

Consolidated Financial Statements of

BENCHMARK ENERGY CORP.

Nine months ended March 31, 2008 and 2007

The accompanying unaudited financial statements of Benchmark Energy Corp. for the nine months ended March 31, 2008 have been prepared by management and approved by the Board of Directors of the Company. The Company's external auditors have not reviewed these statements.

BENCHMARK ENERGY CORP.

Consolidated Balance Sheets

	March 31, 2008	June 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 137,605	\$ 441,844
Cash held in escrow (note 3)	–	10,729,108
Accounts receivable	82,048	51,651
Deposits and prepaid expenses (note 4)	40,863	10,585
	<u>260,516</u>	<u>11,233,188</u>
Loan receivable (note 5)	128,396	659,456
Property and equipment (note 6)	1,842,306	471,885
	<u>\$ 2,231,218</u>	<u>\$12,364,529</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 501,203	\$ 473,152
Loan payable	–	9,655,208
	<u>501,203</u>	<u>10,138,360</u>
Shareholders' equity:		
Common shares and warrants (note 7)	7,534,279	6,461,025
Contributed surplus (note 8(c))	952,355	955,235
Deficit	(6,756,618)	(5,190,091)
	<u>1,730,015</u>	<u>2,226,169</u>
Going concern (note 2)		
Commitments (note 10)		
	<u>\$ 2,231,218</u>	<u>\$12,364,529</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Larry Youell"

Larry Youell

Director

"Chris Cooper"

Chris Cooper

Director

BENCHMARK ENERGY CORP.

Consolidated Statements of Operations and Deficit

	Three Months ended March 31, 2008	Three Months ended March 31, 2007	Nine months ended March 31, 2008	Nine months ended March 31, 2007
Expenses (income)				
General and administrative (note 8(b))	\$ 448,689	\$ 891,351	\$ 1,658,854	\$ 1,426,462
Interest and bank charges	1,405	337	3,812	337
Depreciation	1,456	3,015	4,128	4,667
Interest income	(5,980)	(11,893)	(100,266)	(26,893)
Net loss for the period	(445,570)	(882,810)	(1,566,527)	(1,404,573)
Deficit, beginning of period	(6,311,048)	(2,152,714)	(5,190,091)	(1,630,951)
Deficit, end of period	\$ (6,756,618)	\$ (3,035,524)	\$ (6,756,618)	\$ (3,035,524)
Loss per share – basic and diluted	\$ (0.02)	\$ (0.05)	\$ (0.07)	\$ (0.08)
Weighted average number of Shares outstanding – basic and diluted	23,053,061	17,511,020	23,574,646	18,589,855

See accompanying notes to consolidated financial statements.

BENCHMARK ENERGY CORP.

Consolidated Statements of Cash Flows

	Three months ended March 31, 2008	Three months ended March 31, 2007	Nine months ended March 31, 2008	Nine months ended March 31, 2007
Cash provided by (used in):				
Operating activities:				
Net loss	\$ (445,570)	\$ (882,810)	\$ (1,566,527)	\$ (1,404,573)
Items not involving cash:				
Stock based	117,732	–	351,125	25,647
Depreciation	1,456	3,015	4,127	4,667
Foreign exchange gain	–	–	–	–
Changes in non-cash working capital (note 11)	114,781	(158,399)	(32,625)	(230,328)
	(211,601)	(1,038,195)	(1,243,900)	(1,604,588)
Investing activities:				
Additions to property and equipment	(822,377)	(18,032)	(1,368,291)	(23,200)
Return of cash held in escrow	–	–	10,729,108	–
Loan advanced	326,066	–	531,060	–
Changes in non-cash working capital	–	–	(6,256)	–
	(496,311)	(18,032)	9,885,621	(23,200)
Financing activities:				
Repayment of loan	–	–	(9,665,208)	–
Exercise of stock options	–	–	(354,005)	–
Issuance of shares	477,034	1,845,611	1,073,254	1,845,611
	477,034	1,845,611	(8,945,959)	1,845,611
Decrease in cash and cash equivalents	(230,878)	789,384	(304,239)	217,823
Cash and cash equivalents, beginning of period	368,483	1,081,060	441,844	1,652,621
Cash and cash equivalents, end of period	\$ 137,605	\$ 1,870,444	\$ 137,605	\$ 1,870,444

See accompanying notes to consolidated financial statements.

BENCHMARK ENERGY CORP.

Notes to Consolidated Financial Statements

Nine months ended March 31, 2008 and 2007

1. Nature of operations and basis of presentation:

Benchmark Energy Corp. (the "Company") is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange Inc. The Company has three wholly owned subsidiaries, Benchmark Energy (Colombia) Inc., Benchmark Holdings (BVI) Limited and Benchmark Energy (BVI) Corp. Currently, only the parent company is in operation while the three subsidiaries are dormant. The Company is engaged in the acquisition, exploration, development and production of petroleum and natural gas interests.

2. Going concern:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable for a going concern, which presumes that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. During the nine months ended March 31, 2008, the Company incurred a net loss of \$1,566,527 (2007 - \$1,404,573). At March 31, 2008, the Company had a deficit of \$6,756,618 (2007 - \$3,035,524) and a working capital deficiency of \$240,687 (2007 - \$2,130,957). The Company's ability to continue as a going concern is dependent on its ability to acquire, explore, develop and produce its existing and new petroleum and natural gas interests and raise sufficient funds to do so.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary in the carrying amounts of assets and liabilities, the reported revenue and expenses, and the balance sheet classifications used.

3. Write-off of terminated transaction:

During the prior fiscal year, Benchmark Holdings (BVI) Limited, a subsidiary of the Company, entered into a definitive share purchase agreement to acquire 100% of the shares of an oil and gas exploration and production company incorporated in Colombia for cash consideration of US \$29,000,000. As at June 30, 2007, the Company had deposited cash of US \$10,000,000 (\$10,729,108) into an escrow account subject to the terms of an escrow agreement. The funds deposited into escrow were partially financed with a US \$9,000,000 bridge loan facility bearing interest at 12.68% per annum, due August 1, 2007 and secured by substantially all of the assets of the Company, including the escrow funds.

During the nine months ended March 31, 2008, the Company terminated the above noted acquisition. The escrow funds were released and the bridge loan facility was repaid. Out of the Company's US \$1 million cash investment, the Company received CAD \$754,657 including CAD \$59,707 in interest. The remaining portion of CAD \$309,243 was not returned pursuant to the escrow agreement and was written-off during the nine months ended March 31, 2008.

4. Prepaid expenses:

During the nine months ended March 31, 2008 some expenses were paid in advance that amounted to \$14,927. The Company has various insurance plans paid in advance in the amount of \$25,936. The insurance plans are subject to renewal in August 2008.

5. Loan receivable:

During the prior fiscal year, the Company entered into a co-operation agreement with privately held Dominion Oil USA Corp. (DOMOIL) of Spring, Texas. The Company initially advanced DOMOIL US \$585,000 (\$590,850) to fund the manufacture of their radial drilling service unit.

The Company will receive a preferential right to use the equipment and the advances, plus interest, will be repaid by way of credit on invoices rendered by DOMOIL. If the Company elects not to use the equipment, advances, plus interest, will be repaid over a two-year period. The advances bear interest at the US bank prime rate plus one percent and are secured by the related equipment.

During the nine months ended March 31, 2008, the manufacture of the radial drilling unit was completed and the unit was shipped to Colombia for a pilot project. In conjunction with the pilot project and pursuant to the agreement with Domoil, the Company has received a credit on the advance in the amount of US \$457,875 (\$462,454) reducing the current amount advanced to US \$127,125 (\$128,396).

6. Property and equipment:

	March 31, 2008	June 30, 2007
Petroleum and natural gas interests:		
Tunisia	\$ 458,926	\$ 458,926
Colombia	721,647	—
Argentina	646,645	—
Office furniture and equipment	25,038	18,782
	1,852,256	477,708
Accumulated depreciation	(9,950)	(5,823)
	\$ 1,842,306	\$ 471,885

At March 31, 2008 the Company had a single petroleum and natural gas interest in the Cosmos Concession located in Tunisia, which was considered to be in the preproduction stage and the cumulative costs, net of revenue, of \$458,926 (2007 - \$441,795) were capitalized in property and equipment and excluded from costs subject to depletion and depreciation. Major uncertainties affecting the recoverability of these costs include the Company's ability to obtain financing and the ability to successfully develop and achieve commercial production from the concession.

6. Property and equipment (cont'd):

During the nine months ended March 31, 2008, the Company has incurred several expenses in relation to its radial drilling pilot project in Colombia and the evaluation of an oil and gas field in Argentina. Benchmark has capitalized these expenses with the intention of expensing the necessary items, as the pilot project and acquisition are completed. The amounts capitalized for Colombia are: \$721,647 and for Argentina, \$646,645. The capitalized amounts include audit and resource evaluations fees for the field in Argentina and the costs associated with shipping and mobilizing the radial drilling unit in Colombia.

7. Share capital and warrants:

(a) Authorized:

Unlimited number of common shares without par value

Unlimited number of 10% cumulative redeemable convertible non-voting Class A preferred shares without par value

Unlimited number of non-voting Class B preferred shares without par value

(b) Issued and outstanding:

	March 31, 2008		June 30, 2007	
	Units	Amounts	Units	Amount
Common shares:				
Balance, beginning of period	22,630,122	\$ 6,461,025	17,201,431	\$ 3,382,334
Private placement for cash, net of issue costs	—	—	2,856,000	811,859
Exercise of options	384,899	122,715	81,767	28,619
Transfer from contributed surplus	—	354,005	—	17,825
Exercise of warrants	1,491,335	596,534	2,090,199	1,737,133
Issued for lending fee	—	—	400,725	483,255
Cancelled shares	(2,778)	—	—	—
Balance, end of period	24,503,578	\$ 7,534,279	22,630,122	\$ 6,461,025
Warrants				
Balance, beginning of period	1,428,000	\$ —	2,136,000	\$ 183,982
Issued for cash	—	1,428,000	—	—
Exercised	(1,401,746)	—	(2,066,000)	(177,953)
Expired	(26,254)	—	(70,000)	(6,029)
Balance, end of period	—	\$ —	1,428,000	\$ —
TOTAL BALANCE, end of period		\$ 7,534,279		\$ 6,461,025

7. Share capital and warrants (cont'd):

Share capital transactions during the nine months ended March 31, 2008:

- (a) A total of 384,999 stock options were exercised for common shares: 225,000 stock options at a price of \$0.27 per common share; 75,000 stock options at a price of \$0.35 per common share and 84,899 stock options at a price of \$0.71 per common share, for total proceeds of \$122,715.
- (b) A total of 1,491,335 warrants were exercised at the price of \$0.40 per common share including 89,589 commission related warrants for total proceeds of \$596,534.

8. Stock option plan:

(a) Stock option plan:

In 2005, the Company implemented a stock option plan that enables the Company to grant options to acquire up to 10% of its outstanding common shares to its directors, officers and employees and other service providers. Options granted under the plan have a term of 5 years to expiry and vest equally over an eighteen-month period starting six months from the grant date. The exercise price of the options equals the market price of the Company's common shares on the grant date.

The following schedule details the stock option activity of the Company:

	Number of options	Weighted average exercise price
Balance, June 30, 2006	1,671,500	\$ 0.44
Granted	242,000	\$ 0.48
Granted	448,000	\$ 1.00
Exercised	(81,767)	\$ 0.35
Forfeited	(283,333)	\$ 0.71
Balance, June 30, 2007	1,996,400	\$ 0.55
Granted	447,500	\$ 0.53
Granted	275,000	\$ 0.55
Granted	42,000	\$ 0.69
Exercised	(225,000)	\$ 0.27
Exercised	(143,233)	\$ 0.35
Exercised	(16,666)	\$ 0.71
Forfeited	(41,667)	\$ 0.35
Forfeited	(33,334)	\$ 0.71
Forfeited	(10,000)	\$ 0.48
Balance, March 31, 2008	2,291,000	\$ 0.59

8. Stock option plan (cont'd):

(a) Stock option plan (cont'd):

At March 31, 2008, the following options were outstanding and exercisable:

Exercise	Number outstanding	Number exercisable	Weighted average remaining term (years)
\$0.27	242,500	467,500	2.90
\$0.35	375,000	373,267	3.55
\$0.50	29,000	19,333	3.55
\$0.71	200,000	166,667	3.90
\$0.48	232,000	154,667	3.86
\$1.00	448,000	298,667	3.96
\$0.53	447,500	149,167	4.48
\$0.55	275,000	91,667	4.49
\$0.69	42,000	–	4.55
Balance, March 31, 2008	2,291,000	1,540,668	

(b) Stock-based compensation costs:

For the nine months ended March 31, 2008, the Company recognized stock-based compensation costs of \$351,125 (2007 – \$25,647). The fair value of stock options granted during the year has been estimated using the Black-Scholes option-pricing model with the following weighted average assumptions and resulting fair value:

Nine months ended March 31,	2008	2007
Risk free interest rate (percent)	4.50	3.78
Expected life (years)	5	3.96
Expected volatility (percent)	73	88

(c) Contributed surplus:

	Amount
Balance, June 30, 2006	\$ 200,505
Stock-based compensation	766,526
Exercise of stock options	(17,825)
Warrants expired	6,029
Balance, June 30, 2007	\$ 955,235
Stock-based compensation	351,125
Exercise of stock options	(354,005)
Balance, March 31, 2008	\$ 952,355

9. Related party transactions:

For the nine months ended March 31, 2008, the Company incurred management service fees of \$212,641 (2007 - \$208,976) payable to directors, companies controlled by directors and former directors of the Company.

A director working in relation to prospects in Latin America provided the Company with management services. The director was paid fees of \$90,305 (2007 - \$nil) during the nine months ended March 31, 2008.

10. Commitments:

The Company is committed to annual office lease payments of \$40,666 plus GST until May 31, 2010.

11. Supplemental disclosure of cash flow information:

Changes in non-cash working capital:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Nine months ended March 31, 2008	Nine months ended March 31, 2007
Accounts receivable	(22,937)	(8,379)	(30,398)	(34,010)
Prepaid Expense	13,495		(30,278)	(585)
Accounts payable and accrued liabilities	124,223	(150,020)	28,051	(195,733)
	114,781	(158,399)	(32,625)	(230,328)
Relating to operating activities	114,781	(158,399)	(32,625)	(230,328)

For the nine months ended March 31, 2008 and 2007, the Company did not pay interest or income taxes.

12. Subsequent Events

In March 2008, the Company entered into an arms-length agreement with Central Argentina Corporation ("CAC"), which holds 100% of the producing Catriel Oeste concession in the Neuquen Basin of Argentina. As a result of this agreement, the TSX Venture Exchange halted trading on Benchmark Energy Corp. shares pending its review of the Agreement. This Agreement with CAC was terminated on April 23, 2008 due to the inability of the European Bank engaged to provide the bridge financing facility. The Company's shares resumed trading on April 25, 2008. Although the Company and CAC entered into a non-binding letter of intent, which was to serve as a basis for future negotiations of a definitive Agreement, that letter of intent was terminated on May 27, 2008.

In April 2008, the Company entered into a Sale and Purchase Agreement with Calgary-based Storm Ventures International Inc. ("SVI") to sell the Company's full 33.33% interest in the Cosmos

concession in Tunisia in exchange for gross proceeds of US \$6 million. SVI advanced the Company US \$500,000 (\$508,200) on April 25, 2008 for this sale. Out of the gross sale amount, a fee of US \$450,000 will be payable to a director and a company controlled by a director.