

**FM Resources Corp.**

**Interim Financial Statements**

**Nine months ended September 30, 2005 and 2004**

FM Resources Corp.

Balance Sheets

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	As at September 30,	As at December 31,
	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 30	\$ 5,372
Accounts receivable	2,818	1,651
	2,847	7,023
<b>Mineral Property</b>	<b>1</b>	<b>1</b>
	\$ 2,848	\$ 7,024
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable & accrued liabilities	\$ 1,666,984	\$ 1,382,564
Loans payable	1,064,724	1,043,524
	2,731,708	2,426,088
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital	15,425,998	15,425,998
Contributed surplus	305,000	305,000
Deficit	(18,459,858)	(18,150,062)
	(2,728,860)	(2,419,064)
	\$ 2,848	\$ 7,024

On behalf of the Board:

\_\_\_\_\_  
"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)

	Nine months ended September 30, <u>2005</u>	Three months ended September 30, <u>2005</u>	Nine months ended September 30, <u>2004</u>	Three months ended September 30, <u>2004</u>
<b>Administrative expenses:</b>				
Administration	\$ 54,000	\$ 18,000	\$ 54,000	\$ 18,000
Filing & transfer agent fees	8,138	1,706	7,118	698
Interest & bank charges	209,204	73,658	161,875	58,115
Office & Miscellaneous expenses	20,897	5,913	17,778	3,576
Professional fees	13,073	10,500	5,526	2,042
Office rent	4,500	1,500	4,500	1,500
	<u>309,812</u>	<u>111,277</u>	<u>250,797</u>	<u>83,931</u>
<b>Other income:</b>				
Interest & miscellaneous income	(17)	(9)	(19)	(5)
	<u>(17)</u>	<u>(9)</u>	<u>(19)</u>	<u>(5)</u>
<b>Net loss for the period</b>	<b>(309,795)</b>	<b>(111,268)</b>	<b>(250,778)</b>	<b>(83,926)</b>
<b>Deficit, beginning of period</b>	<b>(18,150,063)</b>	<b>(18,348,590)</b>	<b>(17,788,798)</b>	<b>(17,955,650)</b>
<b>Deficit, end of period</b>	<b>\$ (18,459,858)</b>	<b>\$ (18,459,858)</b>	<b>\$ (18,039,576)</b>	<b>\$ (18,039,576)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ 0.13</b>		<b>\$ 0.10</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)

	Nine months ended September 30, <u>2005</u>	Three months ended September 30, <u>2005</u>	Nine months ended September 30, <u>2004</u>	Three months ended September 30, <u>2004</u>
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (309,795)	\$ (111,268)	\$ (250,778)	\$ (83,926)
Changes in non-cash working capital:				
Decrease (Increase) in pre-paid expenses	-	129	(301)	-
Decrease (Increase) in accounts receivable	(1,167)	1,439	(151)	1,067
Increase in accounts payable	284,420	95,115	229,300	71,798
Cash applied to operating activities	(26,542)	(14,585)	(21,930)	(11,061)
Financing activities				
Loan Payable	21,200	14,200	22,000	-
Cash provided by financing activities	21,200	14,200	22,000	-
Increase (decrease) in cash position	(5,342)	(385)	70	(11,061)
Cash & cash equivalents, beginning of period	5,372	415	5,043	16,173
Cash & cash equivalents, end of period	\$ 30	\$ 30	\$ 5,113	\$ 5,113

# FM RESOURCES CORP.

Notes to Financial Statements  
September 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.

(b) Issued:

	<u>September 30, 2005</u>		<u>December 31, 2004</u>	
	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.