

Schedules attached: A

**ISSUER DETAILS**

Name of Issuer		For Quarter Ended	Date of Report	
FM Resources Corp.		June 30, 2003	August 25, 2003	
Issuer's Address				
11th Floor - 609 West Hastings Street				
City	Province	Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver,	B.C.	V6B 4W4	(604) 688-4712	(604) 331-3395
Contact Person		Contact's Position		Contact Telephone No.
H. Chris Schultze		President		(604) 331-3395
Contact Email Address		Web Site Address		
<a href="mailto:info@fm-resources.bc.ca">info@fm-resources.bc.ca</a>		<a href="http://www.fm-resources.bc.ca">www.fm-resources.bc.ca</a>		

**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	Print Full Name	Date Signed
<i>"H. Chris Schultze"</i>	H. Chris Schultze	August 25, 2003
Director's Signature	Print Full Name	Date Signed
<i>"Peter Bryant"</i>	Peter Bryant	August 25, 2003

**FM Resources Corp.**

**Interim Financial Statements**

**Six months ended June 30, 2003 and 2002**

# FM Resources Corp.

## Balance Sheets

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	As at June 30,		As at December 31,
	<u>2003</u>		<u>2002</u>
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 2,350	\$	2,508
Prepaid expenses	895		-
Accounts receivable	2,298		1,901
	5,543		4,409
<b>Mining capital assets held for resale</b>	<b>53,000</b>		53,000
<b>Mineral Property</b>	<b>1</b>		<b>1</b>
	\$ 58,545	\$	57,410
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable & accrued liabilities	\$ 934,836	\$	800,713
<b>Loans payable</b>	<b>1,001,524</b>		996,524
	1,936,360		1,797,237
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	15,425,998		15,425,998
Contributed surplus	305,000		305,000
<b>Deficit</b>	<b>(17,608,813)</b>		<b>(17,470,825)</b>
	(1,877,815)		(1,739,827)
	\$ 58,545	\$	57,410

On behalf of the Board:

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"H. Chris Schultze" Director

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"Peter Bryant" Director

## FM Resources Corp.

### Statements of Operations and Deficit

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Six month period ended June 30, 2003	Three month period ended June 30, 2003	Six month period ended June 30, 2002	Three month period ended June 30, 2002
<b>Administrative expenses:</b>				
Administration	\$ 36,000	\$ 18,000	\$ 36,000	\$ 18,000
Filing & transfer agent fees	6,752	5,266	6,359	4,848
Interest & bank charges	76,903	39,921	57,008	29,692
Expenses related to sale of equipment	-	-	5,000	5,000
Office & Miscellaneous expenses	12,167	6,524	11,223	7,340
Professional fees	3,177	1,801	4,917	813
Office rent	3,000	1,500	3,000	1,500
	<u>137,999</u>	<u>73,012</u>	<u>123,507</u>	<u>67,193</u>
<b>Other income:</b>				
Interest & miscellaneous income	(12)	(6)	(57)	(35)
	<u>(12)</u>	<u>(6)</u>	<u>(57)</u>	<u>(35)</u>
<b>Net loss for the period</b>	<b>(137,987)</b>	<b>(73,006)</b>	(123,450)	(67,158)
<b>Deficit, beginning of period</b>	<b>(17,470,826)</b>	<b>(17,535,807)</b>	(17,125,009)	(17,181,301)
<b>Deficit, end of period</b>	<b>\$ (17,608,813)</b>	<b>\$ (17,608,813)</b>	\$ (17,248,459)	\$ (17,248,459)
<b>Loss per share - basic and diluted</b>	<b>\$ (0.06)</b>		<b>\$ (0.05)</b>	
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>2,397,216</b>		<b>2,397,216</b>	

## FM Resources Corp.

### Statement of Cash Flows

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Six month period ended June 30, <u>2003</u>	Three month period ended June 30, <u>2003</u>	Six month period ended June 30, <u>2002</u>	Three month period ended June 30, <u>2002</u>
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (137,987)	\$ (73,006)	\$ (123,450)	\$ (67,158)
Changes in non-cash working capital:				
Decrease (Increase) in pre-paid expenses	(895)	(785)	(111)	784
Decrease (Increase) in accounts receivable	(397)	1,444	900	2,680
Increase (Decrease) in accounts payable	134,123	70,205	106,538	57,727
Cash provided by (applied to) operating activities	(5,156)	(2,140)	(16,122)	(5,966)
Investing activities				
Deferred exploration expenditures	-	-	(3,850)	(3,850)
Mining capital asset recoveries held for resale	-	-	50,000	50,000
Cash applied to investing activities	-	-	46,150	46,150
Financing activities				
Loan Payable	5,000	2,000	-	-
Cash provided by financing activities	5,000	2,000	-	-
<b>Increase (decrease) in cash position</b>	<b>(156)</b>	<b>(140)</b>	<b>30,028</b>	<b>40,184</b>
<b>Cash &amp; cash equivalents, beginning of period</b>	<b>2,508</b>	<b>2,491</b>	<b>13,737</b>	<b>3,581</b>
<b>Cash &amp; cash equivalents, end of period</b>	<b>\$ 2,352</b>	<b>\$ 2,352</b>	<b>\$ 43,766</b>	<b>\$ 43,766</b>

**FM Resources Corp.**  
**Notes to Financial Statements**  
**June 30, 2003**

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**Financial Statements and Note disclosure are to be read in conjunction with the year end audited financial statements for the year ended December 31, 2002.**

**1. Operations**

The Company was incorporated under the laws of the Province of British Columbia, Canada and its principal business activities include the exploration and development of mineral properties.

**2. Significant Accounting Policies**

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies adopted by the Company are summarized below:

*Use of Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 period. Actual results may differ from those estimates.

*Mining Capital Assets Held for Resale*

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

*Mineral Property*

The Company has capitalized exploration and development costs specifically identifiable to its mineral property. When commercial production is achieved for a specific property, the costs capitalized will be amortized against revenue realized on production from the property. In the event of the abandonment of a property, the costs capitalized for that property will be charged to operations. The exploration and development costs have been written down to an estimated net realizable value.

*Impairment of Long-term Assets*

The Company re-evaluates the recoverability of long-term assets, including mining capital assets held for resale and the mineral property based upon estimates using factors such as future asset utilization, business climate and future discounted cash flows expected to result from the use of the related assets or be realized on sale. The Company's policy is to write down these assets to their net recoverable amount in the period when it is determined that the carrying amount is not likely to be recovered.

### *Income Taxes*

The Company has adopted the provision of CICA Handbook Section 3465, Income Taxes. Under this standard, current income taxes are recognized for the estimated income taxes payable for the current period.

Future taxes are recognized for the tax consequences of “temporary differences” by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future income taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, Section 3465 requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not.

### *Cash equivalents*

Cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturities of three months or less when purchased.

### *Earnings (Loss) Per Share*

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. The treasury stock method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market rate.

### *Stock Based Compensation*

Effective January 1, 2002, the Company adopted on a prospective basis, the Canadian Institute of Chartered Accountants (“CICA”) Handbook, Section 3870, Stock-based compensation and other stock-based payments. As permitted by the CICA Handbook, Section 3870, the Company has chosen not to recognize any compensation cost on the grant of stock options to its employees. Any consideration paid by employees on exercise of stock options is credited to capital stock. The Company is required to provide pro-forma information with regard to its net income as if the compensation cost for the Company’s stock option plan had been determined in accordance with the fair value based method prescribed in the CICA Handbook, Section 3870.