

Lynden Ventures Ltd.

Quarterly Consolidated Financial Statements For The Six Months Ended December 31, 2006 (Unaudited)

Notice to Reader

The accompanying unaudited interim consolidated financial statements of Lynden Ventures Ltd. ("the Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the Company's unaudited interim consolidated financial statements as at and for the six months ended December 31, 2006.

LYNDEN VENTURES LTD.
Consolidated Balance Sheets
(Unaudited)
(Canadian Dollars)

	December 31, 2006	June 30, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 94,302	\$ 2,957,433
Receivables	3,604	5,395
Prepaid expenses	7,309	9,341
	105,215	2,972,169
Property, plant and equipment (note 3)	13,076,229	9,294,370
	\$ 13,181,444	\$ 12,266,539
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,439,207	\$ 1,356,819
Shareholders' equity		
Share capital (note 4)	12,129,695	12,129,695
Contributed surplus (note 4)	1,570,801	1,570,801
Deficit	(2,958,259)	(2,790,776)
	10,742,237	10,909,720
	\$ 13,181,444	\$ 12,266,539

Nature and continuance of operations and basis of presentation (note 1)
Subsequent events (note 7)

Approved by the Directors:

"Colin Watt"

"Ron Paton"

LYNDEN VENTURES LTD.
Consolidated Statements of Operations and Deficit
(Unaudited)
(Canadian Dollars)

	Three months ended December 31,		Six months ended December 31,	
	2006	2005	2006	2005
Expenses				
Administrative fees	\$ 20,000	\$ 15,000	\$ 39,000	\$ 25,000
Amortization	244	-	244	-
Audit and accounting fees	12,384	992	12,384	992
Filing and listing fees	3,815	4,856	4,365	6,273
Foreign currency translation	81,749	-	77,216	-
Insurance	13,500	33,000	13,500	33,000
Legal fees	5,312	9,244	6,401	30,168
Office and miscellaneous	2,343	3,864	3,276	17,644
Promotion	5,991	972	5,991	1,972
Stock-based compensation (note 7)	-	-	-	436,966
Telephone and communications	1,206	628	2,093	1,065
Transfer agent fees	2,555	6,776	3,139	12,480
Travel	19,459	11,558	19,459	16,735
Loss before other item	(168,558)	(86,890)	(187,068)	(582,295)
Other item				
Interest income	2,930	11,131	19,585	13,587
Loss for the period	\$ (165,628)	\$ (75,759)	\$ (167,483)	\$ (568,708)
Deficit, beginning of period			(2,790,776)	(2,115,033)
Deficit, end of period			\$ (2,958,259)	\$ (2,683,741)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.05)
Weighted average number of common shares outstanding	23,565,923	15,060,338	23,565,923	11,450,711

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

LYNDEN VENTURES LTD.
Consolidated Statements of Cash Flows
(Unaudited)
(Canadian Dollars)

Cash provided by (used for):	Three months ended December 31,		Six months ended December 31,	
	2006	2005	2006	2005
Operating activities				
Loss for the period	\$ (165,628)	\$ (75,759)	\$ (167,483)	\$ (568,708)
Item not involving cash:				
Amortization	244	-	244	-
Stock-based compensation	-	-	-	436,966
Changes in non-cash operating working capital items:				
Receivables	(2,285)	7,094	1,791	(11,261)
Advances for exploration	-	259,008	-	-
Prepaid expenses	1,414	-	2,032	-
Accounts payable and accrued liabilities	22,498	659,285	(1,297,105)	720,851
	(143,757)	849,628	(1,460,521)	577,848
Financing activities				
Common shares issued for cash	-	6,272,501	-	9,022,501
Share issue costs	-	(148,265)	-	(285,208)
	-	6,124,236	-	8,737,293
Investing activities				
Property, plant and equipment	(999,589)	(3,352,432)	(1,402,610)	(4,546,880)
Change in cash and cash equivalents during the period	(1,143,346)	3,621,432	(2,863,131)	4,768,261
Cash and cash equivalents, beginning of period	1,237,648	1,335,725	2,957,433	188,896
Cash and cash equivalents, end of period	\$ 94,302	\$ 4,957,157	\$ 94,302	\$ 4,957,157
Cash and cash equivalents consists of:				
Cash			\$ 94,302	\$ 3,454,938
Guaranteed Investment Certificates			-	1,502,219
			\$ 94,302	\$ 4,957,157
Cash paid for:				
Interest	\$ -	\$ -	\$ -	\$ -
Income taxes	\$ -	\$ -	\$ -	\$ -
Supplemental cash flow information:				
Purchases of property, plant and equipment included in payables	\$ 352,866	\$ -	\$ 2,379,493	\$ -
Allocated deferred acquisition costs to property, plant and equipment	\$ -	\$ -	\$ -	\$ 24,095

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

LYNDEN VENTURES LTD.
Notes to the Consolidated Financial Statements
December 31, 2006
(Unaudited)
(Canadian Dollars)

1. Nature and Continuance of Operations and Basis of Presentation

The Company is a public company continued under the *Business Corporations Act* (British Columbia, Canada). The Company's business is to acquire, explore and develop petroleum and natural gas properties. The Company's common shares trade on the TSX Venture Exchange under the symbol LVL.

The continuing operations of the Company is dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance exploration and development of the properties, the discovery of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production or proceeds from disposition of the oil and gas properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the six month period ended December 31, 2006 are not necessarily indicative of the results that may be expected for the year ended June 30, 2007. The balance sheet at June 30, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended June 30, 2006. For further information, refer to the financial statements and notes thereto included in the Company's Annual Report to Shareholders for the year ended June 30, 2006.

3. Property, Plant and Equipment

	Computer Hardware & Software	Petroleum & Natural Gas Properties	Total
Balance at June 30, 2006	\$ -	\$ 9,294,370	\$ 9,294,370
Additions	3,435	3,778,668	3,782,103
	3,435	13,073,038	13,076,473
Less: accumulated depletion, depreciation & amortization	(244)	-	(244)
Balance at December 31, 2006	\$ 3,191	\$ 13,073,038	\$ 13,076,229

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3. Property, Plant and Equipment (cont'd)

Petroleum and Natural Gas Properties

	<u>Bittern Lake</u>	<u>Paradox Basin</u>	<u>Total</u>
Balance at June 30, 2006	\$ 2,799,590	\$ 6,494,780	\$ 9,294,370
Property acquisition and exploration (recoveries)	(29,338)	3,808,006	3,778,668
Balance at December 31, 2006	\$ 2,770,252	\$ 10,302,786	\$ 13,073,038

a) Bittern Lake

The Company has a 50% working interest in certain petroleum and natural gas rights in the Bittern Lake area of central Alberta.

b) Paradox Basin

The Company has a 55% working interest (note 7) in oil and gas leases in a conventional and unconventional oil and gas prospect area (the "Prospect") located in the Paradox Basin, Utah.

After all of its costs are recovered, the Company's interest is subject to a back-in after payout of 13.75%, being 25% of 55%.

Under the participation agreement, the Company has a commitment to acquire additional oil and gas leases in the prospect. The amount of this commitment is approximately \$45,000 USD.

4. Share Capital and Contributed Surplus

	<u>Number of common shares</u>	<u>Share Capital</u>	<u>Contributed Surplus</u>
Balance at June 30, 2006 and December 31, 2006	23,565,923	\$ 12,129,695	\$ 1,570,801

5. Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The following is a summary of the related party transactions that occurred throughout the six month periods ended December 31:

- a) paid or accrued \$39,000 (2005 - \$25,000) for administration fees to a company controlled by the President and CEO of the Company;
- b) paid or accrued \$4,907 (2005 - \$29,437) for legal fees to a legal firm where a director of the Company is an associate counsel;

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- c) paid or accrued \$Nil (2005 - \$825) for consulting fees, which are included in deferred acquisition costs, to a director of the Company;
- d) paid or accrued \$Nil (2005 - \$24,607) for share issue costs (legal fees) to a legal firm where a director of the Company is an associate counsel; and
- e) paid or accrued \$Nil (2005 - \$176,125) for finders fees to principals of the general partner of a limited partnership, which is the general partner of a limited partnership that beneficially owned more than 10% of the Company's common shares.

5. Related Party Transactions (cont'd)

Accounts payable and accrued liabilities include \$2,965 (June 30, 2006 - \$1,389) owing to a legal firm where a director of the Company is an associate counsel and \$3,627 (June 30, 2006 - \$Nil) owing to the President and CEO.

6. Segmented Information

The Company currently operates in one reportable operating segment, being the acquisition and exploration of oil and gas properties. The Company operates in two reportable geographic segments, being Canada and the United States of America. The Company's capital assets in geographic locations are as follows:

	December 31, 2006	June 30, 2006
Canada	\$ 2,878,658	\$ 2,799,590
United States of America	10,302,786	6,494,780
	<u>\$ 13,181,444</u>	<u>\$ 9,294,370</u>

7. Subsequent Events

On February 5, 2007, the Company entered into an agreement with a Texas based limited partnership associated with the Paradox Basin Project operator to sell a 25% working interest in the Paradox Basin Project for USD \$3.25 million. The proceeds from the sale will be used to offset amounts owing to the operator and to partially fund the ongoing operations and leasing.

As a result of the sale, the Company's 80% working interest and 64% net revenue interest will be reduced to a 55% working interest and 44% net revenue interest. The Company's interest remains subject to a back-in after payout of 13.75%, being 25% of 55%.