

**Overlord Financial Inc.**

**Consolidated Financial Statements  
For the three month periods ended  
March 31, 2007 and 2006**

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## **NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended March 31, 2007.

**Overlord Financial Inc.  
Consolidated Balance Sheets**

	<b>March 31, 2007</b>	December 31, 2006
	<b>(Unaudited)</b>	(Audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,042,676	\$ 3,043,215
Marketable securities (Note 3)	1,061,115	465,353
Accounts receivable (Note 10)	487,155	549,899
Prepaid expenses	37,852	52,993
	<u>3,628,798</u>	<u>4,111,460</u>
<b>Prepaid deposits</b>	<b>61,796</b>	<b>61,796</b>
<b>Long-term investments (Note 4)</b>	<b>1,517,076</b>	<b>2,415,579</b>
<b>Property and equipment (Note 5)</b>	<b>160,723</b>	<b>106,448</b>
	<u>5,368,393</u>	<u>6,695,283</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 242,543	\$ 592,041
Warrant liability (Note 6)	15,360	-
	<u>257,903</u>	<u>592,041</u>
<b>Debentures (Note 7)</b>	<b>249,480</b>	<b>250,000</b>
	<u>507,383</u>	<u>842,041</u>
<b>Shareholders' equity</b>		
Equity instruments (Note 8)	13,177,477	13,177,477
Contributed surplus (Note 9)	1,050,463	995,463
Deficit	(9,366,930)	(8,319,698)
	<u>4,861,010</u>	<u>5,853,242</u>
	<u>\$ 5,368,393</u>	<u>\$ 6,695,283</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Overlord Financial Inc.**  
**Consolidated Statements of Operations**

<b>For the periods ended March 31</b>	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Restated, Note 13)</b>
<b>Revenue</b>		
Management fees (Note 10)	\$ 65,820	\$ 118,712
<b>Expenses</b>		
General, administrative and other (Note 10)	685,729	563,654
Stock compensation (Note 8)	55,000	149,474
Amortization	8,235	19,551
Interest on debenture (Note 7)	5,200	5,178
	<u>754,164</u>	<u>737,857</u>
<b>Loss from operations before investing activities</b>	<b>(688,344)</b>	<b>(619,145)</b>
<b>Investing</b>		
Gain on sale of marketable securities	-	1,196,949
Interest income	15,499	10,212
Dividend and royalty income	6,369	7,294
Change in fair value of marketable securities (Note 3)	(1,043,725)	-
Change in fair value of investment securities held in Wisevest Income Fund (Note 4)	3,302	3,224
Change in fair value of long-term investments (Note 4)	(147,900)	-
Change in fair value of warrant liability (Note 6)	144,762	-
Dealer commissions	(625)	-
<b>(Loss) income from investing activities</b>	<b>(1,022,318)</b>	<b>1,217,679</b>
<b>Net (loss) income for the period</b>	<b>(1,710,662)</b>	<b>598,534</b>
<b>Weighted average number of shares</b>	<b>50,962,792</b>	<b>44,157,792</b>
<b>(Loss) income per share – basic and diluted</b>	<b>\$ (0.034)</b>	<b>\$ 0.014</b>

**Consolidated Statements of Deficit**

<b>For the periods ended March 31</b>	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Restated, Note 13)</b>
<b>Net (loss) income for the period</b>	<b>(1,710,662)</b>	<b>598,534</b>
<b>Deficit, beginning of period</b>	<b>(8,319,698)</b>	<b>(6,840,950)</b>
<b>Accounting change (Note 2)</b>	<b>663,430</b>	<b>-</b>
<b>Deficit, end of period</b>	<b>\$ (9,336,930)</b>	<b>\$ (6,242,416)</b>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Overlord Financial Inc.**  
**Consolidated Statements of Cash Flows**

<b>For the periods ended March 31</b>	<b>2007</b>	<b>2006</b>
	<b>(Unaudited)</b>	<b>(Restated, Note 13)</b>
<b>Cash flows from operating activities</b>		
Net (loss) income for the period	\$ (1,710,662)	\$ 598,534
Adjustments for:		
Amortization of property and equipment	8,235	19,551
Amortization of debenture discount	(50)	-
Stock compensation	55,000	149,474
Change in fair value of marketable securities	1,043,725	-
Change in fair value of investment securities held in Wisevest Income Fund (Note 4)	(3,302)	(3,224)
Change in fair value of warrant liability	(144,762)	-
Change in fair value of long-term investment (Note 4)	147,900	-
Gain on sale of marketable securities	-	(1,196,949)
Cash flow (deficiency) from operations	<u>(603,916)</u>	<u>(432,614)</u>
Changes in non-cash working capital items		
Accounts receivable	62,744	(83,207)
Prepaid expenses	15,141	9,375
Accounts payable and accrued liabilities	(349,498)	(151,939)
	<u>(875,529)</u>	<u>(658,385)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(62,510)	-
Proceeds from sale of marketable securities	-	1,446,460
Cash paid for long-term investments	(62,500)	-
	<u>(125,010)</u>	<u>1,446,460</u>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	-	42,000
	<u>-</u>	<u>42,000</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(1,000,539)</b>	<b>830,075</b>
Cash and cash equivalents, beginning of period	<u>3,043,215</u>	<u>1,752,852</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,042,676</b>	<b>\$ 2,582,927</b>
<b>Supplementary Information</b>		
Cash paid for interest	\$ 6,046	\$ 5,252

The accompanying notes are an integral part of these Consolidated Financial Statements.

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

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**1. Summary of Significant Accounting Policies**

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The interim consolidated financial statements of Overlord Financial Inc. ("Overlord" or the "Company") have been prepared by management following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2006, except as identified in Note 2. The note disclosure requirements for annual financial statements provide additional disclosure to that required for these interim statements. Accordingly, these interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2006. The disclosures provided below are incremental to those included in the 2006 annual consolidated financial statements of the Company.

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**2. Changes in Accounting Policies**

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Financial Instruments

Effective January 1, 2007, the Company adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants (the "CICA"): Handbook Section 1530, Comprehensive Income, Handbook Section 3855, Financial Instruments – Recognition and Measurement, and Handbook Section 3865, Hedges. These standards were adopted prospectively pursuant to their respective adoption provisions and therefore there is no effect on prior periods.

*Comprehensive Income*

CICA Handbook Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income ("OCI"). OCI represents changes in equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on marketable securities and long-term investments classified as available-for-sale along with unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, among other things. The Consolidated Statements of Comprehensive Income will include a calculation of comprehensive income where applicable, while the corresponding cumulative changes in OCI are included in the Statements of Accumulated Other Comprehensive Income ("AOCI").

*Financial Instruments – Recognition and Measurement*

CICA Handbook Section 3855 establishes the criteria for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Under this standard, all financial instruments are required to be measured at fair value on recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in net income. Financial assets classified as loans and receivables along with financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Financial assets classified as available-for-sale are measured at fair value with changes in fair value recognized in OCI. Investments in equity instruments classified as available-for-sale that do not have a quoted price in an active market are measured at cost updated for the most recent market data available. Transaction costs or fees attributable to the acquisition, issue or disposal of a financial asset or liability are expensed immediately to net income.

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

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**2. Changes in Accounting Policies - continued**

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Derivative instruments are recorded on the consolidated balance sheets at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recognized in net income.

*Hedges*

CICA Handbook Section 3865 specifies the criteria and method of accounting for each of the designated hedging strategies. The Company does not currently have any financial instruments for which this section applies.

Impact upon Adoption of Sections 1530, 3855 and 3865

*Marketable Securities*

As a result of the adoption of these standards on January 1, 2007 the Company elected to classify its investment in Eagle Rock Exploration Ltd. ("Eagle Rock") Common shares as marketable securities using the held-for-trading method. Formerly, the investment in these securities was accounted for partially as long-term investments and partially as marketable securities with 1,214,912 shares being classified as long-term investments. The 1,214,912 shares were classified as long-term investments because they could not be sold within one year due to restrictions in warrant agreements with former shareholders of Sword Energy Ltd. ("SEL"), which Overlord managed through a former subsidiary, Sword Management Inc. ("SMI"), until May of 2006 (see discussion of warrant liability below). On January 1, 2007 all of these securities were classified as marketable securities as it is likely that the Company will buy additional shares or sell some or all of the shares currently held in the short term.

The Company's investments in marketable securities have been classified as held-for-trading and were therefore recorded on the consolidated balance sheet at fair value, resulting in a \$874,092 increase on January 1, 2007, with the offset to opening deficit.

*Long-Term Investments*

Parson's Pond has been classified as available-for-sale. As Parson's Pond was carried on the consolidated balance sheet at its fair value (\$Nil) no transition adjustment was made. Future changes in the fair value of this investment will be recorded against long-term investments with the offset recorded against AOCI.

Catapult Energy Limited Partnership I units have been classified as held-for-trading. On January 1, 2007, long-term investments were decreased by \$50,000 with the offset to opening deficit as a result of this change.

Wisevest Income Fund is an investment in an investment trust, which classifies its investments as held-for-trading. As such, Wisevest Income Fund is consolidated at fair value pursuant to Accounting Guideline 18 – Investment Companies. On January 1, 2007, long-term investments were decreased by \$1,010 with the offset to opening deficit as a result of this change.

**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

**2. Changes in Accounting Policies - continued**

*Warrant Liability*

Upon adoption on January 1, 2007, the Company recognized a warrant liability of \$160,122 representing the fair value of the 1,214,912 warrants associated with the investment in Eagle Rock Common shares. The offset was recorded to opening deficit. The warrants are derivatives and as such have been classified as held-for-trading.

*Debentures*

On January 1, 2007, the Company determined the fair value of the debentures to be \$249,530 and recorded an adjustment decreasing the debentures by \$470 with the offset to opening deficit. Going forward, the debentures will be accounted for at amortized cost using the effective interest rate method.

The following table illustrates the impact of adopting these sections:

	<b>December 31, 2006</b>	<b>Reclassification</b>	<b>Transition Adjustment</b>	<b>January 1, 2007</b>
<b>Assets</b>				
Marketable Securities	\$ 465,353	\$ 765,395	\$ 874,092	\$ 2,104,840
Long-Term Investments	2,415,579	(765,395)	(51,010)	1,599,174
<b>Liabilities &amp; Equity</b>				
Warrant Liability	-	-	160,122	160,122
Debentures	250,000	-	(470)	249,530
Deficit	(8,319,698)	-	663,430	(7,656,268)

**3. Marketable Securities**

	<b>March 31, 2007</b>	December 31, 2006
270,000 (2006 – 270,000) Common shares of ExAlta Energy Inc.	<b>\$ 477,900</b>	\$ 287,897
25,000 (2006 – 25,000) Common Shares of Sonomax Hearing Healthcare Inc.	<b>11,875</b>	5,652
1,484,000 (2006 - 269,088) Common shares of Eagle Rock Exploration Ltd.	<b>571,340</b>	171,804
	<b>\$ 1,061,115</b>	<b>\$ 465,353</b>

On January 1, 2007, the Company reclassified 1,214,912 shares of Eagle Rock Exploration Ltd. from long-term investments to marketable securities upon adoption of CICA Handbook Section 3855 (See Notes 2 and 4).

**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

**4. Long-Term Investments**

	<b>March 31, 2007</b>	December 31, 2006
Common shares of Eagle Rock Exploration Ltd. (2006 – 1,214,912 Common shares with quoted market value of \$789,693) <sup>(1)</sup>	\$ -	\$ 765,395
210,000 Catapult Energy Limited Partnership I units (2006 – 200,000 units)	<b>1,314,600</b>	1,450,000
27,500 Wisevest Income Fund <sup>(2)</sup>	<b>202,476</b>	200,184
Parsons Pond investment, farmout agreement to participate in test drilling of oil and gas well with a 10% working interest in lands and title documents (16.67% of the first \$900,000 of expenditures, 10% on costs thereafter)	-	-
	<b><u>\$1,517,076</u></b>	<b><u>\$2,415,579</u></b>

<sup>(1)</sup> On January 1, 2007, the Company reclassified 1,214,912 shares of Eagle Rock Exploration Ltd. from long-term investments to marketable securities upon adoption of CICA Handbook Section 3855 (See Notes 2 and 3).

<sup>(2)</sup> Investment in Wisevest Income Fund:

	<u>Units</u>	<u>March 31, 2007</u>	<u>December 31, 2006</u>
Canetic Resources Trust	2,833	\$ 42,296	\$ 46,575
Bonavista Energy Trust	1,800	55,296	50,670
Crescent Point Energy Trust	2,750	50,353	48,400
Transalta Power LP	7,300	54,531	54,531
Cash on account		-	8
		<b><u>\$ 202,476</u></b>	<b><u>\$ 200,184</u></b>

**5. Property and Equipment**

	<b>March 31, 2007</b>			December 31, 2006		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	Cost	Accumulated Amortization	Net Book Value
Computer	\$ 184,657	\$ 109,025	\$ 75,632	\$ 170,729	\$ 103,186	\$ 67,583
Leasehold	91,100	91,100	-	91,100	91,100	-
Furniture & Fixtures	77,496	32,124	45,372	37,699	30,783	6,916
Office Equipment	61,368	36,926	24,442	52,583	35,871	16,712
Artwork	15,277	-	15,277	15,277	-	15,277
<b>Net book value</b>	<b><u>\$ 429,898</u></b>	<b><u>\$ 269,175</u></b>	<b><u>\$ 160,723</u></b>	<b><u>\$ 367,388</u></b>	<b><u>\$ 260,940</u></b>	<b><u>\$ 106,448</u></b>

**6. Warrant Liability**

On September 15, 2006 the Company sold its interest in SEL to Eagle Rock for 1,600,000 Common shares of Eagle Rock. As a condition of the sale, SEL warrants were cancelled and the Company granted 1,214,912 warrants in Common shares of Eagle Rock to former SEL shareholders. Each warrant entitles the holder to purchase, from the Company, one Common share of Eagle Rock at a price of \$2.00 per share on or before December 31, 2007. Upon adoption of CICA Handbook Section 3855, the Company recorded the fair value of these warrants of \$160,122 with the offset to opening deficit. During the period ended March 31, 2007, the change in fair value of the warrants resulted in an income inclusion of \$144,762. As at March 31, 2007, the fair value of the warrant liability was \$15,360.

**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

**7. Debentures**

In May 2004, the Company's wholly owned subsidiary, Juno Canada Holdings Ltd. ("Juno"), issued debentures for \$250,000 cash. Of this amount, \$100,000 was unsecured and bore interest at 13.5% per annum, payable quarterly commencing September 30, 2004. The remaining \$150,000 debenture was collateralized by Juno's investments in the Wisevest Income Fund units (Note 4) and bore interest at 7% per annum, payable quarterly commencing September 30, 2004. Both debentures were to mature May 11, 2012.

On April 20, 2005, Juno amended and consolidated the above debentures to provide a \$250,000 debenture (fully collateralized by the Wisevest Income Fund units) bearing interest at 8.4% per annum and maturing May 11, 2012.

Pursuant to CICA Handbook Section 3855 and as of January 1, 2007, the Company accounts for the debentures at amortized cost using the effective interest rate method. At January 1, 2007 the fair value of the debenture was determined to be \$249,530. The difference between the face value of \$250,000 and the fair value determined at January 1, 2007 is amortized to income, included in debenture interest expense, using the effective interest rate method. The effective interest rate of the debentures is 8.45%. As at March 31, 2007, the fair value of the debentures was \$249,480.

**8. Equity Instruments**

(a) Authorized  
 Unlimited number of Common voting shares

(b) Issued  
 Common shares

	March 31, 2007		December 31, 2006	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of period</b>	<b>50,962,792</b>	<b>\$ 13,177,477</b>	44,062,792	\$ 11,854,170
Issued for cash (Note 10)	-	-	6,600,000	1,188,000
Stock options exercised – cash portion (Note 8 (c))	-	-	300,000	84,000
Stock options exercised – fair value portion	-	-	-	51,307
<b>Balance, end of period</b>	<b>50,962,792</b>	<b>\$ 13,177,477</b>	50,962,792	\$ 13,177,477

Warrants

	March 31, 2007		December 31, 2006	
	Number of Warrants	Amount	Number of Warrants	Amount
<b>Balance, beginning of period</b>	-	<b>\$ -</b>	1,000,000	\$ 112,931
Issued	-	-	-	-
Expired, unexercised	-	-	(1,000,000)	(112,931)
<b>Balance, end of period</b>	-	-	-	-
<b>Total equity instruments</b>	<b>50,962,792</b>	<b>\$ 13,177,477</b>	50,962,792	\$ 13,177,477

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

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**8. Equity Instruments - continued**

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(b) Issued - continued

In 2005 the Company completed a non-brokered private placement of 5,000,000 units at a price of \$0.40 per unit, for total proceeds of \$2,000,000 (Note 10). Each unit consists of one Common share and one-fifth of one Common share purchase warrant. Each full purchase warrant entitled the holder to purchase one Common share of the Company at a price of \$0.60 per share. The purchase warrants were exercisable until March 2006 and expired unexercised. The Company paid a total of \$10,000 in filing fees to the TSX Venture Exchange in connection with this private placement.

For accounting purposes, the Company estimated and allocated a total fair value of \$112,931 to the warrants using the Black Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	2.97%
Expected life of warrants	1 year
Expected dividend	Nil
Expected share price volatility	103.79%

In March 2006 upon expiration of the warrants, \$112,931 was reclassified from share capital to contributed surplus.

On December 7, 2006, the Company completed a non-brokered private placement of 6,600,000 Common shares for gross proceeds of \$1,188,000. Directors, officers and employees of the Corporation subscribed for 1,400,000 shares of the total 6,600,000 shares in the private placement. All of the Common shares are subject to a hold period and may not be traded until April 7, 2007, except as permitted by Canadian securities legislation and the TSX Venture Exchange. The President of Aston Hill Financial (a wholly owned subsidiary of the Company) purchased the remaining 5,200,000 Common shares issued under the private placement.

(c) Options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of Common shares equal to 10% of the issued and outstanding Common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the Common shares traded and is determined by the Board of Directors. Options granted have a term of up to 5 years.

**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

**8. Equity Instruments - continued**

(c) Options - continued

The Company has granted stock options to employees, directors, officers and consultants of the Company as follows:

	Number of Options	Option Prices per Share \$	Weighted Average Exercise Price \$	Weighted Average Remaining Term	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable \$
Options outstanding December 31, 2005	3,300,000		\$0.31	3.8 years	1,533,334	\$0.33
Options granted January 17, 2006	300,000	\$0.38	\$0.38	4.0 years	200,000	\$0.38
Options granted, September 22, 2006	850,000	\$0.30	\$0.30	4.8 years	-	-
Options granted, December 8, 2006	600,000	\$0.26	\$0.26	4.9 years	-	-
Options vested	-	\$0.28	\$0.28	2.7 years	1,116,666	\$0.28
Options exercised	(300,000)	\$0.28	\$0.28	-	(300,000)	\$0.28
Options forfeited	(1,050,000)	\$0.28	\$0.28	-	(1,050,000)	\$0.28
Options outstanding, December 31, 2006	3,700,000		\$0.31	3.8 years	1,500,000	\$0.33
Options outstanding, March 31, 2007	3,700,000		\$0.31	3.5 years	1,600,000	\$0.34

The weighted average contractual life of exercisable options at March 31, 2007 is 2.5 years.

Subsequent to period end, on April 30, 2007, the Company granted 770,000 options to employees and directors. The options have an exercise price of \$0.37 per share, vest over three years and expire on April 30, 2012. Also, subsequent to period end, 200,000 options with an exercise price of \$0.28 per share were exercised by a former employee of the Company.

On February 1, 2006 a major shareholder of the Company granted to several employees and directors 3,800,000 options to purchase shares in the Company held by the major shareholder. The options have exercise prices ranging from \$0.28 per share to \$0.60 per share, vest over three years and have a remaining life of 3.8 years. Pursuant to CICA 3870 regarding stock based payments, the Company has recognized stock compensation expense relating to options granted by a major shareholder. Prior affected interim periods have been restated to reflect this accounting treatment resulting in a \$81,474 charge to the prior reported interim period ended March 31, 2006. Subsequent to period end, on May 1, 2007, 1,000,000 options were granted by a major shareholder to an employee to purchase shares held by the major shareholder at an exercise price of \$0.25 per share. The options vest to the employee one-half on June 1, 2007 and one-half on February 1, 2008 and expire on May 1, 2011.

**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

**8. Equity Instruments - continued**

(c) Options - continued

A total compensation expense of \$55,000 (2006 - \$149,474) was recorded in the statements of operations and deficit and credited to contributed surplus for options that were granted in 2004, 2005 and 2006 using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Risk free interest rate	<b>2.78-3.13%</b>	2.68-2.78%	3.03%
Expected life of options	<b>4 year</b>	4 year	4 year
Expected dividend	<b>Nil</b>	Nil	Nil
Expected share price volatility	<b>82-91%</b>	82-84%	70%

**9. Contributed Surplus**

	<u>March 31, 2007</u>	<u>December 31, 2006</u>
Balance, beginning of period	<b>\$ 995,463</b>	\$ 460,853
Stock compensation	<b>55,000</b>	472,986
Stock options exercised -fair value portion	-	(51,307)
Warrants expired unexercised	-	112,931
Balance, end of period	<b>\$ 1,050,463</b>	\$ 995,463

**10. Related Party Transactions**

Except as disclosed elsewhere in the financial statements, the Company had the following related party transactions:

- a) During the period ended March 31, 2007, the Company paid consulting fees to, and reimbursed travel expenses of Basek Consulting Ltd. ("Basek") of \$Nil (2006 - \$33,481) with \$Nil payable (2006 - \$Nil). Basek is owned directly by the President of Juno Canada Holdings Ltd., a wholly owned subsidiary of Overlord Financial Inc.
- b) Accounts receivable includes management fees receivable from Catapult Energy Limited Partnership I of \$50,221 (2006 - \$67,591) for services provided by Catapult Energy Financial Management Inc., as general partner and advisor. During the period ended March 31, 2007, \$47,370 (2006 - \$67,591) was recorded as revenue in respect of these management fees. Catapult Energy Financial Management Inc. is a wholly owned subsidiary of the Company.

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
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**10. Related Party Transactions - continued**

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- c) Accounts receivable includes management fees receivable from Catapult Energy Small Cap FTS Limited Partnership of \$24,604 (2006 - \$Nil) for services provided by Overlord, as advisor. During the period ended March 31, 2007, \$18,494 (2006 - \$Nil) was recorded as revenue in respect of these management fees.
- d) The 5,000,000 units (stated in Note 8(b)) were subscribed for by a company owned and controlled by the President of Juno Canada Holdings Ltd., a wholly owned subsidiary of the Company.
- e) In 2005, the Company invested \$1,992,500 in the units of Catapult Energy Limited Partnership I, a limited partnership managed by Catapult Financial Management Inc., a wholly owned subsidiary of the Company and recorded the amount as a long-term investment. During the period ended March 31, 2007, the Company invested a further \$62,500 in Catapult Energy Limited Partnership I.
- f) The Company recovered \$Nil (2006 - \$7,488) in rent and office costs from a company owned and controlled by the President of Juno Canada Holdings Ltd., a wholly owned subsidiary of the Company. Of this amount \$Nil (2006 - \$Nil) was receivable at March 31, 2007.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

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**11. Financial Instruments**

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(a) Fair Value of Financial Instruments

As a result of the adoption of the new financial instrument accounting standards described in Note 2, certain financial instruments are now measured and reported on the consolidated balance sheet at fair value which were previously reported at cost, amortized cost or lower of cost or market.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair value is determined based on prevailing market rates for instruments with similar characteristics or internal and external valuation models, such as option pricing models and discounted cash flow analysis, that use observable market based inputs and assumptions.

(b) Carrying Value and Fair Value of Financial Instruments

i. Cash and cash equivalents

Cash and cash equivalents are classified as held-for-trading and are reported at fair value.

ii. Marketable securities

Marketable securities are classified as held-for-trading and are reported at fair value. As at March 31, 2007, the Company reported investments in marketable securities of publicly traded securities at a fair value of \$1,016,115.

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

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**11. Financial Instruments - continued**

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(b) Carrying Value and Fair Value of Financial Instruments - continued

iii. Accounts receivable

Accounts receivable are classified as loans and receivables and are reported at amortized cost. At March 31, 2007 the carrying value of accounts receivable approximated their fair value.

iv. Long-term investments

Parson's Pond has been classified as available-for-sale. The fair value of Parson's Pond as at March 31, 2007 is \$Nil.

Catapult Energy Limited Partnership I units have been classified as held-for-trading. The fair value of the Company's investment in Catapult Limited Partnership I units as at March 31, 2007 is \$1,314,600.

Wisevest Income Fund is an investment in an investment trust, which classifies its investments as held-for-trading. As such, Wisevest Income Fund is consolidated at fair value pursuant to Accounting Guideline 18 – Investment Companies. The fair value of Wisevest Income Fund as at March 31, 2007 is \$202,476.

v. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as other liabilities and are reported at amortized cost. At March 31, 2007, the carrying value of accounts payable and accrued liabilities approximated their fair value.

vi. Warrant Liability

Upon adoption on January 1, 2007, the Company recognized a warrant liability of \$160,122 representing the fair value of the 1,214,912 warrants associated with the investment in Eagle Rock Common shares. The offset was recorded to opening deficit. The warrants are derivatives and as such have been classified as held-for-trading with changes in fair value being recognized in income as change in fair value of warrant liability. As at March 31, 2007, the fair value of the warrant liability reported on the consolidated balance sheet was \$15,360.

vii. Debentures

The Juno debentures with face value of \$250,000 and 8.4% coupon are classified as other liabilities and are reported at amortized cost. At March 31, 2007, the amortized cost of the debentures was \$249,480.

viii. Credit facility

The bank credit facility is classified as other liabilities and is reported at amortized cost. At March 31, 2007, the Company did not have any amounts drawn under the facility.

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**Overlord Financial Inc.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**

**March 31, 2007 and 2006**

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**12. Subsequent Events**

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- (a) On April 24, 2007, Overlord entered into an Arrangement Agreement alongside Infra-PSP Canada Inc. ("PSP"), a wholly owned subsidiary of the Public Sector Pension Investment Board ("PSPIB") to acquire all of the issued and outstanding trust units of Thunder Energy Trust ("Thunder"). Upon closing of the transaction, Overlord will manage the assets and own approximately 2% of the resulting private entity. This transaction is subject to approval of the Thunder unitholders.
  - (b) On May 15, 2007, Catapult Energy Small Cap 2007 FTS Limited Partnership completed the first closing of its initial public offering. Catapult Energy Management 2007 Inc., a wholly-owned subsidiary of the Company will act as General Partner. Catapult Financial Management Inc., a wholly-owned subsidiary of the Company, will act as investment advisor.
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**13. Comparative Figures**

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Certain comparative figures have been reclassified to conform to the current year's presentation.

On February 1, 2006 a major shareholder of the Company granted to several employees and directors 3,800,000 options to purchase shares in the Company held by the major shareholder. The options have exercise prices ranging from \$0.28 per share to \$0.60 per share, vest over three years and have a remaining life of 3.8 years. Pursuant to CICA 3870 regarding stock based payments, the Company has recognized stock compensation expense relating to options granted by a major shareholder. Prior affected interim periods have been restated to reflect this accounting treatment resulting in a \$81,474 charge to the prior reported interim period ended March 31, 2006.

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