

Consolidated Interim Financial Statements

CANADIAN SHIELD RESOURCES INC.

(AN EXPLORATION STAGE ENTITY)

March 31, 2008 and 2007

(Unaudited)

The consolidated interim balance sheet of Canadian Shield Resources Inc. as at March 31, 2008 and the consolidated interim statements of operations, deficits and cash flows for the three 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.

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CANADIAN SHIELD RESOURCES INC.

(AN EXPLORATION STAGE ENTITY)

Consolidated Interim Balance Sheets
(Unaudited)

	March 31 2008	December 31 2007
Assets		
Current:		
Cash	\$ 26,672	\$ 127,890
Sundry assets	121,566	116,268
	<u>148,238</u>	<u>244,158</u>
Property and equipment, net	22,150	21,978
Mining properties and deferred exploration expenditures (note 2)	4,404,797	4,061,293
	<u>\$ 4,575,186</u>	<u>\$ 4,327,429</u>
Liabilities and Shareholders' Equity		
Current:		
Accounts payable and accrued liabilities	\$ 439,615	\$ 207,535
Loan payable (note 3)	71,634	-
	<u>511,249</u>	<u>207,535</u>
Non-controlling interest	27,626	27,626
Shareholders' equity:		
Capital stock (Note 4)	7,708,565	7,619,242
Warrants	8,041	8,041
Contributed surplus	915,716	878,516
Deficit	(4,596,011)	(4,413,531)
	<u>4,036,311</u>	<u>4,092,268</u>
	<u>\$ 4,575,186</u>	<u>\$ 4,327,429</u>

See accompanying notes to consolidated interim financial statements.

Approved on behalf of the Board:

"signed" Bernard Kraft Director

"signed" Gregory Harris Director

CANADIAN SHIELD RESOURCES INC.

(AN EXPLORATION STAGE ENTITY)

Consolidated interim Statements of Deficit
(Unaudited)

For the period ended March 31	2008	2007
Deficit, beginning of period	\$ (4,413,530)	\$ (3,477,752)
Net loss for the period	(182,481)	(255,356)
Deficit, end of period	\$ (4,596,011)	\$ (3,733,108)

See accompanying notes to consolidated interim financial statements.

CANADIAN SHIELD RESOURCES INC.

(AN EXPLORATION STAGE ENTITY)

Consolidated interim Statements of Operations
(Unaudited)

For the three-months period ended March 31	2008	2007
Revenue:		
Interest Income	\$ -	\$ 896
Expenses:		
General and administrative	95,471	73,636
Stock-based compensation	37,200	155,496
Shareholder services	9,098	10,084
Professional fees	36,328	11,255
Interest	1,634	4,640
Amortization	2,750	1,141
	182,481	256,252
Net loss for the period	(182,481)	(255,356)
Loss per share – basic and diluted	\$ (0.004)	\$ (0.01)
Weighted average number of common shares outstanding	50,570,122	37,556,314

See accompanying notes to consolidated interim financial statements.

CANADIAN SHIELD RESOURCES INC.

(AN EXPLORATION STAGE ENTITY)

Consolidated interim Statements of Cash Flows
(Unaudited)

For the three-month period ended March 31	2008	2007
Cash flows provided by (used in):		
Operations:		
Net loss for the period	\$ (182,481)	\$ (255,356)
Items not affecting cash:		
Amortization	2,750	1,141
Stock-based compensation	37,200	155,496
Change in non-cash balances related to operations:		
Sundry assets	(5,298)	(36,577)
Accounts payable and accrued liabilities	232,080	(60,971)
Cash (used in) operating activities	84,251	(196,267)
Financing:		
Issuance of capital stock (note 4)	89,323	574,204
Share issue costs	-	-
Loan Payable	71,634	49,507
Cash provided by financing activities	160,957	623,711
Investing:		
Cash acquired on acquisition	-	(69,148)
Property and equipment	(2,922)	-
Mining properties and deferred exploration expenditures (note 2)	(343,505)	-
Cash (used in) investing activities	(346,426)	(69,148)
Decrease in cash	(101,219)	358,296
Cash, beginning of period	127,890	9,723
Cash, end of period	\$ 26,672	\$ 368,019
Supplemental cash flow information:		
Interest received	\$ -	\$ 4,453
Interest paid	\$ -	\$ 896

See accompanying notes to consolidated interim financial statements.

CANADIAN SHIELD RESOURCES INC.

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Notes to Interim Consolidated Financial Statements
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Canadian Shield Resources Inc. (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 revenues relating to its exploration activities and is considered to be in the exploration stage.

1. Significant accounting policies:

(a) Basis of presentation:

The disclosures contained in these unaudited consolidated interim financial statement do not include all requirements of generally accepted accounting principles (GAAP) for annual financial statements. The unaudited consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2007.

The unaudited consolidated interim 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 March 31, 2008 and the results of operations and cash flows for the three months ended March 31, 2008 and 2007.

2. Mining properties and deferred exploration expenditures:

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

	December 31, 2007	Deferred Exploration Expenditures	March 31, 2008
Canada			
Erickson lake	\$ 16,564	\$ -	\$ 16,564
Peru:			
Humajala	1,766,007	25,158	1,791,165
Cerro Cori	449,007	23	449,030
Ccello Ccello	482,192	352	482,544
Apune-Pucarana	474,689	-	474,689
La Estrella	395,688	277,444	673,132
Pompa Poroma	139,869	32	139,901
Colpoyoc	126,671	31,048	157,719
La Tola	52,123	186	52,309
Other	17,756	9,183	26,939
Chile:			
Trol	140,727	77	140,804
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	\$ 4,061,293	\$ 293,504	\$ 4,404,797

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3. Loan payable:

Loans from shareholders bear interest at 12% per annum are unsecured and due on demand.

4. Capital stock:

(a) Issued:

	Common shares	
	Number	Amount
Balance, January 1, 2007	40,349,081	\$ 5,594,888
Issued:		
Private placement	3,100,000	625,000
Private placement	1,000,001	300,000
Options exercised	500,834	110,259
Compensation warrants exercised	216,150	68,050
Warrants exercised	2,552,500	561,500
APMX Acquisition	2,000,000	400,000
Finder's fees for APMX	187,500	37,500
Less: Share issue costs		(77,955)
Balance, January 1, 2008	49,906,066	\$ 7,619,242
Issued:		
Options exercised	764,054	94,723
Less: Share issue costs		(5,400)
Balance, March 31, 2008	50,670,120	\$ 7,708,565

The following summarizes the stock options outstanding:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2008	4,849,166	\$ 0.18
Outstanding, March 31, 2008	4,185,112	\$ 0.19
Options exercisable, end of period	3,060,112	\$ 0.17

(b) Warrants:

The following summarizes the Warrants outstanding:

	Weighted average remaining contractual life (years)	Number of warrants	Weighted average exercise price
January 1, 2008	1.10	2,040,000	\$ 0.43
March 31, 2008	1.10	2,040,000	\$ 0.23

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Compensation Warrants:

The following summarizes the Compensation Warrants outstanding:

	Weighted average remaining contractual life (years)	Number of warrants		Weighted average exercise price
January 1, 2008	1.10	80,700	\$	0.19
March 31, 2008	1.10	80,700	\$	0.19

5. Segmented Information:

(a) Reportable Segments:

In 2008 and 2007, the Company has one operating segment in mineral exploration

(b) Enterprise wide disclosure – Geographic Information:

As at March 31, 2008, \$3,965,305 (December 2007: \$4,082,726) of the Company's assets were held in Peru.

6. Financial instruments and risk management:

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

(a) Currency risk:

The Company is subject to currency risk through its activities outside of Canada. Unfavourable changes in the exchange rate may affect the operating results of the Company. The Company is also exposed to currency risk as a substantial amount of its revenue is denominated in U.S. dollars.

There were no derivative instruments outstanding at March 31, 2008 and 2007.

(a) Financial Instruments:

The significant financial instruments of the Company, their carrying values and the exposure to U.S. dollar denominated monetary assets and liabilities, as of March 31, 2008 are as follows:

	US Denominated	
	CAD	USD
Cash	32,834	32,506
Accounts payable	345,910	342,451

US dollars are converted on the prevailing year-end exchange rates.

(b) Fair market values:

The carrying values of cash, short-term investment, accounts and grants receivable, accounts payable, accrued liabilities, bank loans and loans payable approximate their fair values due to the relatively short periods to maturity.

(d) Concentration of risk:

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Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. Cash and short-term investment consist of deposits with major financial institutions. With respect to accounts receivable, the Company performs periodic credit evaluations of the financial condition of its customers and typically does not require collateral from them. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information.

(d) Interest rate risk:

The Company manages its exposure to interest rate risk through floating rate borrowings. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

7. Subsequent Event:

In April 2008, the Company successfully completed a non-brokered expedited private placement of 1,007,002 Units at a price of \$0.15 per Unit for gross proceeds of \$151,050. Each Unit is comprised of one common share and one-half non-transferable Series O Warrant. Each whole Series O Warrant ("Warrant") entitles the holder to purchase one common share at an exercise price of \$0.25 for a period of 18 months from the date of closing. The Warrant is callable, at the option of Canadian Shield, four months after the date of closing in the event its common shares trade at or over \$0.50 per share for 10 consecutive trading days.