Financial Statements of

BENCHMARK ENERGY CORP.

Six months ended December 31, 2006 and 2005

The accompanying unaudited financial statements of Benchmark Energy Corp. for the six months ended December 31, 2006 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

BENCHMARK ENERGY CORP.
Balance Sheets
(Unaudited)

	December 31, 2006	June 30, 2006
Assets		
Current		
Cash and cash equivalents	$ 1,081,060	$ 1,652,621
Accounts receivables	44,025	18,395
Deposit (note 3)	223,060	222,475
	1,348,145	1,893,491
Property and equipment (note 4)	456,580	453,064
	$ 1,804,725	$ 2,346,555
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 164,971	$ 210,684
Shareholders' Equity		
Common shares and warrants (note 5(b))	3,566,316	3,566,316
Contributed surplus (note 6(c))	226,152	200,505
Deficit	(2,152,714)	(1,630,950)
	1,639,754	2,135,871
Going concern (note 2)		
	$ 1,804,725	$ 2,346,555

See accompanying notes to financial statements

Approved on behalf of the Board:

"Chris Cooper"
.... Director
Chris Cooper

"David Robinson"
.... Director
David Robinson

BENCHMARK ENERGY CORP.
Statements of Operations and Deficit
(Unaudited)

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Six months ended December 31, 2006	Six months ended December 31, 2005
Expenses (income)				
General and administrative (note 6(b))	240,963	127,880	$ 509,465	$ 228,795
Stock based compensation	-	28,239	25,647	63,697
Depreciation	826	-	1,652	-
Interest income	(7,500)	(1,376)	(15,000)	(2,544)
Net loss for the period	(234,289)	(154,743)	(521,764)	(289,948)
Deficit, beginning of period	(1,918,425)	(866,435)	(1,630,950)	(731,230)
Deficit, end of period	$ (2,152,714)	$ (1,021,178)	$ (2,152,714)	$ (1,021,178)
Loss per share – basic and diluted	$ (0.01)	$ (0.04)	$ (0.03)	$ (0.04)
Weighted average number of shares outstanding – basic and diluted	17,201,431	7,239,135	17,201,431	7,630,440

See accompanying notes to financial statements

BENCHMARK ENERGY CORP.
Statements of Cash Flows
(Unaudited)

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Six months ended December 31, 2006	Six months ended December 31, 2005
Cash provided by (used in):				
Operating activities:				
Net loss	$ (234,289)	$ (154,743)	$ (521,764)	$ (289,948)
Items not involving cash:				
Stock based compensation	-	28,239	25,647	63,697
Depreciation	826	-	1,652	–
Foreign exchange gain			(585)	
Changes in non-cash working capital (note 9)	(14,279)	(1,727)	(71,343)	(5,443)
	(247,742)	(128,231)	(566,393)	(231,694)
Financing activities:				
Due to related parties	-	900,000	-	900,000
Common share subscriptions	-	(746,813)	–	(716,825)
	-	153,187	–	183,175
Investing activities:				
Additions to property and equipment	-	(194,595)	(5,168)	(269,049)
	-	(194,595)	(5,168)	(269,049)
Decrease in cash and cash equivalents	(247,742)	(169,639)	(571,561)	(317,568)
Cash and cash equivalents, beginning of period	1,328,802	478,698	1,652,621	626,627
Cash and cash equivalents, end of period	$ 1,081,060	$ 309,059	$ 1,081,060	$ 309,059

See accompanying notes to financial statements

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. The Company is engaged in the acquisition, exploration, development and production of petroleum and natural gas interests.

The interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the year ended June 30, 2006. The interim financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's annual report for the year ended June 30, 2006. Certain prior period figures have been reclassified to conform to current periods' presentations.

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 six months ended December 31, 2006, the Company incurred a net loss of $544,263 (2005 - $289,948). At December 31, 2006, the Company had a deficit of $2,175,213 and working capital of $1,160,675. The Company's ability to continue as a going concern is dependant 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.

Accordingly, these financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was 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. DEPOSIT

Pursuant to a Memorandum Agreement dated April 28, 2006, the Company advanced $223,060 (US$200,000) (June 30, 2006 - $222,475) to a third party as an advance for due diligence services to identify petroleum and natural gas interests in Indonesia which the Company may acquire.

Upon the successful acquisition of a petroleum and natural gas interests identified by the third party, the Company will pay a success fee of up to US$300,000, of which the US$200,000 already advanced will be applied. The success fee will be US$100,000 per prospect and will be payable in two payments as follows; US$50,000 payable within 30 days of the execution of the first formal agreement for the acquisition of an identified prospect and US$50,000 upon the execution of the first binding agreement for the acquisition of an identified prospect. If after a period of 12 months from the date of the Memorandum Agreement no identified prospect have been acquired by the Company or if one or more identified prospects have been acquired, but the aggregate success fees payable in respect thereto are less than US$300,000, the third party will refund the US$200,000 advance or the unearned portion thereof, as the case may be, to the Company.

4. PROPERTY AND EQUIPMENT

	December 31, 2006	June 30, 2006
Petroleum and natural gas interests	441,795	441,795
Office furniture and equipment	17,882	12,713
	459,677	454,508
Accumulated depletion and depreciation	(3,097)	(1,444)
	456,580	453,064

At December 31, 2006, 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 $441,795 (2005 - $441,795) were capitalized in property and equipment and excluded from costs subject to depletion and depreciation. Major uncertainties affecting the recoverability include the Company's ability to obtain financing and the ability to successfully develop and achieve commercial production from the concession.

5. SHARE CAPITAL AND WARRANTS

(a) Authorized

(i) Unlimited number of common shares without par value
(ii) Unlimited number of 10% cumulative redeemable convertible non-voting Class A preferred shares without par value
(iii) Unlimited number of non-voting Class B preferred shares without par value

(b) Issued and outstanding

Share capital and warrants consists of:

	December 31, 2006		June 30, 2006	
	Units	Amount	Units	Amount
Common shares				
Balance, beginning of period	17,201,431	$3,382,334	6,847,831	$ 610,688
Issued for cash, net of issue costs	-	-	10,272,000	2,725,134
Exercise of options	-	-	81,600	46,512
Balance, end of period	17,201,431	$3,382,334	17,201,431	$3,382,334
Warrants				
Balance, beginning of period	2,136,000	$ 183,982	-	$ -
Issued for cash	-	-	2,136,000	183,982
Balance, end of period	2,136,000	$ 183,982	2,136,000	$ 183,982
TOTAL BALANCE, end of period		$3,566,316		$3,566,316

6. STOCK OPTION PLAN

(a) Stock option plan:

In 2005, the Company implemented a stock option plan that enables the Company to grant options 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 option	Weighted average exercise price
Balance, June 30, 2005	580,000	$0.27
Granted	1,204,000	$0.50
Exercised	(81,600)	$0.27
Forfeited	(30,900)	$0.27
Balance, June 30, 2006 and December 31, 2006	1,671,500	$0.44

At December 31, 2006, the following options were outstanding and exercisable:

Exercise Price	Number outstanding	Number exercisable	Weighted average remaining term (years)
$0.27	467,500	311,667	3.50
$0.35	675,000	224,775	4.08
$0.50	29,000	21,750	4.17
$0.71	500,000	-	4.59
Balance, December 31, 2006	1,671,500	558,192	

(b) Stock-based compensation costs:

For the six months ended December 31, 2006, the Company recognized stock-based compensation costs of $25,647 (2005 – $63,697). The fair value of stock options granted during the period has been estimated using the Black-Scholes option pricing model with the following weighted average assumptions and resulting fair value:

Six months ended December 31,	2006	2005
Risk free interest rate (percent)	3.78	3.34
Expected life (years)	3.96	5.00
Expected volatility (percent)	88	98
Fair value of stock options granted (dollars)	0.24	0.20

(c) Contributed surplus:

	Amount
Balance, June 30, 2005	$ 15,024
Stock based compensation	209,961
Exercise of stock options	(24,480)
Balance, June 30, 2006	$ 200,505
Stock based compensation	25,647
Balance, December 31, 2006	$ 226,152

7. RELATED PARTY TRANSACTIONS

For the six months ended December 31, 2006, the Company incurred management service fees and director fees of $189,105 (2005 - $48,139) to officers, directors, companies controlled by directors and former directors of the Company.

The Company paid a consultant that provides management services $17,111 (2005 - $12,428) during the six months ended December 31, 2006. The Company also paid the consultant a success fee of $194,595 (US$165,090) and a 5% carried interest to a consultant in connection with the Company's acquisition of its 33.33% interest in the Cosmos Concession located in Tunisia during the six months ended December 31, 2005.

At December 31, 2006 accounts payable and accrued liabilities included $1,3733.40.00 (June 30, 2006 - $18,467) of amounts due to related parties.

8. COMMITMENT

(a) The Company is committed to pay US$5,000 per month under a management services contract.

(b) During the quarter ended September 30, 2006, the Company signed an agreement with a third party to use proprietary radial drilling technology in Indonesia and Malaysia. Under the terms of the agreement, the Company will pre-pay services to be provided in a sufficient amount to fund the manufacturing and delivery of a radial drilling unit for priority use by the Company in Indonesia and Malaysia. 75% of the cost of the work on the wells will be credited towards the pre-payment and the remaining 25% will be paid out of production generated. The third party will hold a 12.5% back-in right, subject to giving notice within 60 days of commercial operations and paying a proportionate share of costs and expenses, on any projects in Indonesia and Malaysia the radial drilling technology is applied by the Company.

9. SUPPLEMENTAL DISCLSOURE OF CASH FLOW INFORMATION

Changes in non-cash working capital

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005	Six months ended December 31, 2006	Six months ended December 31, 2005
Accounts receivable	(17,289)	(4,239)	(25,631)	(8,215)
Accounts payable and accrued liabilities	3,010	2,512	(45,712)	2,772
	(14,279)	(1,727)	(71,343)	(5,443)
Relating to operating activities	(14,279)	(1,727)	(71,343)	(5,443)

For the **six months ended December 31, 2006 and 2005**, the Company did not pay interest or income taxes.