

ABENTEUER RESOURCES CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED
JUNE 30, 2002 AND 2001

ABENTEUER RESOURCES CORP.
CONSOLIDATED BALANCE SHEET
JUNE 30, 2002
(Unaudited)

	June 30 2002	December 31 2001
ASSETS		
CURRENT		
Cash and term deposits	\$ 103,413	\$ 145,058
Accounts receivable	38,417	22,924
	141,830	167,982
CAPITAL ASSETS - Note 3	508,900	479,531
	\$ 650,730	\$ 647,513
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,500	\$ 9,536
PROVISION FOR ABANDONMENT COSTS	1,225	900
	3,725	10,436
SHAREHOLDERS' EQUITY		
SHARE CAPITAL - Note 4	547,429	547,429
RETAINED EARNINGS	99,576	89,648
	647,005	637,077
	\$ 650,730	\$ 647,513

ABENTEUER RESOURCES CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(Unaudited)

	Three Month Period Ended June 30, 2002	Three Month Period Ended June 30, 2001	Six Month Period Ended June 30, 2002	Six Month Period Ended June 30, 2001
INCOME				
Net oil and gas sales	\$ 42,142	\$ -	\$ 79,567	\$ -
Other income	-	3,248	170	4,313
	42,142	3,248	79,737	4,313
EXPENSES				
Oil and gas operating	2,654	-	6,701	-
Administration	12,404	3,146	35,069	3,646
Depletion	13,298	-	28,039	-
	28,356	3,146	69,809	3,646
NET EARNINGS FOR THE PERIOD	13,786	102	9,928	667
RETAINED EARNINGS, beginning of period	85,790	1,094	89,648	529
RETAINED EARNINGS, end of period	\$ 99,576	\$ 1,196	\$ 99,576	\$ 1,196
EARNINGS PER SHARE	\$ -	\$ -	\$ -	\$ -
WEIGHTED AVERAGE SHARES OUTSTANDING	5,200,000	2,000,000	5,200,000	2,000,000

ABENTEUER RESOURCES CORP.
CONSOLIDATED COMPARATIVE STATEMENT OF CASH FLOWS
(Unaudited)

	Three Month Period Ended June 30, 2002	Three Month Period Ended June 30, 2001	Six Month Period Ended June 30, 2002	Six Month Period Ended June 30, 2001
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net earnings for the period	\$ 13,786	\$ 102	\$ 9,928	\$ 667
Add items not requiring a cash payment				
Depletion, depreciation and amortization	13,298	-	28,039	-
	27,084	102	37,967	667
Changes in non-cash working capital items relating to operations	604	(3,775)	(22,529)	(3,632)
	27,688	(3,673)	15,438	(2,965)
FINANCING ACTIVITY				
Common share issuance (net of costs)	-	198,410	-	303,493
	-	198,410	-	303,493
INVESTMENTS				
Capital Assets	(1,275)	-	(57,083)	-
	(1,275)	-	(57,083)	-
CASH INCREASE (DECREASE)	26,413	194,737	(41,645)	300,528
CASH – beginning of period	77,000	105,791	145,058	-
CASH - end of period	\$103,413	\$300,528	\$103,413	\$300,528
FUNDS GENERATED FROM OPERATIONS PER SHARE				
	\$ 0.01	\$ -	\$ 0.01	\$ -

ABENTEUER RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001
(Unaudited)

NOTE 1 BASIS OF PRESENTATION AND BUSINESS COMBINATION

Effective December 14, 2001, the Company acquired 100% of the outstanding common shares of 903739 Alberta Ltd., a company related by common shareholders and directors. The acquisition constitutes the Company's major transaction and therefore removed its Junior Capital Pool designation. The acquisition has been recorded as a reverse takeover purchase of Abenteuer Resources Corp. by 903739 Alberta Ltd. The consideration of 3,200,000 shares issued to shareholders of 903739 Alberta Ltd. has been recorded at a value of \$299,971 and has been allocated to the net assets acquired as follows:

Cash and term deposits	\$ 243,935
Accounts receivable	7,974
Accounts payable and accrued liabilities	(4,480)
Deferred share issue costs	<u>52,542</u>
	<u>\$ 299,971</u>

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for the period necessarily involves the use of estimates and approximations which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Consolidation

The financial statements include the accounts of the Company and its wholly owned subsidiary, 903739 Alberta Ltd

b) Petroleum and Natural Gas Properties and Production Equipment

The Company follows the full-cost method of accounting for oil and gas activities whereby all costs associated with the acquisition of, the exploration for, and the development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells and equipment costs. The carrying value, based on a ceiling test calculation, is limited to a recoverable amount as determined by estimating the present value of future net revenue from proven properties based on current prices, costs and the value of unproven properties at the lower of cost and net realizable value.

ABENTEUER RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001
(Unaudited)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b) Petroleum and Natural Gas Properties and Production Equipment - Continued

Depletion of these costs is calculated on the unit of production method based on estimated proven reserves as determined by management and independent engineers. Petroleum and natural gas reserves are converted to a common unit of measure on the basis of their relative energy content. The costs of unevaluated properties are excluded from the depletion calculation until proven reserves are assigned or the property is considered impaired.

Proceeds from disposal of properties are normally applied as a reduction of the costs of the remaining assets unless the disposal would alter the rate of depletion by more than 20%, in which case a gain or loss on disposal is recorded.

Substantially all of the exploration, development and production activities of the Company are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

c) Future Site Restoration and Abandonment Costs

The Company estimates its future site restoration and abandonment costs for its petroleum and natural gas wells. The costs are management's best estimates of the future site restoration and abandonment costs based on current legislation and industry practises. Total estimated costs are being provided for on a unit of production basis. The annual provision is included in depreciation and depletion and actual site restoration and abandonment costs are charged to the provision account as incurred.

d) Measurement Uncertainty

The amounts recorded for depletion of property and equipment and the provision for future site restoration and abandonment costs are based on estimates. The ceiling test calculation is based on estimates of proven reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of any changes in such estimates on the financial statements of future periods could be material.

e) Income Taxes

The Company has adopted the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary difference" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the substantively enacted tax rates and laws expected to apply when these differences reverse.

ABENTEUER RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001
(Unaudited)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

f) Stock Based Compensation Plans

The Company has equity incentive plans, which are described in Note 4. No compensation expense is recognized for these plans when stock options are issued. Any consideration received on exercise of the stock option is credited to share capital.

g) Per Share Amounts

Effective January 1, 2001, the Company adopted the Canadian Institute of Chartered Accountants' new accounting standard with respect to the calculation and disclosure of per share amounts. Under the new standard, the treasury stock method of calculating per share amounts is used whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. The new standard has been applied prospectively and prior periods have not been restated. The new standard has no effect on basic per share amounts but may affect diluted per share amounts.

NOTE 3 PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depletion and Amortization</u>	<u>2002 Net Book Value</u>	<u>2001 Net Book Value</u>
Computer equipment	\$ 2,811	\$ 648	\$ 2,163	\$ -
Petroleum & natural gas properties	<u>609,224</u>	<u>102,487</u>	<u>506,737</u>	<u>-</u>
	<u>\$ 612,035</u>	<u>\$ 103,135</u>	<u>\$ 508,900</u>	<u>\$ -</u>

At June 30, 2002, petroleum and natural gas properties included \$70,922 (2001 - Nil) relating to unproved properties which have been excluded from the depletion calculation.

At June 30, 2002 future site restoration and abandonment costs are estimated in aggregate to be \$6,000 of which \$325 (2001 - Nil) has been charged to operations in the year.

No general and administrative costs were capitalized during the year (2001 - Nil).

ABENTEUER RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2002 AND 2001
(Unaudited)

NOTE 4 **SHARE CAPITAL**

Authorized:

Unlimited number of voting common shares without nominal or par value
 Unlimited number of preferred shares without nominal or par value

Issued:

As of December 31, 2000	1,000,000	\$200,000
Initial Public Offering	1,000,000	100,000
Acquisition of 903739 Alberta Ltd. – Note 1	3,200,000	299,971
Share Issue Costs	-	(52,542)
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As at December 31, 2001	5,200,000	547,429
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As at June 30, 2002	5,200,000	547,429
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The issuance of 3,200,000 shares of Abenteuer Resources Corp. in exchange for all of the outstanding shares of 903739 Alberta Ltd. allowed control of the combined Company to pass to the shareholders of the subsidiary, 903739 Alberta Ltd. In this situation, Abenteuer Resources Corp. is deemed to be the subsidiary and the amounts allocated to share capital are those of 903739 Alberta Ltd.

Per share amounts were calculated using the weighted average number of common shares outstanding of 5,200,000 (2001 – 1,000,000). The stock options were not included in the diluted earnings per share calculation because to do so would be anti-dilutive.

Stock Options

The Company has a Directors' and Management Stock Option Plan (the "Plan") that allows the Company's board of directors to grant options as an additional incentive for directors, officers, employees and consultants to invest in the Company's common shares and thereby increase their equity and proprietary interest in the Company. All of the options which have been issued to date by the Corporation have been issued according to the Plan.

Under the Plan, options may be granted to purchase the Company's common shares up to the maximum number of shares permitted under the rules of the CDNX (currently 10% of the total outstanding common shares, with a maximum number of common shares optioned to any one optionee of no more than 5% of the total outstanding common shares). The exercise price of such options on the date of the grant cannot be less than the market price of the common shares on the CDNX less the permissible discount allowed by that exchange.

ABENTEUER RESOURCES CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIODS ENDED JUNE 30, 2002 AND 2001
(Unaudited)

NOTE 4 SHARE CAPITAL - CONTINUED

As at June 30, 2002 the Company has granted options to its directors as follows:

<u>Date of Grant</u>	<u>Options Granted</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
May 1, 2001	200,000	\$0.25	April 30, 2006
December 19, 2001	320,000	\$0.25	December 18, 2006

As at June 30, 2002 there were 3,231,648 common shares held in escrow.

NOTE 5 RELATED PARTY TRANSACTION

During the period the Company paid management fees of \$12,000 to companies controlled by two officers of the company.

NOTE 6 FINANCIAL INSTRUMENTS

The company's financial instruments that are included in the balance sheet are comprised of cash, accounts receivable and accounts payable. The fair values of financial instruments that are included in the balance sheet approximate their carrying values due to the short-term maturity of those instruments.

a) Fair Value

Fair value estimates are made at a specific point in time, are subjective in nature and involve uncertainties and matters of significant judgement. Changes in assumptions could significantly affect these estimates.

b) Credit Risk

The Company has significant exposure to an individual customer, as a significant portion of production revenue is receivable from one operator.