

Interim Consolidated Financial Statements

ESTRELLA GOLD CORPORATION

(Formerly “Canadian Shield Resources Ltd.”)

June 30, 2010 and 2009

(Unaudited)

The interim consolidated balance sheet of Estrella Gold Corporation (formerly “Canadian Shield Resources Ltd.”) as at June 30, 2010 and the interim consolidated statements of operations, deficit and cash flows for the six months then ended have not been reviewed by the Company’s auditors. These financial statements are the responsibility of the management and have been reviewed and approved by the Company’s Audit Committee.

ESTRELLA GOLD CORPORATION

(Formerly "Canadian Shield Resources Ltd.")

June 30, 2010 and 2009

(Unaudited)

Notice to Reader

Management has compiled the interim consolidated financial statements of Estrella Gold Corporation ("Estrella Gold" or the "Company") consisting of the Interim consolidated Balance Sheets as at June 30, 2010 and the Interim Statements of Deficit, Operations, and Cash Flows for the six months then ended. All amounts are stated in Canadian dollars. An accounting firm has not reviewed or audited these interim consolidated financial statements and management discussion and analysis thereon.

ESTRELLA GOLD CORPORATION

(Formerly "Canadian Shield Resources Ltd.")

June 30, 2010 and 2009

(Unaudited)

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ESTRELLA GOLD CORPORATION

(Formerly "Canadian Shield Resources Ltd.")

Interim Consolidated Balance Sheets

June 30, 2010 and 2009

(Unaudited – See Notice to Reader)

	June 30 2010	December 31 2009
Assets		
Current:		
Cash	\$ 1,065,193	\$ 1,916,827
Sundry assets	169,120	144,884
	1,234,313	2,061,711
Property and equipment, net	35,450	16,667
Mining properties and deferred exploration expenditures (note 2)	4,031,275	3,625,869
	\$ 5,301,038	\$ 5,704,247
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	\$ 204,549	\$ 233,854
	204,549	233,854
Shareholders' equity:		
Capital stock (Note 3)	12,262,277	12,214,277
Warrants	320,125	323,325
Contributed surplus	1,632,165	1,340,145
Deficit	(9,118,078)	(8,407,354)
	5,096,489	5,470,393
	\$ 5,301,038	\$ 5,704,247

See accompanying notes to interim consolidated financial statements.

Approved on behalf of the Board:

/s/ Bernard Kraft

Director

/s/ Gregory Harris

Director

ESTRELLA GOLD CORPORATION

(Formerly Canadian Shield Resources Ltd.)

Interim Consolidated Statements of Deficit

June 30, 2010 and 2009

(Unaudited – See Notice to Reader)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Deficit, beginning of period	\$ (8,776,349)	\$ (7,352,234)	\$ (8,407,354)	\$ (7,178,429)
Net loss for the period	(341,729)	(140,267)	(710,724)	(314,072)
Deficit, end of period	\$ (9,118,078)	\$ (7,492,501)	\$ (9,118,078)	\$ (7,492,501)

See accompanying notes to Interim Consolidated Financial Statements.

ESTRELLA GOLD CORPORATION

(Formerly Canadian Shield Resources Ltd.)

Interim Consolidated Statements of Operations

June 30, 2010 and 2009

(Unaudited – See Notice to Reader)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Revenue:				
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses:				
General and administrative	120,029	54,609	289,098	131,661
Stock-based compensation	136,227	28,575	288,820	84,580
Shareholder services	24,766	24,244	49,115	41,694
Professional fees	60,867	26,951	85,972	35,951
Interest (income) expense	(1,527)	4,625	(3,944)	17,660
Amortization	1,367	1,263	1,663	2,526
	341,729	140,267	710,724	314,072
Net loss for the period	\$ (341,729)	\$ (140,267)	\$ (710,724)	\$ (314,072)
Loss per share – basic and diluted	\$ (0.03)	\$ (0.02)	(0.06)	\$ (0.06)
Weighted average number of common shares outstanding	11,888,045	5,613,358	11,883,000	5,090,896

See accompanying notes to Interim Consolidated Financial Statements.

ESTRELLA GOLD CORPORATION

(Formerly Canadian Shield Resources Ltd.)
Interim Consolidated Statements of Cash Flows
June 30, 2010 and 2009
(Unaudited – See Notice to Reader)

	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Cash flows provided by (used in):				
Operations:				
Net loss for the period	\$(341,729)	\$ (140,267)	\$ (710,724)	\$ (314,073)
Items not affecting cash:				
Amortization	1,367	1,263	1,663	2,526
Stock-based compensation	136,227	28,575	288,820	84,580
Exploration expenditure expensed	-	-	-	-
Change in non-cash balances related to operations:				
Sundry assets	(14,703)	(16,985)	(24,236)	(20,821)
Accounts payable and accrued liabilities	(20,451)	78,023	(29,305)	149,292
Cash (used in) operating activities	(239,289)	(49,391)	(473,782)	(98,496)
Financing:				
Issuance of common shares (Note 4)	-	617,714	-	617,714
Exercise of Warrants	-	-	48,000	-
Share issue cost	-	(16,333)	-	(16,333)
Loans payable	-	(388,591)	-	(278,313)
Cash provided by financing activities	-	212,790	48,000	323,068
Investing:				
Purchase of plant and equipment	3,168	3,868	(20,446)	-
Mining properties and deferred exploration expenditures	(298,995)	(186,440)	(405,406)	(247,445)
Cash (used in) investing activities	(295,827)	(182,572)	(425,852)	(247,445)
Net change in cash	(535,116)	(19,172)	(851,634)	(22,873)
Cash, beginning of period	1,600,309	29,063	1,916,827	32,763
Cash, end of period	\$ 1,065,193	\$ 9,890	\$ 1,065,193	\$ 9,890

See accompanying notes to Interim Consolidated Financial Statements.

ESTRELLA GOLD CORPORATION

(Formerly Canadian Shield Resources Ltd.)
Notes to Interim Consolidated Financial Statements
(Unaudited – See Notice to Reader)

Estrella Gold Corporation (formerly “Canadian Shield Resources Ltd.”) (“Estrella Gold” or the “Company”) is engaged in the business of locating and exploring mineral resource properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned revenue from its mineral properties and is considered to be in the exploration stage.

1. Significant accounting policies:

(a) Basis of presentation:

The disclosures contained in these interim consolidated financial statements do not include all requirements of generally accepted accounting principles (GAAP) for annual financial statements. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2009.

The interim consolidated financial statements reflect all adjustments, consisting only of normal recurring accruals, which are, in the opinion of management, necessary to present fairly the financial position of the company as of June 30, 2010 and the results of operations and cash flows for the six months ended June 30, 2010 and 2009.

2. Mining properties and deferred exploration expenditures:

Following is the breakdown of Mining properties and deferred exploration expenditures by property:

	December 31, 2009	Deferred Exploration Expenditures	June 30, 2010
Peru:			
Cerro Cori	\$384,390	32,118	416,508
Ccello Ccello	562,317	38,685	601,002
Apune-Pucarana	540,930	19,627	560,557
La Estrella	927,298	74,002	1,001,300
Pampa Poroma	237,060	25,511	262,571
Colpayoc	707,833	134,975	842,808
La Tola	105,763	23,305	129,068
Yanque	-	13,837	13,837
Other	17,756	43,346	61,102
Chile:			
Trol	142,522	-	142,522
	\$ 3,625,869	\$ 405,406	\$ 4,031,275

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Notes to Interim Consolidated Financial Statements
June 30, 2010 and 2009
(Unaudited – See Notice to Reader)

3. Capital stock:

(a) Common shares:

	Common shares	
	Number	Amount
Balance, December 31, 2009	11,848,045	12,214,277
Issued:		
Exercise of warrants	40,000	48,000
Balance, June 30, 2010	11,888,045	\$ 12,262,277

(b) Warrants:

The following summarizes the Warrants outstanding:

	Weighted average remaining contractual life (years)	Number of warrants		Weighted average exercise price
January 1, 2010				
Warrants	1.31	3,812,500	\$	0.80
Compensation Warrants		229,063		0.80
Less: exercised warrants		(40,000)		0.80
June 30, 2010	1.06	4,001,563	\$	0.80

(c) The following summarizes the stock options outstanding:

	Number of options		Weighted average exercise price
Outstanding, June 30, 2010	1,303,750	\$	1.13
Options exercisable, end of period	503,749	\$	1.92

4. Segmented Information:

(a) Reportable Segments:

In 2010 and 2009, the Company has one operating segment in mineral exploration.

(b) Enterprise wide disclosure – Geographic Information:

As at June 30, 2010, \$4,240,381 (December 2009: \$3,686,825) of the Company's assets were held in Peru.

5. Financial instruments and risk management:

(a) Fair values:

The carrying values of cash, amounts receivable and loans payable approximate their fair values due to the liquidity of these instruments. The carrying value of accounts payables and accrued liabilities approximate their fair value due to the requirements to extinguish the liabilities on demand.

(b) Risk Management

The Company has exposure to the following risks associated with its financial instruments.

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Notes to Interim Consolidated Financial Statements

June 30, 2010 and 2009

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5. Financial instruments and risk management (continued):

(c) Currency Risk

The Company operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non-Canadian dollar currencies. The exposure is predominantly to the Peruvian New Soles (“Soles”). Soles denominated balances generate foreign exchange gains and losses that are reported on the Statement of Operations. At June 30, 2010, one Canadian Dollar was equal to 2.6652 Soles.

Balances in non-Canadian dollar currencies are as follows:

	Peruvian New Soles
Cash	317,708
Accounts payable and accrued liabilities	(209,566)
	<u>108,142</u>

(d) Interest Rate Risk

The Company has cash balances with a Canadian bank in Peru and no interest-bearing debt in foreign currencies. The Company manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Company's results of operations due to the small balance of the long term investment. The effect of a one basis point increase or decrease on the short-term investments to net loss is not material.

(e) Credit Risk

The Company's credit risk is primarily attributable to sundry receivables. The Company has no significant concentration of credit risk arising from operations. Sundry receivables consist of goods and services tax due from the Federal Government of Canada and advances to employees and suppliers. Management believes that the credit risk associated with amounts receivable is remote.

(f) Liquidity Risk

The Company manages its liquidity risk by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days. At June 30, 2010, the Company had cash and cash equivalents of \$1,065,193 to settle current liabilities of \$204,549 and therefore has no liquidity risk.