

SILVERSTONE RESOURCES CORP.

**INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)**

FEBRUARY 28, 2006

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended February 28, 2006.

SILVERSTONE RESOURCES CORP.
INTERIM BALANCE SHEETS
(Unaudited – prepared by management)

	February 28, 2006	August 31, 2005 (Audited)
ASSETS		
Current		
Due from related party (Note 4)	\$ 1	\$ 1
Receivable	<u>476</u>	<u>476</u>
	477	477
Mineral properties (Note 3)	<u>55,605</u>	<u>14,590</u>
	<u>\$ 56,082</u>	<u>\$ 15,067</u>

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Current		
Accounts payable and accrued liabilities	\$ 10,000	\$ 19,580
Due to related party (Note 4)	<u>161,404</u>	<u>31,100</u>
	<u>171,404</u>	<u>50,680</u>
Shareholder's deficiency		
Capital stock (Note 5)	1	1
Deficit	<u>(115,323)</u>	<u>(35,614)</u>
	<u>(115,322)</u>	<u>(35,613)</u>
	<u>\$ 56,082</u>	<u>\$ 15,067</u>

Nature of operations (Note 2)
Subsequent event (Note 7)

On behalf of the Board:

"Darren M. Pylot" Director _____ "Ken Thorsen" Director

The accompanying notes are an integral part of these interim financial statements.

SILVERSTONE RESOURCES CORP.
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – prepared by management)

	Six Months Ended February 28, 2006	From the date of incorporation, April 26, 2005, to August 31, 2005 (Audited)
GENERAL AND ADMINISTRATIVE EXPENSES		
Directors fees	\$ 1,500	\$ -
Investor relations	2,347	-
Professional fees	45,865	33,614
Transfer and regulatory fees	28,932	2,000
Travel	<u>1,065</u>	<u>-</u>
Loss for the period	(79,709)	(35,614)
Deficit, beginning of period	<u>(35,614)</u>	<u>-</u>
Deficit, end of period	\$ (115,323)	\$ (35,614)

The accompanying notes are an integral part of these interim financial statements.

SILVERSTONE RESOURCES CORP.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – prepared by management)

	Six Months Ended February 28, 2006	From the date of Incorporation, April 26, 2005, to August 31, 2005 (Audited)
OPERATING ACTIVITIES		
Loss for the period	\$ (79,709)	\$ (35,614)
Changes in non-cash working capital items:		
Increase in receivable	-	(476)
Increase (decrease) in accounts payable and accrued liabilities	(9,580)	19,580
Increase in due to related party	<u>130,304</u>	<u>16,510</u>
Cash flows provided by operating activities	<u>41,015</u>	<u>-</u>
INVESTING ACTIVITIES		
Mineral properties	<u>(41,015)</u>	<u>-</u>
Cash flows used in investing activities	<u>(41,015)</u>	<u>-</u>
Change in cash during period	-	-
Cash, beginning of period	<u>-</u>	<u>-</u>
Cash, end of period	\$ -	\$ -
Supplemental disclosure with respect to cash flows:		
Capital stock issued pursuant to amount due from related party	\$ 1	\$ 1
Mineral property costs included in due to related party	\$ 55,605	\$ 14,590
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	-	-

The accompanying notes are an integral part of these interim financial statements.

SILVERSTONE RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FEBRUARY 28, 2006
(Unaudited – prepared by management)

1. BASIS OF PRESENTATION

Silverstone Resources Corp. (the “Company”) was incorporated on April 26, 2005 under the laws of British Columbia.

These unaudited interim statements have been prepared in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These unaudited interim statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE OF OPERATIONS

The Company is in the business of exploring and developing mineral properties.

3. MINERAL PROPERTIES

February 28, 2006	Balance, Beginning of Period	Additions	Balance, End of Period
Basis Projects, Mexico			
Copala Project			
Administration	\$ 43	\$ -	\$ 43
Assay costs	-	38,915	38,915
Technical report	4,821	700	5,521
	<u>4,864</u>	<u>39,615</u>	<u>44,479</u>
Claudia Project			
Administration	42	-	42
Technical report	4,821	700	5,521
	<u>4,863</u>	<u>700</u>	<u>5,563</u>
Promontorio Project			
Administration	42	-	42
Technical report	4,821	700	5,521
	<u>4,863</u>	<u>700</u>	<u>5,563</u>
	<u>\$ 14,590</u>	<u>\$ 41,015</u>	<u>\$ 55,605</u>

SILVERSTONE RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FEBRUARY 28, 2006
(Unaudited – prepared by management)

3. MINERAL PROPERTIES

August 31, 2005 (Audited)	Balance, Beginning of Period	Additions	Balance, End of Period
Basis Projects, Mexico			
Copala Project			
Administration	\$ -	\$ 43	\$ 43
Technical report	-	4,821	4,821
	-	4,864	4,864
Claudia Project			
Administration	-	42	42
Technical report	-	4,821	4,821
	-	4,863	4,863
Promontorio Project			
Administration	-	42	42
Technical report	-	4,821	4,821
	-	4,863	4,863
	\$ -	\$ 14,590	\$ 14,590

4. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with Capstone Canada:

- a) Accrued \$1 (Aug. 31, 2005 - \$1) receivable from Capstone Canada.
- b) Accrued mineral property costs and operating expenses of \$161,404 (Aug. 31, 2005 – \$31,100) payable to Capstone Canada.

The transactions with Capstone Canada were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties. The amounts due to Capstone Canada are non-interest bearing, with no fixed terms of repayment. The fair value of the amounts due to Capstone Canada cannot be determined as there are no specific terms of repayment.

SILVERSTONE RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FEBRUARY 28, 2006
(Unaudited – prepared by management)

5. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
Unlimited common shares, without par value		
Unlimited preferred shares, with a par value of \$1		
Issued		
Common shares	<u>100</u>	\$ <u>1</u>
Balance, August 31, 2005, February 28, 2006 (unaudited)	100	\$ 1

6. SEGMENTED INFORMATION

All of the Company's operations are within the mining sector. The Company's mineral properties are all located in Mexico.

7. SUBSEQUENT EVENTS

On April 21, 2006 the Company received final receipt for an initial public offering ("Prospectus") by way of distribution by Capstone Canada as a dividend-in-kind of units of the Company.

Capstone Canada is distributing to holders of its common shares, as a dividend-in-kind, units of the Company. The dividend will be paid on the basis of one unit for every three common shares of Capstone Canada which are outstanding on the record date to be fixed by the board of directors of Capstone Canada. Each unit will be comprised of one common share and one half of one transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at an exercise price set at a 50% premium to the volume weighted average of the closing prices of the Company's shares on the first five days of trading, for an exercise term of one year from the date the Company's shares commence trading on the TSX Venture Exchange ("TSX-V"). In connection with the dividend-in-kind transaction, Silverstone Resources, S.A. de C.V. ("Silverstone Mexico"), a subsidiary of Capstone Canada will be assigned the rights to earn an interest in the Copala, Claudia, Promontorio, Montoros and Martha properties ("Mexican properties"). Capstone Canada is then assigning the shares in Silverstone Mexico and its obligations with respect to the Mexican properties to the Company.

SILVERSTONE RESOURCES CORP.
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FEBRUARY 28, 2006
(Unaudited – prepared by management)

7. SUBSEQUENT EVENTS (cont'd...)

The Company and Silverstone Mexico have agreed to carry out the original terms of the January 21, 2004 option agreement whereby Capstone Mexico agreed to acquire a 90% interest in each of the properties from Compania Minera Basis, S.A. de C.V. and Cozamin S.A. de C.V., both predecessor companies to Grupo Minero Bacis, S.A. de C.V. (“Bacis”), and to reimburse all costs incurred to date by Capstone Canada and Capstone Mexico as it relates to the mineral properties referred to above. To acquire an interest in *all* of the Mexican properties under the amended and restated November 30, 2005 option agreement, Silverstone Mexico must, after having made the US\$250,000 payment (paid by Capstone Canada), the 1,000,000 share issuance to Bacis upon January 23, 2004, the date of acceptance of the January 21, 2004 option agreement by the TSX-V (the “Acceptance Date”) and the 1,000,000 share issuance on each of the first and second anniversaries of the Acceptance Date (all issued by Capstone Canada), incur US\$5,000,000 in expenditures on the Mexican properties by January 23, 2009 inclusive of expenditures made by Capstone Canada. In addition to being able to acquire a 90% interest in all of the foregoing projects, Silverstone Mexico has the option to acquire an interest in any one of the Mexican properties individually. In order to exercise the option with respect to any one of the Mexican properties, Silverstone Mexico must have incurred minimum exploration and development expenditures of US\$1,000,000 in respect of the particular project.

Three promissory notes will be issued by the Company to Capstone Canada in connection with the dividend-in-kind transaction. The shares of Silverstone Mexico will be transferred to the Company in exchange for a convertible demand promissory note. This promissory note will be in regard of expenditures incurred by and option payments made by Capstone Canada to the date of closing in respect of the Mexican properties. The second promissory note will be issued in regard of working capital to be used by the Company to complete a work program on the Copala Project and to satisfy the minimum listing requirements of the TSX-V. The third promissory note will be issued in regard of certain transaction expenses incurred by the Company pursuant to the dividend-in-kind transaction. The interest on these promissory notes will be calculated at a rate of 6.25% per annum not in advance and not compounded. The indebtedness of these promissory notes is due and payable on written demand by Capstone Canada at any time on or after the date which is 390 days from the date that the common shares of the Company are listed and called for trading on the TSX-V (the “Demand Date”). On or before the Demand Date, Capstone Canada shall have the option to require the Company to satisfy some or all of the indebtedness by issuing common shares of the Company to Capstone Canada. Such common shares shall be issued at the rate of one common share for an amount of indebtedness equal to the volume weighted average trading price of such common shares on the first 5 days that the common shares trade on the TSX-V. The promissory notes may be prepaid by the Company at any time without penalty and the promissory notes shall then be surrendered to the Issuer for cancellation.

The Company will be leasing office space and contracting for certain administrative services, expenses and accounting services from Capstone Canada. The Company is also retaining the services of the employees of Capstone Canada to manage and administer the Company’s administrative affairs. In performing these services, the employees of Capstone Canada shall be independent contractors and not employees of the Company. This is all being done pursuant to a management agreement between the Company and Capstone Canada. The Company’s obligations under this Management Agreement are to pay rent to Capstone Canada in the amount of \$1,250 per month and to pay \$875 per month to Capstone Canada for bookkeeping and administrative services. Furthermore, all long distance telephone and facsimile charges, photocopying expenses, the printing of maps and other company disclosure are billed separately. Any work related to the preparation of quarterly financial statements and management and discussion statements is billed separately at a pre-approved rate.