

As at		**March 31, 2008**		**December 31, 2007**
		(unaudited)		(audited)
ASSETS				
Current Assets				
Cash	$	46,826	$	47,057
Accounts receivable		108,944		247,372
Taxes recoverable		2,763		12,168
Prepaid expenses		3,030		6,120
		161,563		312,717
Oil and gas properties and equipment (Note 5)		5,268,818		5,456,007
Other property plant and equipment (Note 6)		2,562		3,048
	$	5,432,943	$	5,771,772
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	693,669	$	982,386
Due to related parties (Note 8)		60,543		14,261
		754,212		996,647
Asset Retirement Obligation		141,350		140,150
		895,562		1,136,797
SHAREHOLDERS' EQUITY				
Share Capital (Note 7)		12,347,593		12,347,593
Contributed Surplus		1,070,334		1,030,532
Deficit		(8,880,546)		(8,743,150)
		4,537,381		4,634,975
	$	5,432,943	$	5,771,772

Going concern (Note 1)
Commitment (Note 9)
Contingency (Note 10)

Approved by the Directors:

"Matt Wayrynen" Director *"Lindsay Gorrill"* Director

BERKLEY RESOURCES INC.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited - Prepared by Management)

	Three Months Ended March 31, 2008	2007
OIL AND GAS REVENUE	$ 312,577	$ 473,977
Oil and gas production expenses		
Operating costs	174,848	212,226
Interest on loans	-	49,710
Amortization, depletion and accretion	114,200	252,800
	289,048	514,736
NET OIL AND GAS INCOME (LOSS)	23,529	(40,759)
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative, office services and premises	54,252	85,237
Stock based compensation	39,752	52,464
Management fees	45,500	58,177
Consulting fees	2,525	28,310
Professional fees	11,458	5,597
Finance fees on debt	-	48,329
Filing and transfer agent fees	6,179	9,592
Shareholder information	2,550	10,055
Amortization	486	507
	(162,702)	(298,268)
OTHER INCOME (EXPENSES)		
Interest expense	(281)	(845)
Write-down of receivable	-	(11,995)
Interest and other income	2,058	664
	(160,925)	(310,444)
LOSS BEFORE DISCONTINUED OPERATIONS	(137,396)	(351,203)
Discontinued Operations	-	(26,730)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (137,396)	$ (377,933)
BASIC AND DILUTED LOSS PER SHARE BEFORE DISCONTINUED OPERATIONS	$ (0.01)	$ (0.02)
BASIC AND DILUTED INCOME (LOSS) PER SHARE AFTER DISCONTINUED OPERATIONS	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	21,451,608	18,857,608

BERKLEY RESOURCES INC.
STATEMENTS OF DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended March 31, 2008	2007
DEFICIT, beginning of period	$ (8,743,150)	$ (5,082,981)
Change in accounting policy	-	(134,247)
Loss for the period	(137,396)	(377,933)
DEFICIT, end of period	$ (8,880,546)	$ (5,595,161)

BERKLEY RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

	Three Months Ended March 31, 2008	2007
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss for the period from continuing operations	$ (137,396)	$ (351,203)
Items not requiring cash in the period:		
Amortization, depletion and accretion	114,686	253,307
Shares issued for finance fees on debt	-	48,329
Fair value of options issued for consulting services	50	-
Stock based compensation	39,752	52,464
	17,092	2,897
Net change in non-cash working capital balances for continuing operations:		
Accounts receivable	138,428	131,210
Taxes recoverable	9,405	14,443
Prepaid expenses	3,090	(15,427)
Accounts payable and accrued liabilities	(288,717)	(96,542)
Due to related parties	46,282	28,261
	(74,420)	64,842
INVESTING ACTIVITIES		
Oil and gas properties and equipment, net	74,189	(878,945)
Other property, plant and equipment	-	(95)
	74,189	(879,040)
Net cash increase (decrease) from continuing operations	(231)	(814,198)
Net cash increase (decrease) from discontinued operations	-	459,911
Cash, beginning of period	47,057	498,246
Cash, end of period	$ 46,826	$ 143,959

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Berkley Resources Inc. (the “Company” or “Berkley”) was created on the amalgamation of Fortune Island Mines Ltd., Kerry Mining Ltd. and Berkley Resources Ltd. under the Company Act (British Columbia) on July 18, 1986. The Company is in the business of acquisition, exploration, development and production from petroleum and natural gas interests in Alberta and Saskatchewan, Canada. The Company also rented commercial office space in a building it owns in Vancouver, Canada. The commercial rental operations have been discontinued as a result of the sale of the building during the year ended December 31, 2007 (Note 2).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that Berkley will continue in operation for the foreseeable future in regards to its oil and gas operations and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Adverse conditions and events cast substantial doubt upon the validity of this assumption. The Company has incurred significant operating losses over the past several fiscal years and as at March 31, 2008, the Company does not have sufficient financial resources to meet its flow through expenditure requirements in 2008. As at March 31, 2008, the Company had a working capital deficit of $567,649 (December 31, 2007 – $683,930).

The Company’s ability to continue as a going concern is dependent upon its ability to raise additional capital through the issuance of treasury shares or debt and achieve profitable operations in the future. The Management of the Company has developed a strategy to address this uncertainty, including additional equity and/or debt financing; however, there are no assurances that any such financing can be obtained on favourable terms, if at all.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, reported revenues and expenses, and the balance sheet classifications used.

NOTE 2 – DISCONTINUED OPERATIONS

During March 2007, the Company entered into an agreement to sell its real estate assets in Vancouver, British Columbia. Therefore the operations segment is disclosed as discontinued operations on the Statement of Operations and Comprehensive Loss. Rental property asset and liability amounts are now $nil and as such are no longer disclosed as *Assets of discontinued operations* and *Bank loans and liabilities of discontinued operations* respectively on the Balance Sheet.

Summarized financial information relating to the discontinued operations is as follows:

Operating results:

	Three Months Ended March 31, 2008	2007
Rental Revenue	$ -	$ 62,346
Rental operations expenses		
Operating costs	-	46,117
Interest on bank loan	-	42,959
	-	89,076
Net Rental Loss	$ -	$ (26,730)

Cash flows:

	Three Months Ended March 31, 2008	2007
Operating activities		
Loss for the period	$ -	$ (26,730)
Financing activities		
Deposit held on sale of building	-	500,822
Bank and other loans repaid	-	(14,181)
	-	486,641
Net cash increase from discontinued operations	$ -	$ 459,911

NOTE 3 – BASIS OF PRESENTATION

These unaudited financial statements have been prepared in accordance with the instructions for the preparation of such financial statements contained in the CICA Handbook Section 1751. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such instructions. These unaudited financial statements should be read in conjunction with the Audited Financial Statements and Notes thereto for the fiscal year ended December 31, 2007. These Financial Statements, and accompanying Notes, have not been reviewed by an auditor.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the three month period ended March 31, 2008 are not necessarily indicative of the results that can be expected for the year ended December 31, 2008.

NOTE 4 – ACCOUNTING CHANGES

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These accounting policy changes were adopted on a retrospective basis with no restatement of prior period financial statements:

i) CICA Section 1400 *General Standards of Financial Statement Presentation* provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern.

ii) CICA Section 1535 *Capital Disclosures* establishes standards for the disclosure of the Company's objectives, policies and processes for managing capital, capital management strategies, as well as quantitative information about capital.

iii) CICA Section 3031 *Inventories* contains expanded guidance related to cost measurement and disclosure requirements. The Company expects no significant impact on the Company's interim and annual financial statements for fiscal 2008 as a result of this standard.

iv) CICA Section 3064 *Goodwill and Intangible Assets* replaces Section 3062 *Goodwill and Intangible Assets*, and Section 3450 *Research and Development Costs,* which also resulted in amendments to related guidance contained in AcG-11 *Enterprises in the Development Stage* and Section 1000 *Financial Statement Concepts.* These pronouncements and amendments affect the recognition and measurement of intangible assets that include deferred costs related to mineral property exploration. On January 1, 2009 the Company will adopt this standard, and management is currently assessing its impact on the Company's interim and annual financial statements for fiscal 2009.

v) CICA Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial Instruments - Presentation* replaces Section 3861 *Financial Instruments - Disclosure and Presentation*. These new sections revise and enhance current disclosure requirements for financial instruments, and place an increased emphasis on disclosure of risk exposure and risk assessments.

vi) In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Management is currently assessing the impact of adopting IFRS and it has not yet determined its affect on the Company's financial statements.

NOTE 5 – OIL AND GAS PROPERTIES AND EQUIPMENT

	March 31, 2008	December 31, 2007
Oil and gas properties and equipment, cost	$ 18,343,545	$ 18,417,734
Less: Accumulated amortization and depletion	(13,074,727)	(8,878,727)
Write-down of oil and gas properties	-	(4,083,000)
	$ 5,268,818	$ 5,456,007

Oil and gas properties and equipment includes the cost of unproven properties of approximately $1,077,705 at March 31, 2008 (December 31, 2007 - $1,108,931), which are currently not subject to depletion.

NOTE 6 – OTHER PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008			December 31, 2007
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 28,760	$ (27,805)	$ 955	$ 1,356
Furniture and fixtures	8,521	(6,915)	1,606	1,691
Truck	39,040	(39,039)	1	1
	$ 76,321	$ (73,759)	$ 2,562	$ 3,048

NOTE 7 – SHARE CAPITAL

(a) Authorized

Unlimited common shares, without par value

	March 31, 2008			December 31, 2007		
Issued and fully paid:	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	21,451,608	$	11,577,934	18,857,608	$	11,577,934
Issued in the year for cash:						
Pursuant to private placements:						
- flow-through for cash	-		-	2,154,000		1,400,100
- non-flow-through for cash	-		-	440,000		264,000
Share issuance costs	-		-	-		(27,010)
Fair value of private placement Warrants	-		-	-		(4,400)
Future income taxes on renouncement of resource property expenditures	-		-	-		(870,259)
Future income taxes on share issue costs	-		-	-		7,228
Balance, end of period	21,451,608	$	12,347,593	21,451,608	$	12,347,593

(b) Stock options

	March 31, 2008		December 31, 2007	
	Number of shares subject to option	Weighted average exercise price per share	Number of shares subject to option	Weighted average exercise price per share
Balance outstanding, beginning of period	2,550,500	$0.66	2,214,000	$0.68
Activity in the period:				
Granted	-	-	350,000	0.55
Cancelled	-	-	(13,500)	0.70
Balance outstanding, end of period	2,550,500	$0.66	2,550,500	$0.66

NOTE 7 – SHARE CAPITAL (continued)

(b) Stock options (continued)

A summary of stock options outstanding is as follows:

		Number of Shares Remaining Subject to Options at End of Period	
Exercise Price Per Share	**Expiry date**	**March 31, 2008**	**December 31, 2007**
$0.52	September 19, 2008	580,500	580,500
$0.57	September 19, 2008	150,000	150,000
$0.81	October 19, 2009	200,000	200,000
$0.77	October 29, 2009	37,500	37,500
$0.90	December 23, 2010	637,500	637,500
$0.56	September 21, 2011	595,000	595,000
$0.55	July 4, 2012	350,000	350,000
		2,550,500	2,550,500

The Company has adopted a 2007 Stock Option Plan (the "Plan") which provides for the granting of options to acquire up to 2,837,000 shares. The Plan provides for the granting of options to employees and service providers, with no single optionee to be granted options in excess of 5% of the number of issued shares of the Company. All options are to be granted at fair value, and the term of the options granted is not to exceed five years. Options to acquire a total of 2,548,000 shares have been granted and are outstanding at March 31, 2008 under the Plan.

Effective January 1, 2004, the Company adopted the provisions of *CICA Handbook Section 3870 "Stock Based Compensation and Other Stock Based Payments"* with respect to the fair market value accounting for stock options granted to employees. In prior years, the Company recorded the fair market value of the stock options granted to non-employees only as compensation expense.

During the three month period ended March 31, 2008, there were no stock options granted, exercised, cancelled or expired.

During the year ended December 31, 2007 the Company granted stock options for the purchase of up to 350,000 shares at a price of $0.55 per share exercisable on or before July 4, 2012 to directors, officers, employees and consultants of the Company. The fair value of the options charged to operations over the eighteen month vesting period was $69,583 to stock-based compensation and $11,597 to consulting expense. The fair value of the options granted was estimated at the date of granting using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 4.5%, dividend yield of 0%, volatility factor of 57%, and an average life of 3 years.

The Black-Scholes valuation model was developed for use in estimating the fair value of traded options which are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including estimated stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

NOTE 7 – SHARE CAPITAL (continued)

(d) Warrants

During the three month period ended March 31, 2008 there were nil warrants issued, exercised or expired. The total amount of share purchase warrants outstanding as of March 31, 2008 is 220,000.

A summary of share purchase warrants outstanding is as follows:

		Number of Warrants	
Exercise Price Per Share	Expiry date	September 30, 2007	December 31, 2007
$1.00	January 12, 2009	220,000	220,000

NOTE 8 – RELATED PARTY TRANSACTIONS

Due to related parties consists of $47,925 (December 31, 2007 - $7,000) due to Directors of the Company for Directors fees, management fees and expense reimbursements and $12,618 (December 31, 2007 - $7,261) to Oniva International Services Corp. (“Oniva”), a private company owned by public companies having common Directors that provides administrative services, office supplies and accounting services.

For the three month period ended March 31, 2008 the following amounts were paid to related parties:

Management fees totaling $45,500 (2007 - $58,177) were paid to Directors and their private companies in the period.

Consulting fees totaling $nil (2007 - $16,000) were paid to a former Director and his spouse in the period. The commitment towards these fees was fulfilled in fiscal 2007.

Directors fees totaling $3,500 (2007 - $4,000) were paid to the Directors of the company.

Administrative services, office supplies and accounting charges totaling $20,819 (2007 - $26,624) were paid to Oniva. The Company takes part in a cost sharing arrangement to reimburse Oniva for a variable percentage of its overhead expenses, to reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses. The agreement may be terminated with one-month notice by either party.

The transactions were in the normal course of operations and agreed to by the related party and the Company and have had been measured at the exchange amount.

NOTE 9 – COMMITMENT

As at March 31, 2008, $1,400,100 of eligible Canadian exploration expenditures had not yet been expended by the Company. The Company is expected to spend this amount on qualifying expenditures by December 31, 2008.

NOTE 10 – CONTINGENCY

During the three month period ended March 31, 2008, the Company received a default notice concerning amounts owing to its joint venture partner with respect to the Senex area operations. There are several items in this account that are in dispute and each party is bringing forth its position to the courts. The outcome of this dispute is undeterminable at this time.