

SURGE RESOURCES INC.

INTERIM FINANCIAL STATEMENTS (Unaudited)

March 31, 2007

SURGE RESOURCES INC.

Notice to Reader

The accompanying unaudited interim consolidated financial statements of Surge Resources Inc. (the "Company" or the "Corporation") for the period ended March 31, 2007 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Corporation. These statements have not been reviewed by the Corporation's external auditors.

DATED the 23rd day of May, 2007

(signed) "*Ray Antony*"

Ray Antony,
Chairman and Chief Financial Officer

SURGE RESOURCES INC.

BALANCE SHEET

MARCH 31, 2007

(Unaudited)

ASSETS

	March 31 2007	June 30 2006
Current assets:		
Cash	\$ 704,193	\$ 938,073
Accounts receivable	8,485	2,141
	<u>712,678</u>	<u>940,214</u>
Deferred property costs	126,494	--
	<u>\$839,172</u>	<u>\$940,214</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued	\$ 27,017	\$ 22,438
Shareholders' equity:		
Capital Stock (Note 2)	5,807,409	5,807,409
Contributed surplus	294,667	294,667
Deficit	(5,289,921)	(5,184,300)
	<u>812,155</u>	<u>917,776</u>
	<u>\$ 839,172</u>	<u>\$ 940,214</u>

SURGE RESOURCES INC.
INTERIM STATEMENT OF INCOME AND DEFICIT
MARCH 31, 2007
(Unaudited)

	Three months ended March 31, 2007	Nine months ended March 31, 2007	Three months ended March 31, 2006	Nine months ended March 31, 2006
Revenue:				
Interest income	\$ 7,072	\$ 22,381	\$ 6,622	\$ 15,926
Sale of oil and gas property	--	--	--	12,500
	<u>7,072</u>	<u>22,381</u>	<u>6,622</u>	<u>28,426</u>
Expenses:				
Bank charges and interest	31	125	16	77
Consulting	--	32,753	1006	1006
Management fees	6,000	18,000	6,000	18,000
Office	4,954	22,732	5,228	14,686
Professional fees	23,970	41,393	3,186	17,985
Public company costs	4,073	11,007	5,011	9,944
Travel	--	1,992	--	--
	<u>39,028</u>	<u>128,002</u>	<u>20,447</u>	<u>61,698</u>
Net loss for the period	(31,956)	(105,621)	(13,825)	(33,272)
Deficit, beginning of period	<u>(5,257,965)</u>	<u>(5,184,300)</u>	<u>(5,129,704)</u>	<u>(5,110,257)</u>
Deficit, end of period	<u>\$ (5,289,921)</u>	<u>\$ (5,289,921)</u>	<u>\$ (5,143,529)</u>	<u>\$ (5,143,529)</u>

SURGE RESOURCES INC.
INTERIM STATEMENT OF CASH FLOWS
MARCH 31, 2007
(Unaudited)

	Three months ended March 31, 2007	Nine months ended March 31, 2007	Three months ended March 31, 2006	Nine months ended March 31, 2006
Operating activities:				
Income (loss)	\$ (31,956)	\$ (105,621)	\$ (13,825)	\$ (33,272)
Change in non-cash working capital related to operations	10,018	(1,765)	(8,972)	(26,351)
	<u>(21,938)</u>	<u>(107,386)</u>	<u>(22,797)</u>	<u>(59,623)</u>
Investing activities:				
Deferred property costs	<u>(126,494)</u>	<u>(126,494)</u>	<u>--</u>	<u>--</u>
Financing activities:				
Issuance of capital stock, net of costs	<u>--</u>	<u>--</u>	<u>44,000</u>	<u>335,675</u>
Increase (decrease) in cash	(148,432)	(233,880)	21,203	276,052
Cash, beginning of period	<u>852,625</u>	<u>938,073</u>	<u>939,522</u>	<u>684,673</u>
Cash, end of period	<u>\$ 704,193</u>	<u>\$ 704,193</u>	<u>\$ 960,725</u>	<u>\$ 960,725</u>

SURGE RESOURCES INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007
(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements:

- a) follow the same accounting policies and methods as the June 30, 2006 annual financial statements; and
- b) should be read in conjunction with the June 30, 2006 annual financial statements.

2. CAPITAL STOCK

- a) Authorized
 - Unlimited common shares
 - Unlimited preferred shares, issuable in series

Common shares have been issued as follows:

	<u>March 31,</u> <u>2007</u>		<u>June 30,</u> <u>2006</u>	
	<u>Number</u>	<u>Stated</u> <u>Value</u>	<u>Number</u>	<u>Stated</u> <u>Value</u>
Balance, beginning of year	15,744,942	\$ 5,807,409	15,141,442	\$ 5,471,734
Purchase warrants exercised (Note 2(b))	-	-	603,500	335,675
	<u>15,744,942</u>	<u>\$ 5,807,409</u>	<u>15,744,942</u>	<u>\$ 5,807,409</u>
Balance, end of period				

- b) On January 20, 2005, the Company issued, by way of private placement, 2,000,000 units at \$0.45 per unit. Each unit consisted of one common share and two one-half common share purchase warrants (each an "A Warrant" and a "B Warrant"). Each whole A Warrant entitled the holder thereof to purchase one common share at any time for a period of 6 months following the closing date at a price of \$0.55 per common share. Each whole B Warrant entitled the holder thereof to purchase one common share at any time for a period of 6 months following the closing date at a price of \$0.60 per common share.

3. STOCK OPTIONS

The Company has established a stock option plan under which options to purchase common shares may be granted to directors, employees, consultants and officers of the Company, up to 10% of the issued and outstanding common shares:

	<u>March 31,</u> <u>2007</u>	<u>Exercise</u> <u>Price</u>	<u>June 30,</u> <u>2006</u>
	<u>Number of Options</u>		<u>Number of Options</u>
Outstanding, beginning of year	600,000	\$0.45	600,000
Exercised	--	\$0.45	--
Cancelled	--	\$0.45	--
Granted	--	\$0.45	--
	<u>600,000</u>	<u>\$0.45</u>	<u>600,000</u>
Outstanding, end of period			