FM Resources Corp.
FORM 51-102F1
Management's Discussion and Analysis
March 31, 2005

The following management's discussion and analysis ("MD&A"), which was prepared on May 25, 2005, is FM Resources Corp.'s management's assessment of FM Resources Corp. (the "Company") historical financial and operating results. This document should be reviewed along with the Company's unaudited consolidated financial statements for the quarter ended March 31, 2005, together with any accompanying notes.

As used in this management's discussion and analysis, the terms "we", "us", "our" and "the Company" mean FM Resources Corp. unless otherwise indicated.

Forward-Looking Statements

This document contains forward-looking statements about our future plans for our business and our operations. Forward-looking statements are statements which relate to future events or to our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks specifically identified in the section of this MD&A entitled "Risk Factors" beginning on page 4, and those that are inherent to the business of mineral exploration. Our actual results could differ materially from those described in these forward-looking statements.

Overall Performance

FM Resources Corp. is a Vancouver based junior natural resource company focused on mineral exploration. The Company's principal assets are its La Forma, Antoniuk, and Ant gold properties located in the Dawson Range of west-central Yukon.

The Company's Yukon properties are located in central Yukon 66 km west of Carmacks and 220 km northwest of Whitehorse and comprise contiguous quartz mining leases and quartz mineral claims encompassing roughly 1,130 hectares (2,785 acres) that are owned by FM Resources Corp.

The Company does not generate any income from its operations. Exploration on the Company's properties has been limited to property maintenance level activities due to low working capital.

As a result of the Company's working capital deficiency, among other things, the Company has not maintained tier maintenance requirements for a TSX Venture Exchange Tier 2 issuer in accordance with TSX Venture Exchange Policy 2.5 and was transferred to the NEX Board as of January 6, 2005

Selected Annual Information

The following table sets forth a summary of our financial results for the years ended December 31, 2004, 2003 and 2002:

Years ended December 31 (Cdn $)	2004	2003	2002
Net sales or total revenue	$29	$2,196	Nil
Net Income (loss)	($361,264)	($317,973)	($345,816)
Basic per share	($0.15)	($0.13)	($0.14)
Diluted per share	($0.15)	($0.13)	($0.14)
Total assets	$7,024	$26,580	$57,410
Total long-term financial liabilities	$Nil	$Nil	$996,524

Results of Operations

<u>Twelve-month period ended December 31, 2004 compared to the twelve-month period ended December 31, 2003</u>

The Company's net loss for the year was $361,264 compared to a net loss of $317,973 for 2003. The increase in net loss was primarily due to the increase in expenses relating to interest and bank charges, which increased to $223,757 from $167,646 in 2003. Other expense items remained relatively stable from the previous period.

Current liabilities at the end of the twelve-month period comprising accounts payable, accrued liabilities and loans payable totaled $2,426,088 compared with $2,084,380 for the same period the year prior.

Summary of Quarterly Results

The following table presents selected unaudited consolidated financial information for the last eight quarters:

	2005	2004				2003		
Period ended	**Q1**	**Q1**	**Q2**	**Q3**	**Q4**	**Q2**	**Q3**	**Q4**
Total Revenue	$6	$7	$14	$19	$10	$12	$53	$2,196
Net income (loss)	($93,582)	($76,556)	($166,852)	($250,778)	($361,264)	($137,987)	($211,114)	($317,973)
Basic per share	($.04)	($0.03)	($0.07)	($0.10)	($0.15)	($0.06)	($0.09)	($0.13)
Diluted per share	($.04)	($0.03)	($0.07)	($0.10)	($0.15)	($0.06)	($0.09)	($0.13)

Liquidity

At March 31, 2005, the Company had $3,918 in current assets compared with $7,024 for the same period the prior year. Current liabilities at March 31, 2005 comprising accounts payable, accrued liabilities and loans totaled $2,516,564 compared with $2,426,088 for the same period the prior year. The continued operations of the Company and the ability of the Company to realize its assets and to discharge its liabilities in the normal course of business are dependent upon the continued financial support of its creditors.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the Company's business is dependent upon obtaining further financing, successful property acquisition and exploration efforts, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of the Company's current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liability and future cash commitments.

There are no assurances that the Company will be able to obtain further funds as may be required for the Company's continued operations. If required, the Company will pursue various financing alternatives to meet the Company's immediate and long-term financial requirements, which the Company anticipates may consist of further private placements of equity securities, advances from related parties or shareholder loans. The Company has not entered into any definitive agreements with any shareholders or related partied for the provision of further loans or advances. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, the Company will be forced to scale down or perhaps even cease operations.

The Company has historically incurred losses, and through March 31, 2005 has a deficit of $18,243,644. Because of these historical losses, the Company will require additional working capital to maintain operations. The Company intends to raise additional working capital through private placements, public offerings, bank financing and/or advances from related parties or shareholder loans.

There are no assurances that the Company will be able to either (1) achieve a level of revenue adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placements, public offerings and/or bank financing necessary to support the Company's working capital requirements. To the extent that funds generated from operations and any private placement, public offerings and/or bank financing are insufficient, the Company will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to us. If adequate working capital is not available the Company may not be able to maintain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Capital Resources

The Company has no current source of revenue. The Company has commitments for expenditures as a result of its accounts payable and outstanding loans payable noted above. The future of the Company as a "going concern" is highly dependent on the Company's ability to attract new long-term and permanent equity financing, to complete the development of a mineral property, to have the continued support of creditors and shareholders, and ultimately to reach a profitable level of operations.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Transactions with Related Parties

The aggregate amount of transactions made with related parties not at arms length to the Company consist of the following:

- Included in accounts payable, accrued liabilities and loans payable is the amount of $11,640 representing funds due to directors of the Company and to a private company controlled by a director of the Company.

First Quarter

Three-month period ended March 31, 2005 compared to the three-month period ended March 31, 2004

The Company's net loss for the three-month period was $93,582 compared to a net loss of $76,556 for the same period in the prior year. The increase in net loss was primarily due to the increase in expenses relating to interest and bank charges, which increased to $65,827 for the period from $50,175 for the same period in the prior year. Other expense items remained relatively stable from the previous period.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian general accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the 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. See Note 2 to the financial statements for the Company's Significant Accounting Policies.

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2003, the Company adopted, prospectively, the Canadian Institute of Chartered Accountants Handbook, Section 3870 *Stock-based compensation and other stock-based payments.* Under the new recommendation, the Company adopted the fair value for all direct awards of stocks and applies the fair value method. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, and the expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of the Company's stock. The adoption of this policy has no cumulative effect on the prior year's financial statements.

Financial Instruments and Other Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and cash equivalents, accounts payable and accrued liabilities and loans payable approximate their fair value because of the short-term nature of those instruments

Risk Factors

An investment in Company's shares involves a number of significant risk factors. **Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Company's business and/or the return to shareholders.**

Investment Risk

Speculative Nature of Investment
Any investment in the Company's shares should be considered speculative. The purchase of shares involves a number of significant risk factors and is suitable only for investors who are aware of the risks inherent in start companies engaged in the mineral exploration industry and who have the ability and willingness to accept the risk of the total loss of their invested capital and who have no immediate need for liquidity.

Return on Investment
There is no assurance that sufficient revenue will be generated by the Company from which dividends can be declared.

Company Risks

Financing Risks
The development of the Company's properties will depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There is no assurance that the Company will be successful in obtaining any required financing.

Cash Flow

The Company's properties are currently being assessed for exploration and as a result, the Company has no source of operating cash flow. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. **The Company will require new capital to continue to operate its business and to continue exploration on its mineral properties, and there is no assurance that capital will be available when needed, if at all.**

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Under the laws of the Province of British Columbia, the directors of the
Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Industry Risks

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties has a known body of commercial ore and the proposed exploration program is an exploratory search for ore. In exploring and developing its mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants and others for operating expertise. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title Matters

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirement. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Mineral Prices

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Uninsured Risks

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities. The Company may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons. In particular, the Company is not insured for environmental liability or earthquake damage.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain liability insurance against such liabilities. Although the Company currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

Disclosure for venture issuer without significant revenue

FM Resources Corp. has not had significant revenue from operations in either of its last two financial years. Direct expenses incurred on the properties of approximately $5,000 annually are not capitalized or deferred.

Outstanding Share Data at the date of the MD&A

FM Resources Corp. is listed on the NEX board and its shares are traded under the symbol FMR.H.

Class of shares	Par Value	Number Authorized	Number issued
Common	Nil	100,000,000	2,397,216
Preferred	Nil	5,000,000	Nil

There are no options, warrants or convertibles securities outstanding and an aggregate total of 1,123 common shares are held in escrow.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com. The Company also maintains a web site at www.fm-resources.bc.ca.