



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2006

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

| | November 30, 2006 | August 31, 2006 |
|--|----------------------|--------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 297,052 | \$ 582,242 |
| Due from related party (Note 4) | - | 11,917 |
| Receivables | 10,567 | 8,563 |
| Taxes receivable | 303,228 | 306,802 |
| Prepaid expenses | 14,736 | 14,736 |
| | 625,583 | 924,260 |
| Property and equipment (Note 2) | 143,678 | 128,775 |
| Mineral properties (Note 3) | 3,594,414 | 3,370,651 |
| | \$ 4,363,675 | \$ 4,423,686 |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 312,064 | \$ 226,508 |
| Due to Capstone Gold, S.A. de C.V. (Note 4) | 208,338 | 187,697 |
| Convertible debentures (Note 5) | 4,344,832 | 4,298,042 |
| | 4,865,234 | 4,712,247 |
| Shareholders' deficiency | | |
| Capital stock (Note 6) | 900 | 900 |
| Contributed surplus (Note 6) | 454,817 | 454,817 |
| Equity portion of convertible debenture (Note 5) | 495,423 | 495,423 |
| Deficit | (1,452,699) | (1,239,701) |
| | (501,559) | (288,561) |
| | \$ 4,363,675 | \$ 4,423,686 |

Nature and continuance of operations (Note 1)

On behalf of the Board:

“Darren M. Pylot”

Director

“Ken Thorsen”

Director

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

SILVERSTONE RESOURCES CORP.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited – prepared by management)

| | Three Months Ended November 30, 2006 | Three Months Ended November 30, 2005 |
|---|---|---|
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Amortization | \$ 13,109 | \$ - |
| Conferences | 6,521 | - |
| Directors fees | - | 1,500 |
| Interest | 118,636 | - |
| Investor relations | 6,534 | - |
| Foreign exchange loss | 6,074 | - |
| Office | 7,996 | - |
| Professional fees | 9,227 | 22,345 |
| Transfer and regulatory fees | 6,927 | - |
| Wages | 40,762 | - |
| | (215,786) | (23,845) |
| OTHER ITEMS | | |
| Interest income | 2,788 | - |
| Loss for the period | (212,998) | (22,845) |
| Deficit, beginning of period | (1,239,701) | (35,614) |
| Deficit, end of period | \$ (1,452,699) | \$ (59,459) |
| Basic and diluted loss per common share | \$ (0.01) | \$ - |
| Weighted average number of common shares outstanding | 26,762,288 | 100 |

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

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

| | Three Months Ended November 30, 2006 | Three Months Ended November 30, 2005 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (212,998) | \$ (23,845) |
| Items not affecting cash: | | |
| Amortization | 13,109 | - |
| Interest | 46,790 | - |
| Changes in non-cash working capital items: | | |
| Increase in receivables | (2,004) | - |
| Decrease in taxes receivable | 24,215 | - |
| Increase in accounts payable and accrued liabilities | 85,556 | 14,516 |
| Decrease in due from related party | 11,917 | - |
| Decrease in due to related party | - | 9,329 |
| Cash flows used in operating activities | (33,415) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Property and equipment | (28,012) | - |
| Mineral properties | (223,763) | - |
| Cash flows used in investing activities | (251,775) | - |
| Change in cash during the period | (285,190) | - |
| Cash, beginning of period | 582,242 | - |
| Cash, end of period | \$ 297,052 | \$ - |

Supplemental disclosure with respect to cash flows (Note 9)

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

SILVERSTONE RESOURCES CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2006

(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Silverstone Resources Corp. (the “Company”) was incorporated under the laws of British Columbia and is in the process of exploring its mineral properties in Mexico.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these consolidated financial statements. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. PROPERTY AND EQUIPMENT

| | November 30, 2006 | | | August 31, 2006 | | |
|----------------------|----------------------|-----------------------------|-------------------|--------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Office and equipment | \$ 39,093 | \$ 893 | \$ 38,200 | \$ 24,854 | \$ - | \$ 24,854 |
| Computer equipment | 64,836 | 28,301 | 36,535 | 51,063 | 20,681 | 30,382 |
| Vehicles | 73,539 | 4,596 | 68,943 | 73,539 | - | 73,539 |
| | \$ 177,468 | \$ 33,790 | \$ 143,678 | \$ 149,456 | \$ 20,681 | \$ 128,775 |

SILVERSTONE RESOURCES CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES**Title to mineral properties**

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

| November 30, 2006 | Balance, Beginning of Period | Additions | Written-off | Balance, End of Period |
|-----------------------------------|------------------------------------|-----------|-------------|------------------------------|
| Basis Projects, Mexico | | | | |
| Copala Project | | | | |
| Interest in property | \$ 306,371 | \$ - | \$ - | \$ 306,371 |
| Field costs | 732,937 | 110,235 | - | 843,172 |
| Assay costs and geochemical | 157,567 | 4,176 | - | 161,743 |
| Drilling | 651,081 | - | - | 651,081 |
| Engineering and feasibility | 7,687 | 3,251 | - | 10,938 |
| Environmental costs | 7,227 | - | - | 7,227 |
| Land holding costs | 127,591 | 8,660 | - | 136,251 |
| Legal | 5,989 | - | - | 5,989 |
| Site preparation | 87,185 | - | - | 87,185 |
| Technical surveying and reporting | 146,572 | 7,383 | - | 153,955 |
| | 2,230,207 | 133,705 | - | 2,363,912 |
| Claudia Project | | | | |
| Interest in property | 268,075 | - | - | 268,075 |
| Field costs | 162,076 | 60,624 | - | 222,700 |
| Assay costs and geochemical | 19,875 | - | - | 19,875 |
| Engineering and feasibility | 3,794 | 2,838 | - | 6,632 |
| Environmental costs | - | 3,386 | - | 3,386 |
| Land holding costs | 132,015 | 633 | - | 132,648 |
| Legal | 454 | - | - | 454 |
| Site preparation | 1,632 | 19,610 | - | 21,242 |
| Technical surveying and reporting | 84,798 | 142 | - | 84,940 |
| | 672,719 | 87,233 | - | 759,952 |

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SILVERSTONE RESOURCES CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2006

(Unaudited – prepared by management)

3. MINERAL PROPERTIES (cont'd...)

| November 30, 2006 | Balance, Beginning of Period | Additions | Written-off | Balance, End of Period |
|---|------------------------------------|------------|-------------|------------------------------|
| Basis Projects, Mexico (cont'd...) | | | | |
| Promontorio Project | | | | |
| Interest in property | 114,889 | - | - | 114,889 |
| Field costs | 75,612 | 577 | - | 76,189 |
| Assay costs and geochemical | 5,271 | - | - | 5,271 |
| Land holding costs | 88,053 | 577 | - | 88,630 |
| Legal | 567 | - | - | 567 |
| Technical surveying and reporting | 19,208 | - | - | 19,208 |
| | 303,600 | 1,154 | - | 304,754 |
| Montoros Project | | | | |
| Interest in property | 76,593 | - | - | 76,593 |
| Field costs | 8,168 | - | - | 8,168 |
| Geochemical | 51 | - | - | 51 |
| Land holding costs | 67,539 | 744 | - | 68,283 |
| Legal | 399 | - | - | 399 |
| Technical surveying and reporting | 3,899 | - | - | 3,899 |
| | 156,649 | 744 | - | 157,393 |
| Martha Project | | | | |
| Field costs | 6,648 | - | - | 6,648 |
| Technical surveying and reporting | 828 | - | - | 828 |
| | 7,476 | - | - | 7,476 |
| Other Projects | | | | |
| Reconnaissance Projects | - | 927 | - | 927 |
| | \$ 3,370,651 | \$ 223,763 | \$ - | \$ 3,594,414 |

4. RELATED PARTY TRANSACTIONS

The Company entered into the following transaction with related parties:

- Paid office, rent and management fees of \$6,375 (2005 - \$Nil) to Capstone Canada. At November 30, 2006, the Company had a receivable of \$Nil (2005 - \$1) due from Capstone Canada.

SILVERSTONE RESOURCES CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – prepared by management)

4. RELATED PARTY TRANSACTIONS (cont'd...)

- b) Accrued mineral property costs and operating expenses of \$Nil (2005 - \$40,429) payable to Capstone Canada.
- c) As outlined in Note 5, the Company issued three convertible promissory notes to Capstone Canada, for the acquisition of the silver exploration properties, the receipt of cash for working capital purposes and to reimburse Capstone Canada for the Company's costs of its prospectus and other certain mineral property costs.
- d) Accrued \$208,339 (2005 - \$Nil) payable to Capstone Gold S.A. de C.V. ("Capstone Mexico") for IVA on the transfer of Silver exploration properties.

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

5. CONVERTIBLE DEBENTURES

| | November 30, 2006 | | | August 31, 2006 | | |
|------------------------|----------------------|-----------------------------------|---------------------------|---------------------|-----------------------------------|---------------------------|
| | Principal Amount | Unamortized Accreted Amount | Net Carrying Amount | Principal Amount | Unamortized Accreted Amount | Net Carrying Amount |
| Convertible debentures | \$ 4,610,810 | \$ 265,978 | \$ 4,344,832 | \$ 4,610,810 | \$ 312,768 | \$ 4,298,042 |

6. CAPITAL STOCK

| | Number of Shares | Amount | Contributed Surplus |
|---|---------------------|--------|------------------------|
| Authorized | | | |
| Unlimited common shares, without par value | | | |
| Unlimited preferred shares, with a par value of \$1 | | | |
| Issued | | | |
| Balance, August 31, 2006 and November 30, 2006 | 26,762,288 | \$ 900 | \$ 454,817 |

SILVERSTONE RESOURCES CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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6. CAPITAL STOCK (cont'd...)

Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants. The Company has implemented a rolling plan, whereby it has reserved 10% of the issued shares for issuance under the plan. Options granted under the plan have a term not to exceed 5 years and are subject to vesting provisions as determined by the board of directors. The Company adopted an amendment to the plan whereby options granted on or after October 12, 2006 will vest as follows: 25% on the date of grant and 25% every 3 months for a period of 9 months.

The following stock options were outstanding at November 30, 2006:

| Number of Options | Exercise Price | Expiry Date |
|----------------------|-------------------|---------------|
| 2,005,000 | \$ 1.00 | June 28, 2011 |

Warrants

At November 30, 2006, the following share purchase warrants were outstanding:

| Number of Shares | Exercise Price | Expiry Date |
|---------------------|-------------------|--------------|
| 13,379,394 | \$ 1.80 | June 7, 2007 |

7. FINANCIAL INSTRUMENTS

Cash is not subject to currency risks. The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with a major Canadian banking institution.

Taxes receivable due from the Mexican government and due to Capstone Gold, S.A. de C.V. are subject to a currency risk arising from the fluctuations in the Mexican Peso.

The Company's other financial instruments consist of goods and service tax receivable, receivables, due from/to related party, accounts payable and accrued liabilities and convertible debentures. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying values.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2006

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8. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties located in Mexico. Geographic information is as follows:

| | Property and Equipment | Mineral Properties |
|--------------------------|---------------------------|-----------------------|
| November 30, 2006 | | |
| Canada | \$ 27,562 | \$ - |
| Mexico | 116,116 | 3,594,414 |
| | \$ 143,678 | \$ 3,594,414 |
| August 31, 2006 | | |
| Canada | \$ 20,681 | \$ - |
| Mexico | 108,094 | 3,370,651 |
| | \$ 128,775 | \$ 3,370,651 |

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | November 30, 2006 | November 30, 2005 |
|--|----------------------|----------------------|
| Cash paid during the period for income taxes | \$ - | \$ - |
| Cash paid during the period for interest | \$ - | \$ - |

There were no significant non-cash transactions during the periods ending November 30, 2006 and November 30, 2005.