

# **FM Resources Corp.**

Six Months Ended June 30, 2005 and 2004

(Unaudited, prepared by Management)

**FM Resources Corp.**

**Balance Sheets**

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	<b>As at June 30</b>		As at December 31,
	<b><u>2005</u></b>		<b><u>2004</u></b>
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 415	\$	5,372
Prepaid expenses	129		-
Accounts receivable	4,257		1,651
	<b>4,801</b>		7,023
<b>Mineral Property</b>	<b>1</b>		<b>1</b>
	<b>\$ 4,802</b>	\$	<b>7,024</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable & accrued liabilities	\$ 1,571,869	\$	1,382,564
Loans payable	1,050,524		1,043,524
	<b>2,622,393</b>		<b>2,426,088</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	15,425,998		15,425,998
Contributed surplus	305,000		305,000
Deficit	<b>(18,348,590)</b>		<b>(18,150,062)</b>
	<b>(2,617,592)</b>		<b>(2,419,064)</b>
	<b>\$ 4,802</b>	\$	<b>7,024</b>

**On behalf of the Board:**

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"H. Christopher Schultze"                      **Director**

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"Luard Manning"                                **Director**

**FM Resources Corp.**

**Statements of Operations and Deficit**

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Six months ended June 30 2005	Three months ended June 30 2005	Six months ended June 30 2004	Three months ended June 30 2004
<b>Administrative expenses:</b>				
Administration	\$ 36,000	\$ 18,000	\$ 36,000	\$ 18,000
Filing & transfer agent fees	6,432	4,708	6,420	5,029
Interest & bank charges	135,546	69,719	103,760	53,585
Office & Miscellaneous expenses	14,984	9,014	14,202	8,705
Professional fees	2,573	2,006	3,484	3,484
Office rent	3,000	1,500	3,000	1,500
	<b>198,535</b>	<b>104,947</b>	166,866	90,303
<b>Other income:</b>				
Interest & miscellaneous income	(8)	(2)	(14)	(7)
	<b>(8)</b>	<b>(2)</b>	(14)	(7)
<b>Net loss for the period</b>	<b>(198,527)</b>	<b>(104,945)</b>	(166,852)	(90,296)
<b>Deficit, beginning of period</b>	<b>(18,150,063)</b>	<b>(18,243,644)</b>	(17,788,798)	(17,865,354)
<b>Deficit, end of period</b>	<b>\$ (18,348,590)</b>	<b>\$ (18,348,589)</b>	\$ (17,955,650)	\$ (17,955,650)
<b>Loss per share - basic and diluted</b>	<b>\$ 0.08</b>		\$ 0.07	
<b>Weighted average number of common</b>				
<b>shares outstanding - basic and diluted</b>	<b>2,397,216</b>		2,397,216	

**FM Resources Corp.**

**Statement of Cash Flows**

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	<b>Six months ended June 30 2005</b>	<b>Three months ended June 30 2005</b>	Six months ended June 30 2004	Three months ended June 30 2004
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (198,527)	\$ (104,945)	\$ (166,852)	\$ (90,296)
Changes in non-cash working capital:				
Decrease (Increase) in pre-paid expenses	(129)	1,209	(301)	(301)
Decrease (Increase) in accounts receivable	(2,606)	(2,440)	(1,218)	629
Increase (Decrease) in accounts payable	189,305	98,828	157,502	83,933
Cash provided by (applied to) operating activities	<b>(11,957)</b>	<b>(7,348)</b>	(10,869)	(6,035)
Financing activities				
Loan Payable	7,000	7,000	22,000	22,000
Cash provided by financing activities	<b>7,000</b>	<b>7,000</b>	22,000	22,000
Increase (decrease) in cash position	<b>(4,957)</b>	<b>(348)</b>	11,131	15,965
Cash & cash equivalents, beginning of period	<b>5,372</b>	<b>763</b>	5,043	208
Cash & cash equivalents, end of period	<b>\$ 415</b>	<b>\$ 415</b>	\$ 16,173	\$ 16,173

# FM RESOURCES CORP.

Notes to Financial Statements  
June 30, 2005

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**Financial Statements and Note disclosure should be read in conjunction with the year end audited financial statements for the year ended December 31, 2004.**

## 1. Nature of 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

### (a) Use of Estimates

The preparation of financial statements is in conformity with Canadian generally accepted accounting principles and 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.

### (b) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year.

## 3. Mineral Property

	Total	
	2005	2004
La Forma Property	\$ 1	\$ 1

The Company owns a 100% interest in the La Forma property located in Mount Freegold, Yukon Territory. The investment in the La Forma property has been reduced to a nominal value of \$1.

## 4. Share Capital

- (a) Authorized: 100,000,000 common shares without par value.  
5,000,000 preferred shares without par value.

# FM RESOURCES CORP.

Notes to Financial Statements  
June 30, 2005

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(b) Issued:

	June 30, 2005		December 31, 2004	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance,	2,397,216	\$ 15,425,998	2,397,216	\$ 15,425,998

## 5. Comparative Information

Certain comparative amounts have been reclassified to comply with the financial statement presentation adopted in the current year.