FM Resources Corp.

Interim Consolidated Financial Statements

Three months ended March 31, 2006 and 2005

FM Resources Corp.

Consolidated Balance Sheets

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

		As at March 31, 2006		As at December 31, 2005
ASSETS				
Current				
Cash	**$**	**170,767**	$	40
Accounts receivable		**315,510**		3,040
		486,277		3,080
Mineral Properties		**1**		1
Oil & Gas Properties		**3,506,550**		-
	$	**3,992,828**	$	3,081
LIABILITIES				
Current				
Accounts payable & accrued liabilities	**$**	**502,871**	$	1,778,763
Loans payable		**870,425**		1,084,424
		1,373,295		2,863,187
Promissory Notes		**4,460,714**		-
Asset Retirement Obligation		**200,838**		-
SHAREHOLDERS' DEFICIENCY				
Share capital		**16,225,998**		15,425,998
Contributed surplus		**305,000**		305,000
Deficit		**(18,573,017)**		(18,591,104)
		(2,042,019)		(2,860,106)
	$	**3,992,828**	$	3,081

On behalf of the Board:

"Chris Schultze" **Director**

"Luard Manning" **Director**

FM Resources Corp.

Consolidated Statements of Operations and Deficit

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

		Three month period ended March 31, 2006		Three month period ended March 31, 2005
Revenue				
Oil and gas revenue	$	472,556	$	-
Interest income		15		6
		472,572		6
Direct expenses				
Depreciation & depletion		79,463		
Production expenses		154,915		
Royalty expenses		117,089		
		351,467		-
Administrative expenses:				
Administration		21,015		18,000
Filing & transfer agent fees		4,647		1,725
Interest & bank charges		31,708		65,827
Office & Miscellaneous expenses		8,756		5,970
Professional fees		35,391		567
Office rent		1,500		1,500
		103,017		93,588
Net income (loss) for the period		18,087		(93,582)
Deficit, beginning of period		(18,591,104)		(18,150,062)
Deficit, end of period	$	(18,573,017)	$	(18,243,644)
Earnings (loss) per share - basic and diluted	$	0.00	$	(0.04)
Weighted average number of common shares outstanding - basic and diluted		4,391,737		2,397,216

FM Resources Corp.

Consolidated Statement of Cash Flows

(unaudited - prepared internally by management)

(Expressed in Canadian dollars)

	Three Month period ended March 31, 2006	Three Month period ended March 31, 2005
Cash provided by (used in):		
Operating activities		
Loss for the period	$ 18,087	$ (93,582)
Accrued interest	31,708	-
Depletion and accretion	79,463	-
Changes in non-cash working capital:		
Increase in pre-paid expenses	-	(1,338)
Increase in accounts receivable	(312,470)	(166)
Increase in accounts payable	121,375	90,477
Cash applied to operating activities	(61,837)	(4,609)
Investing activities		
Acquisition of oil and gas properties on business acquisition	(3,427,087)	-
Promissory Note issued on business acquisition	4,429,006	-
Debt restructure on business acquisition	(1,569,355)	-
Cash applied to investing activities	(567,436)	-
Financing activities		
shares issued on business acquisition	800,000	-
Cash provided by financing activities	800,000	-
Increase (decrease) in cash position	170,727	(4,609)
Cash & cash equivalents, beginning of period	40	5,372
Cash & cash equivalents, end of period	$ 170,767	$ 763

Financial Statements and Note disclosure should be read in conjunction with the year end audited financial statements for the year ended December 31, 2005.

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of British Columbia and its principal business activities include the exploration and development of mineral properties. Effective January 1, 2006, the Company, acquired a wholly-owned subsidiary, Strikewell Capital Corp. whose principal business activity is the exploration and development of oil and gas properties in Alberta, Canada. The Company has changed its principal business activities to the oil and gas production business.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles within reasonable limits of materiality and will be prepared in future periods within the framework of the significant accounting policies summarized below:

(a) Basis of consolidation:
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Strikewell Capital Corp. All material intercorporate transactions and balances have been eliminated upon consolidation.

(b) 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 amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are readily convertible to known amounts of cash within 90 days from the original date of acquisition.

(d) Revenue recognition

Revenue from the sale of petroleum and natural gas is recorded when the petroleum is sold or natural gas is delivered and collectibility is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Petroleum and natural gas interests

The Company follows the full cost method of accounting for petroleum and natural gas interests whereby all costs of exploration for and development of petroleum and natural gas reserves are capitalized. These costs include lease acquisition costs, geological and geophysical expenses, drilling costs of successful as well as unsuccessful wells and overhead charges related directly to the exploration. The carrying value of petroleum and natural gas interests are not intended to report replacement or current market values.

If the interests are sold or abandoned, the proceeds will be applied against capitalized costs unless such sale significantly impacts the rate of depletion.

Costs associated with unproven reserves are reviewed by management to determine whether or not they have become impaired. If impairment occurs, the carrying value of the related interest will be reduced to reflect the estimated net realizable value. The estimate will be based on the then current conditions and it is possible that changes could occur that would adversely affect management's estimates resulting in further write-downs of the carrying value of the interest.

(f) Joint interest operations

The Company's petroleum and natural gas exploration and production activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

(g) 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 not presented as there are no share purchase warrants, options or other equity instruments that are potentially dilutive.

(h) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow.