

British Columbia
Securities Commission

QUARTERLY and YEAR END REPORT

BC Form 51-901F – Schedule A

Name of Issuer – FM Resources Corp.

For Quarter Ended – March 31, 2001

Date of Report – May 28, 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 – May 28, 2001

Director's Signature – “*Luard Manning*” – Luard Manning – May 28, 2001

FM Resources Corp.

Interim Financial Statements

Three months ended March 31, 2001 and 2000

FM Resources Corp.

Balance Sheets

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

| | As at March 31 | as at December 31, |
|---|---------------------|-----------------------|
| | <u>2001</u> | <u>2000</u> |
| Assets | | |
| Current assets | | |
| Cash | \$ 3,086 | \$ 14,014 |
| Prepaid expenses | 1,100 | - |
| Accounts receivable | <u>7,779</u> | <u>7,155</u> |
| | 11,965 | 21,169 |
| Mining capital assets held for resale | 215,000 | 215,000 |
| Deferred exploration & development expenditure | <u>87,000</u> | <u>80,000</u> |
| | <u>\$ 313,965</u> | <u>\$ 316,169</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable & accrued liabilities | \$ <u>449,629</u> | \$ <u>426,726</u> |
| | 449,629 | 426,726 |
| Loans payable | 990,524 | 990,524 |
| Shareholder's Deficiency: | | |
| Share capital | 15,425,998 | 15,425,998 |
| Contributed surplus | 305,000 | 305,000 |
| Deficit | <u>(16,857,188)</u> | <u>(16,832,079)</u> |
| | <u>(1,126,189)</u> | <u>(1,101,081)</u> |
| | <u>\$ 313,965</u> | <u>\$ 316,169</u> |

On behalf of the Board:

"H. Christopher Shultze"

Director

"Luard J Manning"

Director

FM Resources Corp.

Statements of Operations and Deficit

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

| | <u>2001</u> | Three month period ended March 31, | <u>2000</u> |
|---------------------------------|---------------------------|--|---------------------|
| Administrative expenses: | | | |
| Administration | \$ 18,000 | \$ | 15,000 |
| Filing & transfer agent fees | 1,129 | | 1,046 |
| Interest & bank charges | 101 | | 714 |
| Management fees | - | | 7,100 |
| Telephone expense | 270 | | 692 |
| Depreciation | - | | 1,541 |
| Office expenses | 3,384 | | 2,951 |
| Professional fees | 827 | | 268 |
| Office rent | 1,500 | | 5,817 |
| | <u>25,211</u> | | <u>35,129</u> |
| Other expenses (income): | | | |
| Interest & miscellaneous income | (101) | | (105) |
| Loss (gain) on foreign exchange | (1) | | 1 |
| | <u>(102)</u> | | <u>(104)</u> |
| Net (loss) income | (25,109) | | (35,025) |
| Deficit, beginning of year | <u>(16,832,079)</u> | | <u>(16,454,383)</u> |
| Deficit, end of period | \$ <u>(16,857,188)</u> \$ | | <u>(16,489,408)</u> |

FM Resources Corp.

Statements of Change in Financial Positions

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

| | <u>2001</u> | Three month period ended March 31, | <u>2000</u> |
|---|-----------------|--|-----------------|
| Cash provided by (used in): | | | |
| Operating activities | | | |
| Net income (loss) for the period | \$ (25,109) | | \$ (35,025) |
| Changes in non-cash working capital: | | | |
| Depreciation | - | | 1,541 |
| Decrease (Increase) in pre-paid expenses | (1,100) | | |
| Decrease (Increase) in accounts receivable | (624) | | 22,411 |
| Increase (Decrease) in accounts payable | 22,903 | | (16,758) |
| | <u>(3,929)</u> | | <u>(27,831)</u> |
| Investing activities | | | |
| Proceeds on disposal of mineral properties and equipment | - | | 31,000 |
| Deferred exploration expenditures | (7,000) | | (4,300) |
| | <u>(7,000)</u> | | <u>26,700</u> |
| Financing activities | | | |
| Gold-based investment contracts | - | | (56,250) |
| Issuance of share capital | - | | 56,250 |
| | <u>-</u> | | <u>-</u> |
| Cash provided by financing activities | - | | - |
| Increase (decrease) in cash position | (10,929) | | (1,131) |
| Cash & cash equivalents, beginning of period | <u>14,014</u> | | <u>2,094</u> |
| Cash & cash equivalents, end of period | \$ <u>3,086</u> | | \$ <u>963</u> |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|---|--------|--|-----------|
| Cash receipts for interest | \$ 101 | | \$ 105 |
| Cash payments for interest | \$ - | | \$ 524 |
| Shares issued on conversion of Gold-based investment contracts | \$ - | | \$ 56,250 |

FM Resources Corp.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Canadian Dollars, unless noted)

(unaudited – prepared internally by management)

As at March 31, 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.