

SPIRIT EXPLORATION, INC.

(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature.

Operating results for the nine month period ended September 30, 2007 is not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

Contents

Financial Statements:

Consolidated Balance Sheets as of September 30, 2007 (unaudited) and December 31, 2006 (unaudited)	F-1
Consolidated Statements of Operations for the nine months ended September 30, 2007 and fiscal year ended December 31, 2006 (unaudited)	F-2
Consolidated Statements of Changes in Stockholders' Equity for the nine months ended September 30, 2007 (unaudited).....	F-3
Consolidated Statements of Cash Flows for the nine months ended September 30, 2007 and fiscal year ended December 31, 2006 (unaudited).....	F-4
Notes to Financial Statements	F-5 to F-14

SPIRIT EXPLORATION, INC.
(AN EXPLORATION STAGE COMPANY)

Consolidated Balance Sheets
(United States Dollars)

	<u>September 30, 2007</u> (unaudited)	<u>December 31, 2006</u> (unaudited)
Assets		
Current assets:		
Cash	\$ 70,495	\$ -
Note receivable	<u>385,057</u>	<u>-</u>
Total current assets	455,552	-
 Equipment	 <u>74,549</u>	 <u>-</u>
 Total Assets	 <u>\$ 530,101</u>	 <u>\$ -</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accruals	\$ 713,672	\$ 3,778
Convertible Note payable	0	84,375
Loans payable	988,059	0
Accrued Derivative Liability	<u>137,259</u>	<u>0</u>
Total current liabilities	<u>1,838,990</u>	<u>88,153</u>
 Stockholders' Equity (deficit):		
Common stock; \$.001 par value; 300,000,000 shares authorized and 47,940,800 and 153,800 issued and outstanding as of September 30, 2007 and December 31, 2006, respectively	47,940	154
Additional paid-in capital	44,924,664	-
Deficit Accumulated During Exploration Stage	<u>(46,281,493)</u>	<u>(88,307)</u>
Total stockholders' equity (deficit)	<u>(1,308,889)</u>	<u>(88,153)</u>
Total liabilities and stockholders' deficit	<u>\$ 530,101</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

SPIRIT EXPLORATION, INC.

(AN EXPLORATION STAGE COMPANY)

Consolidated Statements of Operations

(United States Dollars)

	<u>Nine Months Ended</u> <u>September 30, 2007</u> (unaudited)	<u>January 1, 2006</u> <u>Through</u> <u>December 31, 2006</u> (unaudited)
Sales	\$ 0	\$ 0
Cost of goods sold	<u>0</u>	<u>0</u>
Gross profit	0	0
Operating expenses:		
Accrued Management fees	120,000	0
Personnel and wages	223,413	0
Selling, general and administrative	<u>418,897</u>	<u>0</u>
	<u>762,310</u>	<u>3,778</u>
Loss from operations	(762,310)	(3,778)
Other (expense) income:		
Impairment on Mineral Rights	45,430,876	0
Loss of Derivative Liability	137,259	0
Interest (expense) income	<u>0</u>	<u>0</u>
	45,440,876	0
Net loss before taxes	(46,193,186)	0
Income tax expense	<u>0</u>	<u>0</u>
Net Loss	<u>\$ (46,193,186)</u>	<u>\$ (3,778)</u>
Loss per share, basic and diluted	<u>\$ (.97)</u>	<u>\$ (.02)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>47,603,800</u>	<u>153,800</u>

The accompanying notes are an integral part of the financial statements.

Spirit Exploration, Inc.
(An Exploration Stage Company)
Consolidated Statements of Changes in Stockholders' Deficit
For the period from January 1, 2006 through September 30, 2007 (unaudited)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Deficit Accumulated During Development Stage</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance, January 1, 2006	153,800	\$ 154	\$ -	\$ (88,307)	\$ (88,153)
Balance, January 1, 2007	153,800	\$ 154	\$ -	\$ (88,307)	\$ (88,153)
Issuance of common stock for cash	24,000,000	24,000	76,000		100,000
Issuance of common stock for Legal services	750,000	750	-	-	750
Issuance of common stock on Conversion of note	3,450,000	3,450	-	-	3,450
Issuance of common stock for cash	336,000	336	167,664	-	168,000
Issuance of common stock on Conversion of note and cash	4,000,000	4,000	1,196,000	-	1,200,000
Issuance of common stock for Mineral properties	15,000,000	15,000	43,485,000	-	43,500,000
Issuance of common stock for Consulting services	250,000	250	-	-	250
Net loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,193,186)</u>	<u>(46,193,186)</u>
Balance, September 30, 2007	<u>47,939,800</u>	<u>\$ 47,940</u>	<u>\$ 44,924,664</u>	<u>\$ (46,281,493)</u>	<u>\$ (1,308,889)</u>

The accompanying notes are an integral part of the financial statements.

Spirit Exploration, Inc.
(an exploration stage company)

Consolidated Statements of Cash Flows
(United States Dollars)

	<u>September 30,</u> <u>2007</u> (unaudited)	<u>December 31,</u> <u>2006</u> (unaudited)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the period	(46,193,186)	(3,778)
Common stock issued for acquisition	43,500,000	-
Common stock issued for services and debt	4,450	-
Non-cash item:		
Loss on derivative liability	137,259	-
Changes in non-cash working capital		
Note receivable	(385,057)	-
Accounts payable and accrued liabilities	<u>709,894</u>	<u>3,778</u>
Cash flows from operating activities	<u>(2,226,640)</u>	<u>-</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	<u>(74,549)</u>	<u>-</u>
	<u>(74,549)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Common Stock	1,468,000	-
Increase in Loans Payable	988,059	-
Reduction of Debt	<u>(84,375)</u>	<u>-</u>
	<u>2,371,684</u>	<u>-</u>
NET INCREASE IN CASH	70,495	-
CASH – beginning of the period	<u>-</u>	<u>-</u>
CASH – end of the period	<u><u>70,495</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.