

British Columbia
Securities Commission

QUARTERLY and YEAR END REPORT

BC Form 51-901F – Schedule A

Name of Issuer – FM Resources Corp.

For Quarter Ended – June 30, 2001

Date of Report – August 16, 2001

Issuer's Address - 11th Floor – 609 West Hastings Street, Vancouver, B.C.V6B 4W4

Issuer's Fax No. - (604) 688-4712

Issuer's Telephone No. - (604) 331-3395

Contact Person – H. Christopher Schultze

Contact's Position - President

Contact Telephone No. – (604) 331-3395

Contact Email Address – info@fm-resources.bc.ca

Web Site Address – www.fm-resources.bc.ca

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

Director's Signature – "**H. Chris Schultze**" – H. Chris Schultze – August 16, 2001

Director's Signature – "**Peter Bryant**" – Peter Bryant – August 16, 2001

FM Resources Corp.

Interim Financial Statements

Six months ended June 30, 2001 and 2000

FM Resources Corp.

Balance Sheets

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	As at June 30,	as at December 31,
	<u>2001</u>	<u>2000</u>
Assets		
Current assets		
Cash	\$ 19,993	\$ 14,014
Prepaid expenses	205	-
Accounts receivable	<u>6,385</u>	<u>7,155</u>
	26,583	21,169
Mining capital assets held for resale	218,738	215,000
Deferred exploration & development expenditure	<u>87,000</u>	<u>80,000</u>
	<u>\$ 332,321</u>	<u>\$ 316,169</u>
Liabilities		
Current liabilities		
Accounts payable & accrued liabilities	\$ <u>482,829</u>	\$ <u>426,726</u>
	482,829	426,726
Loans payable	1,010,524	990,524
Shareholder's Deficiency:		
Share capital	15,425,998	15,425,998
Contributed surplus	305,000	305,000
Deficit	<u>(16,892,031)</u>	<u>(16,832,079)</u>
	<u>(1,161,032)</u>	<u>(1,101,081)</u>
	<u>\$ 332,321</u>	<u>\$ 316,169</u>

On behalf of the Board:

"H. Chris Schultze"

Director

"Peter Bryant"

Director

FM Resources Corp.

Statements of Operations and Deficit

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Three month period ended June 30, <u>2001</u>	Six Month period ended June 30, <u>2001</u>	Three Month period ended June 30, <u>2000</u>	Six Month period ended June 30, <u>2000</u>
Administrative expenses:				
Administration	\$ 18,000	\$ 36,000	\$ 18,000	\$ 33,000
Filing & transfer agent fees	4,717	5,846	2,544	3,590
Interest & bank charges	75	176	(521)	193
Investor relations & promotion	-	-	2,431	2,431
Management fees	-	-	1,280	8,380
Expenses related to sale of equipment	-	-	15,657	15,657
Telephone expense	227	497	158	850
Depreciation	-	-	1,542	3,083
Office expenses	6,431	9,815	8,141	11,092
Professional fees	3,921	4,748	4,881	5,149
Office rent	1,500	3,000	5,818	11,635
	<u>34,871</u>	<u>60,082</u>	59,931	95,060
Other expenses (income):				
Interest & miscellaneous income	(30)	(131)	(186)	(291)
Loss (gain) on foreign exchange	2	1	(1)	-
	<u>(28)</u>	<u>(130)</u>	<u>(187)</u>	<u>(291)</u>
Net (loss) income	(34,843)	(59,952)	(59,744)	(94,769)
Deficit, beginning of period	<u>(16,857,188)</u>	<u>(16,832,079)</u>	<u>(16,489,408)</u>	<u>(16,454,383)</u>
Deficit, end of period	\$ <u>(16,892,031)</u>	\$ <u>(16,892,031)</u>	\$ <u>(16,549,152)</u>	\$ <u>(16,549,152)</u>

FM Resources Corp.

Statements of Change in Financial Positions

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Three month period ended June 30, <u>2001</u>	Six month period ended June 30, <u>2001</u>	Three month period ended June 30, <u>2000</u>	Six month period ended June 30, <u>2000</u>
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	\$ (34,843)	\$ (59,952)	\$ (59,743)	\$ (94,768)
Changes in non-cash working capital:				
Depreciation	-	-	1,542	3,083
Decrease (Increase) in pre-paid expenses	895	(205)	(1,126)	(1,126)
Decrease (Increase) in accounts receivable	1,394	770	(3,931)	18,480
Increase (Decrease) in accounts payable	33,200	56,103	19,326	2,568
Cash provided by (applied to) operating activities	646	(3,284)	(43,932)	(71,763)
Investing activities				
Proceeds on disposal of mineral properties and equipment & (recoveries)	(3,738)	(3,738)	63,738	(5,050)
Proceeds on disposal of fixed assets	-	-	112	112
Deferred exploration expenditures	-	(7,000)	(750)	94,738
Cash applied to investing activities	(3,738)	(10,738)	63,100	89,800
Financing activities				
Gold-based investment contracts	-	-	(50,000)	(106,250)
Loan payable	20,000	20,000	-	-
Issuance of share capital	-	-	50,000	106,250
Cash provided by financing activities	20,000	20,000	0	-
Increase (decrease) in cash position	16,908	5,978	19,169	18,037
Cash & cash equivalents, beginning of period	3,086	14,014	963	2,094
Cash & cash equivalents, end of period	\$ 19,993	\$ 19,993	\$ 20,132	\$ 20,132

FM Resources Corp.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian Dollars, unless noted)

(unaudited – prepared internally by management)

As at June 30, 2001

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated under the laws of British Columbia, Canada and its principal business activities include the exploration and development of mineral properties. The financial statements are prepared on the basis that the Company will continue to operate as a going concern. The Company has incurred operating losses and significant development costs relating to its mineral property interests, which have been written down to the estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES

Mining capital assets held for resale

Mining capital assets held for resale are recorded at estimated net realizable value.

Deferred exploration and development expenditures

The Company has capitalized exploration and development costs specifically identifiable to mineral properties. These exploration and development costs have been written down to an estimated net realizable value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative figures

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

Financial instruments

For certain of the Company's financial instruments including accounts receivable and accounts payable and accrued liabilities, the carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments.

The fair value of the loans payable is not practical to determine as there are no fixed repayment terms.