

Unaudited Interim Consolidated Financial Statements of

BOXXER GOLD CORP.

Three months ended March 31, 2007 and 2006

The accompanying unaudited interim consolidated financial statements of Boxxer Gold Corp. for the quarter ended March 31, 2007 have been prepared by management and approved by the audit committee. These statements have not been reviewed by the Company's external auditors.

May 25, 2007

BOXXER GOLD CORP.

Interim Consolidated Balance Sheets

	Unaudited	Audited
	March 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash	\$ 145,471	\$ 628,728
Accounts receivable	17,132	10,283
	<u>162,603</u>	<u>639,011</u>
Deposits	86,040	75,106
Furniture and equipment	3,821	4,022
Mineral properties (note 3)	2,862,308	2,239,682
	<u>\$ 3,114,772</u>	<u>\$ 2,957,821</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 268,534	\$ 145,694
Future income taxes	68,695	68,695
Shareholders' equity:		
Share capital (note 4)	3,542,593	3,420,781
Warrants (note 4)	355,265	355,265
Contributed surplus (note 5)	224,123	224,123
Deficit	<u>(1,344,438)</u>	<u>(1,256,737)</u>
	2,777,543	2,743,432
Future operations (note 1)		
Commitments (notes 3 and 4)		
Contingencies (note 8)		
Subsequent events (note 9)		
	<u>\$ 3,114,772</u>	<u>\$ 2,957,821</u>

See accompanying notes to interim consolidated financial statements.

On behalf of the Board:

(Signed) "Colin Byrne Christensen" Director

(Signed) "William Truman Kilbourne" Director

BOXXER GOLD CORP.

Interim Consolidated Statements of Operations and Deficit

Three months ended March 31, 2007 and 2006
(Unaudited)

	2007	2006
Expenses:		
Management fees (note 6)	\$ 19,500	\$ 15,000
General and administrative	66,563	127,612
Depreciation	201	127
Foreign exchange gain (loss)	1,437	340
Net loss for the period	87,701	143,079
Deficit, beginning of year	1,256,737	809,339
Deficit, end of period	\$ 1,344,438	\$ 952,418
Loss per share - basic and diluted (note 4(f))	\$ •	\$ (0.01)

See accompanying notes to interim consolidated financial statements.

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Interim Consolidated Statements of Cash Flows

Three months ended March 31, 2007 and 2006
(Unaudited)

	2007	2006
Cash provided by (used in):		
Operations:		
Net loss for the period	\$ (87,701)	\$ (143,079)
Non-cash items:		
Depreciation	201	127
Stock-based compensation (note 4(e))	•	80,341
Change in non-cash working capital	7,693	(9,381)
	<u>(79,809)</u>	<u>(71,992)</u>
Financing:		
Issue of share capital for cash	(1,688)	183,382
Investments:		
Deposits	(16,039)	(9,362)
Addition to mineral properties	(494,021)	(132,931)
Change in non-cash working capital	108,300	35,726
	<u>(401,760)</u>	<u>(97,205)</u>
Change in cash	(483,257)	4,823
Cash, beginning of year	628,728	9,609
Cash, end of period	<u>\$ 145,471</u>	<u>\$ 14,432</u>

See accompanying notes to interim consolidated financial statements.

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Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2007 and 2006

Boxxer Gold Corp. (the "Company") is engaged, in the exploration and development of gold mining properties in Canada and the United States. The Company is currently in the development stage as all of the Company's properties are in the exploration stage.

1. Future operations:

These interim consolidated financial statements have been prepared by management on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

At March 31, 2007, the Company had working capital deficiency of \$105,932, had incurred a net loss of \$87,701 and had an accumulated deficit of \$1,344,438. The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and to obtain additional financing. The ability of the Company to generate future profitable operations is primarily dependent upon achieving successful exploration and profitable development of its mineral properties.

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

2. Significant accounting policies:

The significant accounting policies followed by the Company are summarized as follows:

(a) Basis of preparation:

These consolidated financial statements include the accounts of the Company and its wholly owned U.S. subsidiary.

(b) Use of estimates:

The preparation of the Company's consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Significant areas requiring the use of management estimates relate to the determination of mineral reserves, reclamation, and environmental obligations, impairment of assets and useful lives used to compute depreciation, depletion and amortization. Actual results could differ from those estimates.

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Three months ended March 31, 2007 and 2006

2. Significant accounting policies (continued):

(c) Mineral interests:

Mineral properties are recorded at cost and will be depleted on the unit-of-production method over the estimated economic life of the mine to which they relate. Development costs incurred to expand existing capacity, develop new ore bodies and develop property substantially in advance of production are capitalized.

Exploration expenditures are charged to earnings in the period incurred except where these costs relate to specific properties in which case they are deferred. Significant property payments for active exploration properties are capitalized. If no mineable ore body is discovered, previously capitalized costs are expensed.

Mineral property costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If estimated future net cash flows expected to result from the use of properties and their eventual disposition are less than the carrying amount, then these properties are written down to their estimated recoverable amount.

Amounts recorded for mineral properties represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

(d) Furniture and equipment:

Office furniture and equipment are recorded at cost and are depreciated on a declining balance basis over the estimated useful life of five years.

(e) Asset retirement obligation ("ARO"):

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and or the normal use of the assets. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depleted and depreciated using a unit of production method over estimated gross proved plus probable resources. Subsequent to the initial measurement of the asset retirement obligations, the obligations are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

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Three months ended March 31, 2007 and 2006

2. Significant accounting policies (continued):

(f) Foreign currency translation:

The Company translates foreign currency denominated transactions and the financial statements of integrated foreign operations using the temporal method. Monetary assets and liabilities are translated at year-end rates. Non-monetary assets and liabilities are translated at rates in effect on the dates of the transactions. Income and expenses are translated at average rates in effect during the year with the exception of depreciation, which is translated at historic rates. Exchange gains and losses on translation of monetary assets and liabilities are reflected in earnings immediately.

(g) Stock-based compensation plan:

The Company accounts for all stock-based compensation arrangements using the fair value method, under which compensation expense is recorded based on the estimated fair value of the options as determined at the date of grant, and expensed over the vesting period with a corresponding increase to contributed surplus. Stock-based compensation for options granted to employees is based on the estimated fair value at the time of the grant. Stock-based compensation for options granted to consultants is based on the estimated fair value at each balance sheet date until the related options are fully vested. Upon the exercise of the stock options, consideration received together with the amount previously recognized in contributed surplus is recorded as an increase in share capital.

(h) Per share amounts:

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the year.

Diluted per share amounts are calculated using the treasury stock method. Diluted calculations reflect the weighted average incremental common shares that would be issued upon exercise of dilutive options and warrants assuming proceeds would be used to repurchase shares at average market prices for the period. Anti-dilutive options and warrants are not included in the calculation.

(i) Flow-through shares:

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. The estimated cost of the renounced tax deductions are reflected in share capital and future income taxes when the expenditures are renounced.

(j) Income taxes:

The Company follows the liability method to account for income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

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Three months ended March 31, 2007 and 2006

3. Mineral properties:

	Balance at December 31, 2006	Additions	Balance at March 31, 2007
Property acquisition	\$ 166,688	\$ 237,424	\$ 404,112
Staking and filing fees	246,530	148	246,678
Lease payments	218,424	31,864	250,288
Geological services	775,423	90,522	865,945
Geophysical services	110,264	•	110,264
Drilling	575,675	278,768	854,443
Assay analysis	115,678	14,900	130,578
Deposit (note 10(b))	31,000	(31,000)	•
	\$ 2,239,682	\$ 622,626	\$ 2,862,308

	Balance at December 31, 2005	Additions	Balance at December 31, 2006
Property acquisition	\$ 139,000	\$ 27,688	\$ 166,688
Staking and filing fees	106,226	140,304	246,530
Lease payments	132,829	85,595	218,424
Geological services	516,594	258,829	775,423
Geophysical services	100,331	9,933	110,264
Drilling	424,999	150,676	575,675
Assay analysis	51,875	63,803	115,678
Deposit (note 10(b))	-	31,000	31,000
	\$ 1,471,854	\$ 767,828	\$ 2,239,682

Expenditure by property:

	Balance at December 31, 2006	Additions	Balance at March 31, 2007
Canadian property			
Property acquisition	\$ 151,650	\$ 58,500	\$ 210,150
Geophysical Services	84,892	•	84,892
Drilling	252,379	•	252,379
Geological services	20,990	•	20,990
Deposit (note 10(b))	31,000	(31,000)	•
	540,911	27,500	568,411
United States properties			
Staking and filing fees	246,530	148	246,678
Property acquisition	15,038	178,924	193,962
Lease payments	218,424	31,864	250,288
Geological services	737,662	90,522	828,184
Geophysical services	42,143	•	42,143
Drilling	323,296	278,768	602,064
Assay analysis	115,678	14,900	130,578
	1,698,771	595,126	2,293,897

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Three months ended March 31, 2007 and 2006

Total	\$ 2,239,682	\$ 622,626	\$ 2,862,308
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Three months ended March 31, 2007 and 2006

3. Mineral properties (continued):

The Company has no mineral resources or reserves assigned on its properties.

Boss Property:

During 2005, the Company signed a 15-year lease agreement with the owners of the Yellowhorse patent claims (the Robbins lease). These patented claims are on the eastern boundary of what we call the Boss project in Nevada. Terms of the agreement call for Boxxer to make graduated annual lease payments to the landowners of U.S.\$5,000 (Cdn \$6,000) upon signing and the first anniversary of the agreement; U.S.\$15,000 (Cdn \$18,000) annually from the second to the fourth anniversary date; and U.S.\$20,000 (Cdn \$24,000) annually thereafter. The agreement also calls for the Company to pay a net smelter royalty (NSR) of 5%. The Company also has an option to purchase the property, including the NSR, for U.S.\$500,000 (Cdn \$600,000).

The Company leases the Oro Amigo patented claims in Nevada under a long-term operating lease to explore and produce minerals from the Oro Amigo patented claims. The extendible lease expires August 12, 2017. Under the terms of the lease, the Company must make monthly advance royalty payments of U.S.\$5,000 (Cdn\$6,000), unless production of minerals commences. Should production of minerals commence from the Oro Amigo patented mineral claims, the monthly advance royalty payment is converted to either a 5% royalty on production, or a payment of U.S.\$5,000 per month, whichever is greater. During 2005, the Company negotiated terms of initial advance royalty payment to \$750 per month for a term extending from August 12, 2005 to August 12, 2007. Thereafter, monthly payments will remain U.S.\$5,000 as long as this agreement is in effect.

On January 2, 2003, the Company signed a long-term extendible operating lease with one of the 50% owners on the Boss patented claims in Nevada, to be used for gold exploration and development. The lease expires January 2, 2018, the monthly advance royalty payments for which are U.S.\$1,500 (CDN \$1,800), until expiry of the lease. On commencement of production of minerals, if any, from the Boss patented claims, the monthly royalty payment can be converted to a 1.5% net smelter royalty. The Company has the right to recover all previous royalty payments from the production royalty. Under the terms of this lease agreement this 50% owner has the right to convert the monthly royalty payments to a 20% Working Interest at any time before the completion of a feasibility study, in which case he would be responsible for 20% of all expenditures incurred on the property after the conversion. During 2005 the Company negotiated the purchase of eighteen months lease payments, from January 2005 to June 30, 2006 by issuing 250,000 shares to the 50% owner of the Boss patented claims. Prior to the end of the June 30, 2006 extension, the Company negotiated an additional eighteen month extension of monthly lease payments from July 1, 2006 to December 31, 2007, by issuing 175,000 common shares.

On June 2, 2003, the Company executed a 15-year extendible lease agreement date June 2, 2003 with the remaining 50% owner of the Boss patented claims, expiring June 2, 2018. The lease agreement requires a U.S.\$1,500 (CDN \$1,800) per month payment. If production commences from the Boss patented claims, the monthly royalty payment converts to a 1.5% net smelter royalty, payable quarterly after recovery by the Company of the advance royalty

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payments.

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Three months ended March 31, 2007 and 2006

3. Mineral properties (continued):

On August 4, 2004 the Company announced the acquisition of an additional 100% interest in four patented lode mining claims as part of the land position at its Boss property. The Company signed a ten-year lease agreement with the property owner whereby the Company will pay an advanced minimum royalty of U.S.\$1,000 annually throughout the life of the agreement. The lease agreement is subject to a net smelter royalty (NSR) of 4% on future open pit production, and 3% from underground production. The Company has the option to purchase the property and the net smelter royalty for U.S.\$50,000 at any time during the term of the lease agreement.

The Company's annual minimum lease commitments as described above are as follows:

2007	\$	90,000
2008		130,000
2009		136,000
2010		136,000
2011		136,000

Gordon Lake Property:

On December 1, 2003, the Company announced the signing of a Letter Agreement whereby the Company had acquired the right to earn between 90%-100% in the Gordon Lake gold property located in the Northwest Territories. The Company attained an assignment from 397405 Alberta Ltd. of the right to earn a 90% working interest in the Gordon Lake property and 100% of 397405 Alberta Ltd.'s interest in seven contiguous mineral claims. This acquisition by the Company was a non-arms length transaction involving a director and shareholder of the Company. Under the terms of the agreement, the Company can earn the respective interests in the property by:

1. spending \$500,000 in exploration expenditures on the property by December 31, 2005, with a minimum of \$250,000 being spent by the end of December 2004 (see extension below); and
2. Issuing 600,000 common shares of the Company as follows:
 - (a) 100,000 common shares, plus \$40,000 in cash.
 - (b) 250,000 common shares on completion of the first \$250,000 in exploration expenditures (issued), plus a cash payment of \$31,000 (paid by the issuance of 310,000 shares at \$0.10 per share)
 - (c) 250,000 common shares on completion of the next \$250,000 in exploration expenditures, plus a cash payment of \$31,000.

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Three months ended March 31, 2007 and 2006

3. Mineral properties (continued):

On December 6, 2004, 397405 Alberta Ltd. granted the Company an extension for the exploration expenditure of the minimum of \$250,000 to have been spent on the Gordon Lake property by the end of December 2004, until February 28, 2005. This work commitment was successfully completed by the end of February 2005. The 10% interest holder has a sliding scale royalty on any future gold production from this lease that ranges from 1% to 4% if the future price of gold is greater than U.S.\$400 per ounce. Should either party dilute its working interest in the Lease below 10%, its working interest will automatically be converted into a 5% Net Profits Interest. On December 20, 2005 the Company signed an agreement with 397405 Alberta Ltd. granting a two year extension on the second \$250,000 exploration commitment, due December 31, 2005, until March 31, 2008.

On December 21, 2006 the Company received written confirmation of a Notice of Lapsing from Indian and Northern Affairs advising that the Company is in default of the terms and conditions on certain claims on the Gordon Lake property. As of January 16, 2007, the Company filed a Certificate of Extension on these claims, which was accepted, extending the period within which to make the appropriate expenditures on the property until November 20, 2007.

Buena Vista Property

On January 26, 2006 Boxxer signed a letter of intent to earn an 80% interest in the Buena Vista property (the "Buena Vista Property") which is located in central Nevada. Boxxer can earn an 80% interest in the property by making expenditures of U.S.\$1,000,000 (CDN\$1,200,000) over a period of three years, assume the lease option payment of U.S.\$1,000 (CDN\$1,200) annually on one unpatented claim known as Copper Kettle, and making three bonus payments over a period of three years totaling U.S.\$60,000 (CDN\$72,000).

Holding costs of approximately U.S.\$38,000 (CDN\$45,600) annually are necessary to maintain all claims in good standing.

Salient terms of the lease-option agreement include:

- Initial 10 year term, extendable for 4 additional 10-year terms.
- Annual rentals of US\$4,593 (CDN\$5,512) on the 1st anniversary, US\$6,889 on the second anniversary, US\$11,482 (CDN\$13,778) on the third anniversary, US\$16,075 (CDN\$19,290) on the fourth anniversary, and a 3% annual, incremental increase over the fourth year anniversary each year until the end of the term of the 10 year lease.
- Work commitments include \$100,000 (CDN\$120,000) in 2007 and \$250,000 (CDN\$300,000) per year thereafter until the lease expires within the 10 year term.
- Option to purchase must be exercised for a minimum of two full sections and may be exercised at any time by payment of the \$300 per acre as the purchase price for the fee interest.
- Exercise of the option eliminates any further rentals or work commitments.
- Nevada Land and Resources retains a reserved net smelter return (NSR) royalty of 1.5% for non-ferrous metals including copper, 4% on precious metals and 3% on all other metals including iron.

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4. Share capital:

(a) Authorized:

Unlimited number of Class A common shares without nominal or par value.

Unlimited number of preferred shares without nominal or par value.

(b) Issued:

Changes in issued common shares of the Company are as follows:

	Number of shares	Amount
Balance, December 31, 2005	24,180,680	\$ 1,976,362
Issued for cash, private placement	2,037,000	203,700
Issued for cash	8,044,500	1,380,595
Issued in lieu of lease payments	175,000	30,625
Exercise of Warrants	120,000	18,000
Exercise of Options	480,000	53,000
Transfer from contributed surplus on exercise of options	—	18,515
Share issuance costs	—	(260,016)
Balance, December 31, 2006	35,037,180	3,420,781
Issued for property acquisition	850,000	123,500
Share issuance costs	—	(1,688)
Balance, March 31, 2007	35,887,180	\$ 3,542,593

On February 10, 2007 the Company acquired certain proprietary technical data for 600,000 common shares of the Company, including geology and geophysics of a certain property in north central Nevada.

On March 12, 2007 the Company issued 250,000 common shares against Gordon Lake Property acquisition (see note 3).

On October 12, 2006 the Company signed an agreement for the acquisition of a 90% working interest in a lease and a 100% interest in four additional leases in the Gordon Lake property, subject to payment of \$31,000 in cash and the issuance of 250,000 common shares. The cash portion was paid in November 2006 and the 250,000 common shares were issued on March 12, 2007. As at December 31, 2006, the cash payment of \$31,000 is included as a deposit in Mineral Properties (note 3).

On January 20, 2006 the Company completed a private placement of 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$200,000. Two directors of the Company participated in this private placement for \$167,000.

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Three months ended March 31, 2007 and 2006

4. Share capital (continued):

(b) Issued (continued):

On June 26, 2006 the Company completed a financing of 8,044,500 Units for gross proceeds of \$1,608,900. Each Unit consisted of one common share priced at \$0.20 and one-half common share purchase warrant. Each full warrant allows the holder to exercise into one additional common share at \$0.30 until December 2007.

In August 2006 the Company issued 175,000 common shares to one of the claim owners of the Boss property in Nevada in lieu of lease payments from July 2006 through until December 2007.

(c) Warrants:

As at March 31, 2007 there were a total of 4,574,500 warrants outstanding.

	2007		2006	
	Number of warrants	Amount	Number of warrants	Amount
Outstanding, beginning of year	5,654,500	\$ 355,265	1,750,000	\$ 126,960
Issued	—	—	4,424,500	228,305
Exercised	—	—	(120,000)	—
Expired	(1,080,000)	—	(400,000)	—
Outstanding, end of period	4,574,500	\$ 355,265	5,654,500	\$ 355,265

Warrants Outstanding at March 31, 2007:

Expiry	Price	Number
August 17, 2007	\$ 0.20	150,000
December 26, 2007	\$ 0.30	4,424,500
		4,574,500

The estimated fair value of warrants issued during 2006, of \$0.05 per warrant, was determined using the Black-Scholes pricing model with the following assumptions:

	2007	2006
Risk free interest rate	4%	4%
Expected warrant life	1.5 years	2 years
Expected volatility	90%	90%

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Three months ended March 31, 2007 and 2006

4. Share capital (continued):

(d) Share options:

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors equal to 10% of the issued and outstanding common shares. The options granted vest upon granting, are non-transferable and expire after five years.

	2007		2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	2,749,450	\$ 0.16	1,375,000	\$ 0.16
Granted	—	—	1,000,000	0.10
Granted	—	—	804,450	0.20
Granted	—	—	300,000	0.20
Exercised	—	—	(250,000)	0.12
Exercised	—	—	(230,000)	0.10
Forfeited	—	—	(250,000)	0.15
Outstanding, end of period	2,749,450	\$ 0.16	2,749,450	\$ 0.16
Exercisable, end of period	2,749,450	\$ 0.16	2,749,450	\$ 0.16

Exercise Price	Options Outstanding		Options Exercisable	
	Number outstanding	Weighted Average Remaining Contractual Life (years)	Number exercisable	Exercise Price
\$ 0.12	500,000	1.67	500,000	\$ 0.12
0.25	375,000	1.92	375,000	0.25
0.10	770,000	4.07	770,000	0.10
0.20	804,450	0.98	804,450	0.20
0.20	300,000	1.92	300,000	0.20
	2,749,450		2,749,450	\$ 0.16

During 2006, 1,300,000 stock options were granted to employees, consultants, officers and directors. The Company's Agent was also granted an option to purchase 804,450 units at an exercise price of \$0.20 per unit on June 26, 2006 and expire on December 26, 2007. The fair value of \$0.07 per option, \$55,900 in total, is recorded to share issue costs and contributed surplus.

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Three months ended March 31, 2007 and 2006

4. Share capital (continued):

(e) Stock-based compensation:

Compensation expense is recognized when stock options are granted. In accordance with the Company's incentive stock option plan, these options have an exercise price equal to or greater than the market price at the date of grant. During the year ended December 31, 2006 1,300,000 stock options were granted. The Company has used the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 4.0%, expected life of 5 years and expected volatility of 90% in determining the 2006 expense.

Compensation expense of \$Nil (2006 - \$80,341) has been determined based upon the fair value of options granted to employees, consultants, officers and directors in 2006.

(f) Per share amounts:

In computing loss per share, options and warrants totaling 7,323,950 shares (2006 – 4,125,000) were excluded from the dilution calculation, as they were anti-dilutive. The weighted average number of common shares outstanding for the period ended March 31, 2007 was 35,243,847 (2006 – 25,504,536).

5. Contributed surplus:

	2007	2006
Balance, beginning of year	\$ 224,123	\$ 82,172
Options granted to employees, consultants, officers and directors	–	104,566
Agent options granted	–	55,900
Transferred to share capital on exercise of options	–	(18,515)
Balance, end of period	\$ 224,123	\$ 224,123

6. Related party transactions:

During the period ended March 31, 2007, the Company paid the president of the Company \$19,500 for management fees (2006 - \$15,000). These costs were charged to management fees expense. At March 31, 2007 accounts payable and accrued liabilities included \$nil (2006 - \$nil) relating to such services.

During 2007 the Company issued 250,000 common shares to 397405 Alberta Ltd. as part of the consideration in the acquisition of the Gordon Lake property in the N.W.T., on completion of the final \$250,000 in exploration expenditures.

During 2006 the Company paid \$31,000 to 397405 Alberta Ltd. as part of the consideration in the acquisition of the Gordon Lake property in the NWT. 397405 Alberta Ltd. is a related party in that it is owned 100% by a director of the Company.

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7. Financial instruments:

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities, all of which are current in nature and whose carrying amount approximate their fair values.

Currency and interest rate risk:

The Company is exposed to interest rate and foreign currency exchange rate risk. To date, financial instruments have not been utilized to mitigate these risks.

8. Contingencies:

On January 13, 2006 the Company received a written demand notice from a contractor for the payment of \$54,337 plus interest, which in their interpretation consisted of the balance of the financial commitment of the drilling contract at Gordon Lake. The Company then received a Statement of Claim from the contractor to pursue what they consider an outstanding account, plus interest plus costs. The Company responded in December 2006 to this Statement of Claim with a Statement of Defense as well as a Counterclaim against the contractor in the amount of \$175,000.

The outcome of this lawsuit is not determinable. Management believes the ultimate liability, if any, arising from this claim or contingency, is not likely to have a material adverse effect on the Company's results of operations or financial condition.

9. Subsequent events:

- a) On April 25, 2007 the Company announced its intention to raise up to \$1,500,000 by way of a brokered offering of units by way of private placement (the "Offering"). A total of up to 15,000,000 units (each a "Unit") were offered for sale at a price of \$0.10 per Unit. Each Unit will consist of one common share in the share capital of Boxxer ("Common Share") and one-half of a Common Share purchase warrant ("Warrant"). Each Warrant shall be exercisable for 18 months from the date of issuance into one Common Share at a price of \$0.20 per Common Share.

M Partners Inc. (the "Agent") has agreed to act as agent for the Offering on a commercially reasonable best efforts basis and will receive a cash commission equal to 7% of the gross proceeds received by Boxxer. The Agent will also receive non-transferable warrants to purchase that number of Units equal to 7% of the Units sold exercisable at a price of \$0.10 per Unit for a period of 24 months from the closing of the Offering. The private placement financing was subsequently closed on May 22, 2007.

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Three months ended March 31, 2007 and 2006

9. Subsequent events (continued):

- b) On May 7, 2007 the Company announce that it had executed into a letter agreement with Eldore Mining Corporation Limited (ASX – “EDM”), an arm’s length third party, providing for the entering into of an option agreement to purchase a 28% direct equity interest (the “Option”) and the assumption of the opportunity to acquire a further 37% farm-in joint venture equity interest (the “JVA Rights”) for a total undivided 65% interest in the Nalesbitan gold project (the “Property”) located in the Province of Camarines Norte, within Barangay Dumagman, Municipality of Lobo, Republic of the Philippines. The Property comprises a contiguous block of 14 mining claims covering 1,184 hectares (approximately 2,800 acres) and is located approximately 300 kms. east-southeast of Manila, on the Bicol Peninsula on the country’s main island of Luzon.

The proposed terms and conditions to acquire EDM’s equity interest in the Property and the JVA Rights are:

1. Boxxer will assume (by novation) EDM’s farm-in rights to the joint venture and the obligations to spend the balance of US\$7,000,000 remaining under the farm-in joint venture agreement to earn a 37% interest:
2. Boxxer will acquire EDM’s 28% direct Property equity interest by payment of the following cash obligations:
 - i) a non-refundable payment of US\$25,000 to the remaining JV participants Sagacity Holding New Zealand and Eldore Philippines for waiver of their rights of first refusal to allow EDM to transact with Boxxer and for an exclusive 60 day period to complete site visits and technical, financial and legal due diligence
 - ii) a non-refundable advance of US\$40,000 to assist EDM’s Philippines incorporated operations company, Nalesbitan Mining Philippines Inc. (“NMPI”), in meeting its financial commitments over the 60 day Property due diligence period.
 - iii) Payment of US\$3,000,000 to EDM, which represents EDM’s investment in the Property to date, and an additional US\$3,000,000 bonus. The total payments (the “Payments”) to EDM would be approximately US\$6,000,000, less the expenditures incurred by Boxxer during the due diligence period, to be paid as outlined in (iv).
 - iv) the schedule of Payments related to the exercise of the Option will be as follows:
 - (a) US\$50,000 cash payment on signing the Option agreement;
 - (b) US\$100,000 cash payment on completion of a positive feasibility study on the Property
 - (c) US\$250,000 cash payment on the Option being exercised and full transfer of the 28% equity interest;
 - (d) US\$250,000 cash payment on reaching commercial production, and
 - (e) thereafter US\$250,000 per quarter until full payment of the US\$6,000,000.
3. A condition precedent to entering into the Option agreement is Boxxer completing a C\$1.5 million financing. Boxxer can extend the original 60 day due diligence period for an additional 60 days by making a further US\$40,000 cash advance to assist NMPI to cover its obligations.
4. EDM is required to obtain all shareholder and regulatory approvals, if required, in relation to Boxxer’s exercise of the Option.

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9. Subsequent events (continued):

A considerable amount of exploration and development has been completed on the Property over the past 20 years. The Property is underlain by variably altered volcanics and is considered to have potential for epithermal gold-silver mineralization and porphyry related copper-gold-silver molybdenum mineralization. The main area of surface gold-silver mineralization located within the Project is referred to as the Nalesbitan Hill Gold Deposit.

In August 2005, RobSearch Australia Pty Limited, under the direction of Mr. J.M. Blumer; BGenSc, MSc, FAusIMM(CPGeo), MAIG, MMICA, completed a report on the Project for inclusion in a Prospectus filed by EDM for listing of its shares on the Australian Stock Exchange. The report was prepared to conform with the VALMIN and JORC codes of the Australian Institute of Mining and Metallurgy/Australian Institute of Geoscientists, which relate respectively to Expert Reports and the reporting of Mineral Resources and Ore Reserve estimations. The RobSearch report included the following statement, "Thus an earlier estimate by RobSearch that the Millsite-Singko lode has an exploration target potential to 150 m vertical depth of 1.5 million ozs. gold with a possible grade of 1.5 to 3.0 g/t gold and copper mineralization could well be confirmed by the current drilling program. It should be noted, however, that this exploration target is conceptual and it is uncertain of the current drilling program will result in discovery of a Mineral Resource on the property." It is expected that Boxxer's due diligence should be completed by July 2007.

The potential quantity and grade of the "exploration target" are conceptual in nature. There has been insufficient exploration to define a resource and it is uncertain if future exploration will result in the target being delineated as a mineral resource. The basis for the potential quantities and grade are historical and based on diamond drill reverse circulation drilling and trenching results.

- c) On May 11, 2007 the Company announced that, under the terms of the Company's existing 10% rolling Stock Option Plan, it has granted 1,230,000 options of the company at a price of \$0.14 to officers, directors, and consultants of the company. This granting of options is subject to approval of the TSX Venture Exchange.