

**GlobeStar Mining Corporation**  
(an exploration company)

Interim Consolidated Financial Statements  
(unaudited)  
March 31, 2007

Note: The accompanying unaudited interim consolidated financial statements of GlobeStar Mining Corporation (the "Corporation") for the quarter ended March 31, 2007 have been prepared by management. These statements have not been reviewed by the Corporation's external auditors.

# Globestar Mining Corporation

(an exploration company)

Interim Consolidated Balance Sheet (unaudited)

	As at March 31, 2007 \$	As at December 31, 2006 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	20,710,933	21,300,021
Deposit certificate, 7% (4.1% in 2005)	91,462	179,886
Amounts receivable	148,772	140,611
Prepaid expenses	103,093	105,183
	<hr/>	<hr/>
	21,054,260	21,725,701
<b>Deferred charges</b>	309,962	309,962
<b>Property, plant and equipment</b>	348,081	363,160
<b>Intangible assets</b>	72,878	47,073
<b>Mining properties</b> (note 2)	20,363,940	18,793,038
	<hr/>	<hr/>
	42,149,120	41,238,934
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,040,190	1,626,478
Part XII.6 and Part III.14 tax	30,500	30,500
Deposits on exploration costs payable, non-interest bearing (US\$371,091 in 2007, US\$372,440; in 2006)	428,983	434,414
Promissory note, bearing interest at 4%, maturing on March 30, 2007 (US\$500,000 in 2006)	-	601,492
	<hr/>	<hr/>
	1,499,673	2,692,884
<b>Shareholders' Equity</b>		
<b>Share capital</b> (notes 4 and 5)	47,102,917	43,887,497
<b>Warrants</b> (note 4)	803,141	1,500,367
<b>Stock options</b> (note 5)	1,949,355	1,468,501
<b>Contributed surplus</b>	836,158	836,158
<b>Deficit</b>	(10,042,124)	(9,146,473)
	<hr/>	<hr/>
	40,649,447	38,546,050
	<hr/>	<hr/>
	42,149,120	41,238,934

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

Approved by the Board of Directors

(Signed) WILLIAM J. FISHER \_\_\_\_\_ Director

(3)  
(Signed) JOHN A. IANNOZZI, CA \_\_\_\_\_ Director

# Globestar Mining Corporation

(an exploration company)

Interim Consolidated Statements of Deficit (unaudited)

---

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of period</b>	9,146,473	6,865,402
Loss for the period	895,651	(211,632)
Redemption of shares	-	-
<b>Balance – End of period</b>	<b>10,042,124</b>	<b>6,653,770</b>

Interim Consolidated Statements of Contributed Surplus (unaudited)

---

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Balance – Beginning of period</b>	836,158	836,158
Warrants matured (note 4)	-	-
Redemption of shares (note 4)	-	-
<b>Balance – End of period</b>	<b>836,158</b>	<b>836,158</b>

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

# Globestar Mining Corporation

(an exploration company)

Interim Consolidated Statements of Earnings (unaudited)

---

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Administrative expenses</b>		
Compensation and fringe benefits (note 5)	645,285	50,720
Office expenses	98,628	99,978
Professional and maintenance fees (note 5)	424,420	257,478
Travelling	66,614	14,401
Financial revenues	(158,449)	(1,326)
Depreciation of property, plant and equipment	15,079	15,700
Amortization of intangible assets	5,443	601
Amortization of deferred charges	-	-
Exchange gain	(206,358)	(32,589)
Interest and bank charges	5,987	1,100
Interest on long-term debt	-	-
Rent, office costs recovery	(1,000)	-
Expenses related to the abandonment of a mining property and to the writeoff of mining properties	-	(617,695)
	<hr/>	<hr/>
<b>Loss for the period</b>	<b>895,651</b>	<b>(211,632)</b>
	<hr/>	<hr/>
<b>Basic and diluted loss per share</b> (note 6)	<b>0.011</b>	<b>(0.004)</b>
	<hr/>	<hr/>

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

# Globestar Mining Corporation

(an exploration company)

## Interim Consolidated Statements of Cash Flows (unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss for the year	(895,651)	211,632
Items not affecting cash and cash equivalents		
Depreciation of property, plant and equipment	15,079	15,700
Amortization of intangible assets	5,443	601
Amortization of deferred charges	-	-
Stock options (note 5)	500,923	20,063
Exchange gain (loss)	(3,049)	(21,808)
Gain on the sale of investments in public companies	-	(617,695)
	<u>(377,255)</u>	<u>(391,507)</u>
Change in non-cash working capital items		
Amounts receivable	(8,161)	(17,775)
Prepaid expenses	2,090	8,016
Accounts payable and accrued liabilities	(586,288)	(72,796)
	<u>(592,359)</u>	<u>(82,555)</u>
	<u>(969,614)</u>	<u>(474,062)</u>
<b>Cash flows from financing activities</b>		
Variation in deferred charges	-	(266,685)
Repayment of advances from a shareholder	-	(233,200)
Repayment of promissory note	(601,492)	-
Long-term debt incurred	-	4,980,150
Issuance of share capital and warrants, net of issue expenses	2,498,125	40,000
	<u>1,896,633</u>	<u>4,520,265</u>
<b>Cash flows from investing activities</b>		
Purchase of a deposit certificate	91,462	-
Additions to property, plant and equipment	-	-
Acquisition of intangible assets	(25,805)	-
Deposit on the purchase of a mining property	-	(585,650)
Proceeds from the sale of shares of public companies	-	1,101,095
Acquisition of mining properties	(1,570,902)	(5,275,384)
Deposits on exploration costs payable	(5,431)	44,254
	<u>(1,516,107)</u>	<u>(4,130,035)</u>
<b>Net change in cash and cash equivalents</b>	<u>(589,088)</u>	<u>(83,832)</u>
<b>Cash and cash equivalents – Beginning of period</b>	<u>21,300,021</u>	<u>246,578</u>
<b>Cash and cash equivalents – End of period</b>	<u>20,710,933</u>	<u>162,746</u>
<b>Additional information</b> (note 6)		

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

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

## 1 Interim financial information

The financial information as at March 31, 2007 and for the three-month ended March 31<sup>st</sup>, 2006 is unaudited; however, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the company's most recent annual consolidated financial statements. However, all disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the company's most recent annual financial statements.

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

## 2 Mining properties

For the three-month period ended March 31, 2007, all mining properties are 100% owned by the company through claims.

<b>Canada</b>	<b>Balance as at December 31, 2006 \$</b>	<b>Costs incurred \$</b>	<b>Option payments, grants and tax credits \$</b>	<b>Loss on writeoff and disposal \$</b>	<b>Balance as at March 31, 2007 \$</b>
Moblan					
Mining property	10,347	-	-	-	10,347
Exploration costs	139,704				139,704
	<u>150,051</u>		<u>-</u>	<u>-</u>	<u>150,051</u>
<b>Dominican Republic</b>					
Maimón and Cerro de Maimón					
Mining properties	7,975,148			-	7,975,148
Exploration costs	6,355,531	1,516,242		-	7,871,773
	<u>14,330,679</u>	<u>1,516,242</u>		<u>-</u>	<u>15,846,921</u>
Managua					
Exploration costs	3,112,885	-		-	3,112,885
Trinidad					
Exploration costs	661,478	-		-	661,478
Rincón Abajo					
Exploration costs	259,755			-	259,755
Cuance					
Mining property	36			-	-
Exploration costs	(36)	3,140		-	3,140
	<u>-</u>	<u>3,140</u>		<u>-</u>	<u>3,140</u>
(forward)	<u>18,364,797</u>	<u>1,519,382</u>		<u>-</u>	<u>19,884,179</u>

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

Dominican Republic	Balance as at December 31, 2006 \$	Costs incurred \$	Option payments, grants and tax credits \$	Loss on writeoff and disposal \$	Balance as at March 31, 2007 \$
(brought forward)	18,364,797	1,519,382		-	19,884,179
Loma de Payabo					
Mining property	-	-		-	-
Exploration costs	-	-		-	-
	-	-		-	-
Los Hojanchos					
Exploration costs	74,363	7,620		-	81,983
El Anón					
Mining property	32	-		-	32
Exploration costs	7,881	-		-	7,881
	7,913	-		-	7,913
Jatubey					
Exploration costs	1,486	-		-	1,486
Barbuito					
Exploration costs	6,411	-		-	6,411
Laterita Cerro de Maimón					
Exploration costs	152,221	43,900		-	196,121
Other					
Exploration costs	35,796	-		-	35,796
	18,642,987	1,570,902		-	20,213,889
Total mining properties	18,793,038	1,570,902		-	20,363,940

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

## 3 Financing

The secured medium-term note of US\$4,250,000, contracted during the quarter ended June 30, 2006, was repaid during the quarter ended September 30, 2006. This note bore interest at LIBOR rate plus 4% and was maturing on December 31, 2008; interest was capitalizable or payable quarterly. The capitalized interest was convertible into common shares at the lender's option. 2,025,353 warrants were issued to the lender on the date of the loan as financing expenses in addition to an amount of \$266,685 paid in cash. This debt was secured by a general security agreement.

In May 2006, the company received the approval for a senior debt of up to US\$35,000,000 for the development of the Cerro de Maimón project. The debt has a five-year term and bears interest at LIBOR rate plus 3.5% for the period prior to completion of the project and at LIBOR rate plus 3.0% for the period following completion of the project. Principal and interest will become payable at the earlier of three months after the completion of the project and a fixed date to be determined. Interest may be payable earlier if the company is able to pay interest. As at March 31<sup>st</sup>, 2007, this credit facility is unused.

## 4 Share capital

Authorized

Unlimited number of common shares, without par value, voting and participating

Issued

	<b>March 31, 2007</b>	<b>December 31, 2006</b>
	\$	\$
81,840,300 shares (77,734,050 in 2006)	47,102,917	43,887,497

During the three-month period ended March 31, 2007, 4,056,250 warrants were exercised for a total exercise price of \$2,463,125 (note 4B). The fair value of these warrants, in the amount of \$697,226 has been credited to share capital.

- (i) During the three-month period ended March 31, 2007, 50,000 options were exercised for a total exercise price of \$35,000 (note 5). The fair value of these options, in the amount of \$20,069 has been credited to share capital.

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

- (b) The following table presents the warrant activity and summarizes information about outstanding warrants as at March 31, 2007:

	<b>Three Months Ended March 31, 2007</b>		<b>Year Ended December 31, 2006</b>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of period	7,764,752	0.65	5,075,000	0.49
Granted	-	-	3,721,002	0.86
Exercised	4,056,250	0.61	(1,031,250)	0.41
Matured	-	-	-	-
Outstanding and exercisable – End of period	<u>3,708,502</u>	<u>0.74</u>	<u>7,764,752</u>	<u>0.65</u>

The following table summarizes the maturity date of outstanding warrants:

- 1,487,500 warrants at \$0.50 mature in August 2007;
- 1,195,649 warrants at \$1.15 mature in January 2008;
- 1,025,353 warrants at \$0.61 mature in March 2009. The exercise price will be \$0.67 for the period from March 2008 to March 2009.

Warrants are recorded at their fair value, which was determined using the Black-Scholes model.

## 5 Stock option plans

- (a) The company established a stock option plan under which key employees, officers, directors and service suppliers of the company and its subsidiaries may be granted stock options for shares of the company. A maximum of 10% of the shares issued and outstanding may be granted (maximum of 5% in favour of one person).

Options granted under the plan expire after a maximum period of ten years following the date of grant and vest over variable periods determined by the Board of Directors upon granting.

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

The following tables present the stock option activity:

	<b>Three Months Ended March 31, 2006</b>		<b>Year Ended December 31, 2006</b>	
	<b>Number</b>	<b>Weighted average exercise price \$</b>	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding – Beginning of period	6,273,131	0.78	4,153,131	0.61
Granted	850,000	1.51	2,605,000	1.03
Exercised	(50,000)	0.70	(250,000)	0.67
Cancelled	(2,443)	3.77	(235,000)	0.47
Outstanding – End of period	7,070,688	.87	6,273,131	0.78
Exercisable – End of period	4,878,189	.70	4,355,965	0.69
		<b>Options outstanding and exercisable as at March 31, 2007</b>	<b>Remaining contractual life (years)</b>	<b>Exercise price \$</b>
<b> Holders</b>				
Key employees	200,000	4.94	1.58	
Key employees	150,000	4.72	1.17	
Key employees	225,000	4.08	0.70	
Key employees	400,000	4.35	1.07	
Key employees	150,000	4.53	1.07	
Service suppliers	80,000	0.85	0.76	
Service suppliers	200,000	4.53	1.07	
Service suppliers	200,000	4.53	1.07	
Directors and officers	500,000	4.94	1.58	
Directors and officers	200,000	2.88	0.70	
Directors and officers	1,450,000	0.95	0.90	
Directors and officers	1,735,688	0.38	0.36	
Directors and officers	200,000	3.56	0.55	
Directors and officers	300,000	4.08	0.70	
Directors and officers	530,000	4.24	1.25	
Directors and officers	200,000	4.35	1.07	
Directors and officers	350,000	4.53	1.07	
Outstanding – End of year	7,070,688	2.63	0.78	
Exercisable – End of year	4,878,189	1.81	0.70	

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

During the three-month period ended March 31, 2007, 850,000 options were granted the fair value of options granted for the year ended March 31, 2007 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions:

	<b>2006</b>
Number of options	850,000
Risk-free interest rate	4.25%
Expected volatility	60%
Dividend yield	zero
Weighted average expected life	5 years
Weighted average fair value of options granted	\$0.8895

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the stock options granted to key employees, officers and directors have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide an accurate single measure of the fair value of stock options granted to key employees, officers and directors.

The company recognizes, as compensation costs arising from awards to key employees, officers and directors, the fair value of stock options at the date of grant. The fair value of stock options granted or vested during the quarter ended March 31, 2007 is \$500,923 of which an amount of \$67,080 has been included in the statement of earnings under the item "Professional and maintenance fees" and \$433,843 under the item "Compensation and fringe benefits". For the quarter ended March 31, 2006, an amount of \$20,063 has been included in Shareholders' Equity under the item "Stock options".

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

Statements of cash flows

Additional information

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Items not affecting cash and cash equivalents related to operating, financing and investing activities		
Promissory note incurred for the purchase of a mining property	-	585,900
Acquisition of mining properties applied against:		
Deposit on the purchase of a mining property		585,650
Deposits on exploration costs	-	
Deposits on exploration costs payable applied against mining properties	-	
Interest paid	-	
Shares received in consideration of the sale of a mining property	-	
Warrants exercised and transferred to share capital	697,226	12,844
Warrants matured and transferred to the contributed surplus	-	
Warrants issued as financing expenses	-	557,946
Options exercised and transferred to share capital	20,069	-
Expenses related to the abandonment of a mining property settled through the issuance of shares	-	
Deposit on exploration costs applied against a mining property	-	

## 6 Earnings per share

The following table summarizes the reconciliation of the basic weighted average number of shares outstanding and the diluted weighted average number of shares outstanding used in the diluted earnings per share calculations:

	<b>Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Basic weighted average number of shares outstanding	80,683,710	50,444,789
Stock options	3,186,234	839,516
Warrants	1,978,048	1,143,428
Diluted weighted average number of shares outstanding	<u>85,847,991</u>	<u>52,427,733</u>
Items excluded from the calculation of diluted loss per share because the exercise price was greater than the average market price of the common shares		
Stock options	-	1,932,443
Warrants	-	-

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

For the three-month period ended March 31, 2007, the diluted loss per share was the same as the basic loss per share since the dilutive effect of stock options and warrants was not included in the calculation; otherwise, the effect would have been anti-dilutive. Accordingly, the diluted loss per share for those years was calculated using the basic weighted average number of shares outstanding.

## 7 Consolidated segment information by geographic region

The company is organized under two geographic regions, which are Canada and the Dominican Republic. The accounting policies used for these reportable segments are consistent with those described in the summary of significant accounting policies. The principal financial information for each of these segments is detailed as follows:

For the three-month period ended March 31, 2007

	<b>Dominican Republic</b>	<b>Canada</b>	<b>Total</b>
	\$	\$	\$
Compensation and fringe benefits	8,209	637,076	645,285
Office expenses	13,080	85,548	98,628
Professional and maintenance fees	7,900	416,520	424,420
Travelling	66,348	266	66,614
Financial revenues	(2,302)	(156,147)	(158,449)
Depreciation of property, plant and equipment	2,844	12,235	15,079
Amortization of intangible assets	-	5,443	5,443
Amortization of deferred charges	-	-	-
Exchange gain	(309,408)	103,050	(206,358)
Rent, office costs recovery	-	(1,000)	(1,000)
Interest and bank charges	1,321	4,666	5,987
Interest on long-term debt			
Gain on the sale of investments in public companies			
Loss for the year	<u>278,088</u>	<u>1,173,739</u>	<u>895,651</u>
Segment assets	<u>20,213,892</u>	<u>21,932,384</u>	<u>42,146,276</u>
Additions to property, plant and equipment	<u>2,844</u>	<u>12,235</u>	<u>15,079</u>
Acquisition of intangible assets	<u>-</u>	<u>25,805</u>	<u>25,805</u>
Additions to mining properties	<u>1,570,902</u>	<u>-</u>	<u>1,570,902</u>

# Globestar Mining Corporation

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

For the three-month period ended March 31, 2006

	<b>Dominican Republic</b>	<b>Canada</b>	<b>Total</b>
	\$	\$	\$
Compensation and fringe benefits	2,824	47,896	50,720
Office expenses	12,345	87,633	99,978
Professional and maintenance fees	5,405	252,073	257,478
Travelling	77	14,324	14,401
Financial revenues	(185)	(1,141)	(1,326)
Gain on the sale of a mining property	-	-	-
Depreciation of property, plant and equipment	6,843	8,857	15,700
Amortization of intangible assets	-	601	601
Exchange loss (gain)	(214,047)	181,458	(32,589)
Interest and bank charges	533	567	1,100
Expenses related to the abandonment of a mining property and to the writeoff of mining properties			
Gain on the sale of investments in public companies	-	(617,695)	(617,695)
Loss (earnings) for the year	(186,205)	(25,427)	(211,632)
Segment assets	16,411,835	1,845,802	18,257,637
Additions to property, plant and equipment	-	-	-
Acquisition of intangible assets	-	25,805	25,805
Additions to mining properties	6,444,063	2,871	6,446,934

## 8 Subsequent event

On April 1, 2007 the company signed an agreement with Ocean Partners USA Inc. to provide services for selling concentrates and other marketing services on behalf of the company. The agreement will be in force through the first three year of production from the Cerro de Maimon Mine.

On May 3<sup>rd</sup>, 2007 the Board of Directors adopted a Shareholder Protection Rights Plan Agreement (the "Plan"). The Plan is similar to existing shareholder rights plans adopted by other Canadian public companies. The Plan objectives are to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and equitably in connection with any takeover bid for the Corporation.

On May 4, 2007 the company confirmed an agreement with a syndicate led by Desjardins Securities Inc., and including Westwind Partners Inc. to raise \$20 million on a bought deal basis consisting of a private placement of 10 million Common Shares at price of \$2.00 per Common Share. The underwriters were also granted an option to place, prior to closing, an additional 5.9 million common shares at a price of \$2.00 per share for a

# **Globestar Mining Corporation**

(an exploration company)

Notes to Interim Consolidated Financial Statements (unaudited)

---

total gross proceeds of \$31.8 million. Closing of the transaction is expected to occur on or about May 29, 2007.

