

SIDNEY RESOURCES CORPORATION
(An Exploration Stage Company)

Compiled Financial Statements

For the periods ended June 30, 2011 and December 31, 2010

Prepared By
Wm. Thomas Baker P.A.
Certified Public Accountant

ACCOUNTANT'S COMPILATION REPORT

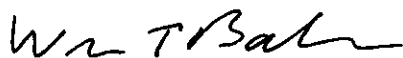
To the Board of Directors
Sidney Resources Corporation
Boise, ID

I have compiled the accompanying balance sheets of Sidney Resources Corporation (An Exploration Stage Company) as of June 30, 2011 and December 31, 2010 and the related statements of income, changes in stockholders' equity, and cash flows for the periods ended June 30, 2011 and 2010, and for the period beginning March 4, 2003 (inception) through June 30, 2011. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I am not independent with respect to Sidney Resources Corporation.



Wm. Thomas Baker CPA
July 26, 2011

Sidney Resources Corporation
(An Exploration Stage Company)
BALANCE SHEET
For the periods ended
June 30, 2011 and December 31, 2010

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
ASSETS		
<u>CURRENT ASSETS</u>		
CASH	\$ 738	\$ 315
PREPAID EXPENSES	-	1,744
TOTAL CURRENT ASSETS	<u>738</u>	<u>2,059</u>
<u>FIXED ASSETS</u>		
FIXED ASSETS	9,607	9,607
VEHICLES	12,990	12,990
ACCUM DEPRECIATION	(21,770)	(21,124)
TOTAL FIXED ASSETS	<u>827</u>	<u>1,473</u>
<u>OTHER ASSETS</u>		
DEPOSITS	1,750	1,750
LEASE ACQUISITION COSTS	281,050	281,050
TOTAL OTHER ASSETS	<u>282,800</u>	<u>282,800</u>
TOTAL ASSETS	<u>\$ 284,365</u>	<u>\$ 286,332</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
<u>CURRENT LIABILITIES</u>		
ACCOUNTS PAYABLE	\$ 18,504	\$ 11,738
ACCRUED CONSULTING FEES	754,168	702,968
DEPOSITS	20,500	10,500
TOTAL CURRENT LIABILITIES	<u>793,172</u>	<u>725,206</u>
<u>STOCKHOLDERS' DEFICIT</u>		
PREFERRED STOCK - .0001 par value, authorized 10,000,000 shares, none issued	-	-
COMMON STOCK - .0001 par value, 500,000,000 shares authorized, 76,390,269 and 67,321,633 shares issued and outstanding, respectively	7,639	6,732
PAID IN CAPITAL	3,410,198	3,229,732
DEFICIT ACCUMULATED DURING THE EXPLORATION PERIOD	(3,926,644)	(3,675,338)
TOTAL STOCKHOLDERS' DEFICIT	<u>(508,807)</u>	<u>(438,874)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 284,365</u>	<u>\$ 286,332</u>

See accountant's report and notes to financial statements

Sidney Resources Corporation

(An Exploration Stage Company)

INCOME STATEMENTS

For the periods ended June 30, 2011 and 2010 and for the period beginning March 4, 2003 (Inception) through June 30, 2011

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Since Inception
<u>GROSS REVENUE</u>	\$ -	\$ -	\$ -
<u>EXPENSES</u>			
AUTO	\$ -	\$ 2,453	-
CONSULTING FEES	234,875	61,018	-
EXPLORATION COSTS	-	-	122,274
EQUIPMENT RENT	-	1,431	-
FUEL	278	621	-
DEPRECIATION	646	1,516	44,051
LICENSES AND FEES	114	-	-
INSURANCE	-	426	-
LEGAL AND ACCOUNTING	5,000	4,700	-
DUES AND SUBSCRIPTIONS	111	259	-
PRINTING AND POSTAGE	35	159	-
OFFICE EXPENSES	562	605	-
RENT	4,500	4,818	-
REPAIRS	-	-	-
STORAGE	815	1,355	-
SUPPLIES	70	402	-
SURVEYOR	-	-	-
TAXES	-	20	-
TELEPHONE	1,077	1,133	-
TRANSFER FEES	1,464	946	-
TRAVEL	-	80	-
UTILITIES	1,759	415	-
ADMINISTRATIVE COSTS	-	-	3,759,800
TOTAL EXPENSES	251,306	82,357	3,926,125
NET LOSS BEFORE OTHER INCOME	(251,306)	(82,357)	\$ (3,926,125)
<u>OTHER INCOME (EXPENSES)</u>			
GAIN (LOSS) ON SALE OF ASSETS	-	-	(519)
NET LOSS	\$ (251,306)	\$ (82,357)	\$ (3,926,644)

See accountant's report and notes to financial statements

Sidney Resources Corporation

(An Exploration Stage Company)

STATEMENT OF CASH FLOWS

For the periods ended June 30, 2011 and 2010 and for the period beginning March 4, 2003 (Inception) through June 30, 2011

	Six Months Ended 6/30/11	Six Months Ended 6/30/10	Since Inception
Cash flows from operating activities			
Net Income (Loss)	\$ (251,306)	\$ (82,357)	\$ (3,926,644)
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	646	1,516	44,051
Increase (decrease) in accounts payable	6,766	-	(34,458)
Increase (decrease) in accrued liabilities	51,200	42,768	754,168
(Increase) decrease in prepaid expenses	1,744	(3,688)	(1,753)
Increase (decrease) in deposits	10,000	5,500	20,500
Total Adjustments	70,356	46,096	782,508
Net cash provided (used) by operating activities	(180,950)	(36,261)	(3,144,136)
Cash flow from investing activities			
Purchase of lease acquisition costs	-	-	(281,050)
Gross proceeds on sale of equipment	-	-	30,683
Cash payments for the purchase of property	-	(22)	(22,597)
Net cash provided (used) by investing activities	-	(22)	(272,964)
Cash flow from financing activities			
Proceeds from issuance of common stock	181,373	45,300	3,417,838
Net cash provided (used) by financing activities	181,373	45,300	3,417,838
Net increase (decrease) in cash and equivalents	423	9,017	738
Cash and equivalents, beginning of year	315	1,298	-
Cash and equivalents, end of year	\$ 738	\$ 10,315	\$ 738

Supplemental disclosures of cash flow information:

None

See accountant's report and notes to financial statements

SIDNEY RESOURCES CORPORATION

(An Exploration Stage Company)

STATEMENT OF SHAREHOLDERS' EQUITY

For the Period Beginning March 4, 2003 (Inception) through June 30, 2011

	Preferred Stock		Common Stock		Additional	Deficit	
	Shares	Amount	Shares	Amount	Contributed	Accumulated	
					Capital	During	Total
						Exploration	
						Period	
March 4, 2003 Initial							
Capitalization	-	\$-	8,000,000	\$8,000	\$2,292,322	\$ (2,353,286)	\$ (52,964)
Quasi reorganization	-	-	-	-	(2,292,322)	2,292,322	-
Stock sales	-	-	6,852,500	6,852	644,584	-	651,436
Stock for services	-	-	1,212,647	1,213	120,052	-	121,265
Stock for Lease acquisition	-	-	500,000	500	49,500	-	50,000
Net loss for the period	-	-	-	-	-	(396,261)	(396,261)
Balances at December 31, 2003	-	-	16,565,147	16,565	814,136	(457,225)	373,476
Stock sales	-	-	785,000	785	97,290	-	98,075
Stock for services	-	-	2,514,000	2,514	213,886	-	216,400
Stock for equipment	-	-	93,750	94	9,281	-	9,375
Stock warrants exercised	-	-	400,000	400	99,600	-	100,000
Net loss for the year	-	-	-	-	-	(558,876)	(558,876)
Balance at December 31, 2004	-	-	20,357,897	20,358	1,234,193	(1,016,101)	238,450
Stock sales	-	-	8,550,000	8,550	408,950	-	417,500
Stock for services	-	-	1,750,000	1,750	173,250	-	175,000
Net loss for the year	-	-	-	-	-	(516,401)	(516,401)
Balance at December 31, 2005	-	-	30,657,897	30,658	1,816,393	(1,532,502)	314,549
Stock sales	-	-	1,420,220	1,420	69,580	-	71,000
Stock for services	-	-	660,000	660	32,340	-	33,000
Net loss for the year	-	-	-	-	-	(250,394)	(250,394)
Balance at December 31, 2006	-	-	32,738,117	32,738	1,918,313	(1,782,896)	168,155
Stock sales	-	-	2,353,216	2,353	110,337	-	112,690
Stock for services	-	-	12,109,000	12,109	593,341	-	605,450
Net loss for the year	-	-	-	-	-	(764,334)	(764,334)
Balances at December 31, 2007	-	-	47,200,333	47,200	2,621,991	(2,547,230)	121,961
Stock sales	-	-	2,010,800	2,011	55,584	-	57,595
Stock for services	-	-	7,823,000	7,823	226,867	-	234,690
Stock for supplies	-	-	275,000	275	7,975	-	8,250
Net loss for the year	-	-	-	-	-	(425,014)	(425,014)
Balance at December 31, 2008	-	-	57,309,133	57,309	2,912,417	(2,972,244)	(2,518)
Stock sales	-	-	2,710,000	2,710	34,128	-	36,838
Stock for services	-	-	4,440,000	4,440	173,160	-	177,600
Change of Domicile/par value	-	-	-	(58,013)	58,013	-	-
Net loss for the year	-	-	-	-	-	(541,972)	(541,972)
Balance at December 31, 2009	-	-	64,459,133	6,446	3,177,718	(3,514,216)	(330,052)
Stock sales	-	-	2,862,500	286	52,014	-	52,300
Stock for services	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(161,122)	(161,122)
Balance at December 31, 2010	-	\$-	67,321,633	\$ 6,732	\$ 3,229,732	\$ (3,675,338)	\$ (438,874)
Stock sales	-	-	68,636	7	1,366	-	1,373
Stock for services	-	-	9,000,000	900	179,100	-	180,000
Net loss for the six months	-	-	-	-	-	(251,306)	(251,306)
Balance at June 30, 2011	-	\$-	76,390,269	\$ 7,639	\$ 3,410,198	\$ (3,926,644)	\$ (508,807)

See Accountant's report and notes to financial statements

SIDNEY RESOURCES CORPORATION
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and December 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History

The company was formed in 1896 and incorporated in Idaho on June 10, 1910 as Sidney Mining Company. The purpose of the Company was to develop and mine mineral properties in Idaho State. In the past the Company mined and processed zinc ore and related minerals in the Yreka Mining District in Shoshone County, Idaho.

On March 4, 2003, the Company merged with its wholly-owned subsidiary Sidney Resources Corporation. The Company then changed its name to Sidney Resources Corporation.

In 2003, the company sold 6,852,500 shares common stock at \$.095 per share. The Company also issued 1,212,647 shares of Common stock for services and 500,000 shares for Lease acquisition costs. These shares were valued at \$.10 per share, reflecting the share sales during the year.

In 2004, the Company sold 785,000 shares common stock at \$.125 per share. It issued 400,000 shares of common stock for the exercise of warrants that were issued during 2004. The warrants were exercised at \$.25 per share. It also issued 93,750 shares of common stock for the purchase of equipment and 2,514,000 shares of Common stock for services. These shares were valued at \$.10 per share, reflecting the share sales during the year.

In 2005, the Company sold 8,550,000 shares common stock at \$.05 per share. It also issued 1,750,000 shares of Common stock for services. These shares were valued at \$.05 per share, reflecting their issue early in the year and share sales during the previous year.

In 2006, the Company sold 1,420,220 shares common stock at \$.05 per share. It also issued 660,000 shares of Common stock for services. These shares were valued at \$.05 per share, reflecting the share sales during the year.

In 2007, the Company sold 2,353,216 shares common stock at \$.048 per share. It also issued 12,109,000 shares of Common stock for services. These shares were valued at \$.05 per share, reflecting the share sales during the year.

In 2008, the Company sold 2,010,800 shares common stock at \$.03 per share. It also issued 8,098,000 shares of Common stock for services. These shares were valued at \$.03 per share, reflecting the share sales during the year.

In 2009, the Company sold 2,710,000 shares common stock at \$.04 per share. It also issued 4,440,000 shares of Common stock for services. These shares were valued at \$.04 per share, reflecting the share sales during the year.

SIDNEY RESOURCES CORPORATION
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and December 31, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

In 2010 as of December 31, the Company sold 2,862,500 shares common stock at \$.02 per share. It issued no shares of Common stock for services.

In 2011, the Company sold 68,636 shares common stock at \$.02 per share. It also issued 9,000,000 shares of Common stock for services. These shares were valued at \$.02 per share, reflecting the share sales during the period issued.

Financial Statement Presentation

The acquisition was treated as a reverse merger whereby the acquired company is treated as the acquiring company for accounting purposes.

An Exploration Stage Company

The Company is an Exploration Stage Company since it is engaged in the search for mineral deposits, which are not in the development or productions stage. As an exploration stage company the Company will present, since inception, results on its statements of operations, stockholders' equity and cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. There was no cash paid during the periods for interest or taxes.

Property and Equipment

Property and equipment are carried at cost. Maintenance, repairs and renewals are expensed as incurred. Depreciation of property and equipment is provided for over their estimated useful lives, which range from five, seven and ten years, using the straight-line method.

Lease Acquisition Costs

Lease acquisition cost of \$281,050 at June 30, 2011 and December 31, 2010, primarily includes costs incurred to build and improve the road on the leased land. Since mining has not commenced, no amortization expense has been recognized for the periods presented. Amortization will be recorded using the units-of-production method when mining begins.

Environmental Liabilities

The Company is subject to a variety of federal and state environmental regulations and agencies. The Company will only accrue liabilities for environmental claims and damages when it is probable and the costs are estimable.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SIDNEY RESOURCES CORPORATION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and December 31, 2010

Concentration of Credit Risk

The Company places its cash in financial institutions which are insured by FDIC. At times, such cash may be in excess of the FDIC insurance limits.

NOTE 2 – INCOME TAXES

The Company accounts for income taxes under principals, which requires the Company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and tax basis of the assets and liabilities using enacted tax rates. The Company has no significant differences between book and tax accounting. At June 30, 2011, the Company had an estimated tax loss carry-forward of approximately \$3,900,000. Due to uncertainties as to future profitability the value of the net operating loss carry forward is fully reserved.

NOTE 3 – MINERAL LEASE

The Company entered into a lease as of December 21, 2003 with Leland Minerals, LLC to lease certain patented and unpatented mining claims located in the Warren Mining District in Idaho County, Idaho. This lease is for ten years with an option to renew for an additional five years. The Company provided Leland Minerals, LLC \$10 and 500,000 shares of common stock. Other consideration in the agreement is for production royalties.

NOTE 4 – RELATED PARTIES

The officers and members of the Board of Directors have received stock and cash as compensation, amounts paid by period was as follows;

	<u>Cash</u>	<u>Stock-Shares</u>	<u>Stock-Value</u>
Officers & Directors	\$-0-	9,925,953	\$582,595

In addition the CEO of the Company was owed \$754,168 at June 30, 2011 and \$702,968 at December 31, 2010 for accrued compensation.

NOTE 5 – STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized at 500,000,000 shares of Common stock, with a par value of \$.0001 per share, authorized at December 31, 2010. There were 76,390,269 shares outstanding at June 30, 2011 and 67,321,633 as of December 31, 2010.

SIDNEY RESOURCES CORPORATION
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and December 31, 2010

Preferred Stock

The Company is authorized at 10,000,000 shares of Preferred stock, with a par value of \$.0001 per share, authorized at December 31, 2010. There were 0 shares outstanding. The unissued shares of Preferred stock may be divided into and issued in designated series from time to time by one or more resolutions adopted by the Board of Directors.

NOTE 5 – STOCKHOLDERS' EQUITY- CONTINUED

Warrants and Options

In 2004, the Company as part of a Private Placement Offer issued 400,000 warrants with an exercisable price of \$0.25 per share. The warrants were exercised in 2004 for \$100,000. All other warrants issued in connection with this offering have expired. In September 2006, the Board of Directors eliminated the issuance of warrants and options by the Company.

NOTE 6 – COMMITMENTS

The Company rents office space on a month to month basis. At June 30, 2011 the monthly rent was \$750 per month. The Company rents various storage facilities on a month to month basis.

NOTE 7 - GOING CONCERN

The Company has not generated significant revenues or profits to date. This factor among others may indicate the Company will be unable to continue as a going concern. The Company's continuation as a going concern depends upon its ability to generate sufficient cash flow to conduct its operations and its ability to obtain additional sources of capital and financing. Management continues to look for additional capital through stock sales and/or minimum royalty payments on production, minimizing debt load to meet its working capital obligations in 2011 and beyond. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 8 – COMPENSATED ABSENCES AND PROPERTY TAX ACCRUALS

The Company does not compensate for absences and does not have significant personal or real estate property taxes to accrue.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 26, 2011 the date on which the financial statements were issued.

SIDNEY RESOURCES CORPORATION
(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and December 31, 2010

NOTE 10 – STOCK-BASED COMPENSATION

At various times during the life of the company it has issued stock for services, supplies and other costs. The company recorded an expense as of average trading value of the stock at the time of issue and an increase in the value of stock. The stock is restricted for one year but has no vesting requirements. For the Six months ended June 30, 2011 9,000,000 shares of stock was issued for compensation.

Since inception the Company has issued 39,086,647 shares valued at \$1,743,405 for services, 500,000 shares valued at \$50,000 for lease acquisition, 93,750 valued at \$9,375 for equipment which was capitalized, and 275,000 valued at \$8,250 for supplies.