STRIKEWELL ENERGY CORP.

Interim Consolidated Financial Statements

For the six months ended June 30, 2008 and 2007

Notice of No Auditor Review

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim statements by an entity's auditors.

Strikewell Energy Corp.

Interim Consolidated Balance Sheet

(Unaudited - Prepared by Management)

(Expressed in Canadian dollars)

		As at June 30 2008		As at December 31 2007
ASSETS				
Current				
Cash and cash equivalents	$	**947,873**	$	495,542
Accounts receivable		**63,826**		196,960
Prepaid expenses		**297,795**		80,174
		1,309,494		772,676
Mineral Properties		**1**		1
Petroleum and Natual Gas Interests		**1,135,716**		1,494,118
	$	**2,445,211**	$	2,266,795
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**1,014,292**	$	536,044
		1,014,292		536,044
Loan Payable		**998,555**		955,259
Notes Payable		**5,704,252**		5,473,806
Asset Retirement Obligation		**258,089**		238,359
		7,975,188		7,203,468
SHAREHOLDERS' DEFICIENCY				
Share Capital		**16,221,855**		16,221,855
Contributed Surplus		**309,143**		309,143
Deficit		**(22,060,976)**		(21,467,671)
		(5,529,978)		(4,936,673)
	$	**2,445,211**	$	2,266,795

On behalf of the Board:

"Chris Schultze" **Director**

"Luard Manning" **Director**

Strikewell Energy Corp.

Interim Consolidated Statements of Operations and Deficit

(Unaudited - Prepared by Management)

(Expressed in Canadian dollars)

		For the six months ended June 30 2008	For the three months ended June 30 2008		For the six months ended June 30 2007	For the three months ended June 30 2007
Revenue						
Oil and gas revenue	$	**670,257**	**274,914**	$	733,659	333,764
Interest income		**7,080**	**3,314**		15,599	13,111
		677,337	**278,228**		749,258	346,875
Direct expenses						
Depreciation and depletion		**396,782**	**198,391**		158,926	79,463
Production		**172,141**	**1,508**		202,438	61,668
Royalties		**158,216**	**80,843**		151,972	83,495
		727,139	**280,742**		513,336	224,626
Operating income		**(49,803)**	**(2,515)**		235,922	122,249
General and administrative expenses						
Interest		**371,724**	**185,862**		78,871	(64,298)
Administration		**126,125**	**63,036**		125,863	103,327
Professional fees		**6,823**	**5,989**		19,668	17,984
Office and miscellaneous		**11,562**	**7,105**		11,808	1,791
Filing and transfer agent fees		**12,267**	**5,519**		8,662	2,942
Directors' and Officers' fees		**15,000**	**4,500**		6,000	3,000
		543,502	**272,012**		250,872	64,746
Net income (loss) for the period		**(593,305)**	**(274,527)**		(14,950)	57,503
Deficit, beginning of period		**(21,467,671)**	**(21,786,449)**		(20,411,805)	(20,484,259)
Deficit, end of period	$	**(22,060,976)**	**(22,060,976)**	$	(20,426,755)	(20,426,755)
Loss per share	$	**(0.13)**		$	(0.01)	
Weighted average number of common shares outstanding		**4,396,093**			4,396,093	

Strikewell Energy Corp.

Interim Consolidated Statement of Cash Flows

(Unaudited - Prepared by Management)

(Expressed in Canadian dollars)

		For the six months ended June 30, 2008	For the three months ended June 30, 2008		For the six months ended June 30, 2007	For the three months ended June 30, 2007
Operating activities						
Net income (loss) for the period	$	**(593,305)**	**(274,527)**	$	(14,950)	57,504
Adjustment for items not involving cash:						
Accretion of discount on notes payable		**230,446**	**115,223**		–	–
Depletion and accretion		**396,782**	**198,391**		158,926	79,463
		33,923	**39,087**		143,976	136,967
Changes in non-cash working capital:						
Prepaid expenses		**(217,621)**	**(152,318)**		447	447
Accounts receivable		**133,134**	**49,996**		(337,806)	(199,074)
Accounts payable and accrued liabilities		**478,248**	**(24,659)**		165,224	119,748
		393,761	**(126,981)**		(172,135)	(78,879)
Cash provided by operating activities		**427,684**	**(87,894)**		(28,159)	58,088
Investing activities						
Petroleum and natural gas interests		**(18,650)**	**(18,650)**		–	–
Financing activities						
Loan payable		**43,296**	**43,296**		(50,770)	(50,770)
Note payable		**-**	**-**		53,823	(89,292)
Increase in cash and cash equivalents		**452,330**	**(63,248)**		(25,106)	(81,974)
Cash and cash equivalents, beginning of period		**495,542**	**1,011,121**		350,851	407,719
Cash and cash equivalents, end of period	$	**947,873**	**947,873**	$	325,748	325,748

The accounting policies and methods of application used in the preparation of these interim unaudited Consolidated Financial Statements are consistent with those used in the Company's most recent annual audited Consolidated Financial Statements. The interim unaudited Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2007.

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of British Columbia and its principal business activities include the exploration and development of mineral properties. Effective January 1, 2006, the Company, acquired a wholly-owned subsidiary, Strikewell Capital Corp. whose principal business activity is the exploration and development of oil and gas properties in Alberta, Canada. The Company has changed its principal business activities to the oil and gas production business.

These financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these financial statements.

Management believes that the going concern assumption is appropriate for these financial statements. If this assumption were not appropriate, adjustments to the carrying amounts of the assets and liabilities, revenues and expenses and the balance sheet classifications used may be necessary.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles **("GAAP")** and reflect the following significant accounting policies:

(a) Basis of consolidation

The consolidated financial statements of the Company include its wholly-owned subsidiary, Strikewell Capital Corp. All intercompany balances and transactions have been eliminated.

(b) Financial Instruments

Effective January 1, 2007, the Company adopted Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "financial instruments – recognition and measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The standard requires the Company to account for certain financial assets and liabilities at fair value at each balance sheet date. Financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial Instruments (continued)

liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income. Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, loan payable and notes payable. Cash and cash equivalents are designated as held-for-trading; accounts receivable are designated as loans and receivables; and accounts payable and accrued liabilities, loan payable and notes payable are designated as other financial liabilities. The adoption of this section did impact the Company's consolidated financial statements.

(c) Comprehensive Income

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530, "comprehensive income", which establishes standards for presentation and disclosure of comprehensive income. Comprehensive income is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period but excluded from net income for that period. The Company has no items of other comprehensive income in any period presented. Therefore, net income as presented in the Company's statements of operations and deficit equals comprehensive income.

(d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management believes these estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are readily convertible to known amounts of cash within 90 days from the original date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Revenue from the sale of petroleum and natural gas is recorded when the petroleum is sold or natural gas is delivered and collectibility is reasonably assured.

(g) Petroleum and natural gas interests

The Company follows the full cost method of accounting for petroleum and natural gas interests whereby all costs of exploration for and development of petroleum and natural gas reserves are capitalized. These costs include lease acquisition costs, geological and geophysical expenses, drilling costs of successful as well as unsuccessful wells and overhead charges related directly to the exploration. The carrying value of petroleum and natural gas interests are not intended to report replacement or current market values.

If the interests are sold or abandoned, the proceeds will be applied against capitalized costs unless such sale significantly impacts the rate of depletion.

Costs associated with unproven reserves are reviewed by management to determine whether or not they have become impaired. If impairment occurs, the carrying value of the related interest will be reduced to reflect the estimated net realizable value. The estimate will be based on the then current conditions and it is possible that changes could occur that would adversely affect management's estimates resulting in further write-downs of the carrying value of the interest.

(h) Joint interest operations

The Company's petroleum and natural gas exploration and production activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

(i) Earnings (loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are not presented as there are no share purchase warrants, options or other equity instruments that are potentially dilutive.

(j) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Asset retirement obligations (continued)

reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

3. FINANCIAL INSTRUMENTS

(a) Fair value

Prior to the adoption of CICA Handbook Section 3855, the Company disclosed the fair value of its financial instruments but was not required to adjust them to fair value. In prior years the carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximated their fair values due to the short terms to maturity of these instruments.

(b) Interest rate risk

The Company's loans payable and promissory notes are at fixed interest rates and, therefore, the Company's exposure to interest rate cash flow risk on the debt is minimal.

(c) Credit risk

The Company is not exposed to significant credit risk on its financial assets due to cash being placed with major financial institutions.

(d) Currency risk

The Company is exposed to fluctuations in commodity prices that are based in foreign currency (US dollars).

4. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's financial statement presentation.

5. CAPITAL MANAGEMENT

In order to continue the Company's future exploration and development program, the Company must maintain a strong capital base. A strong capital base results in increased market confidence, an essential factor in maintaining existing shareholders and in attracting new investors. The Company's commitment is to establish and maintain a strong capital base to enable the Company to access the equity and debt markets when deemed appropriate. In order to maintain a strong capital base, the Company continually monitors the risk reward profile of its exploration and development projects and the economic indicators in the market including, but not limited to, commodity prices, interest rates and foreign exchange rates.

The Company considers shareholders equity, bank debt and working capital as components of its capital base. The Company can access or increase capital through the issuance of its shares or other securities or through bank borrowings.

The Company's share capital is not subject to external restrictions.

There were no changes in the Company's approach to capital management during the period

6. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.