

ABENTEUER RESOURCES CORP.

FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2010

(Canadian Dollars)

(UNAUDITED)

ABENTEUER RESOURCES CORP.

INTERIM BALANCE SHEETS AS AT SEPTEMBER 30, 2010
AND DECEMBER 31, 2009 (UNAUDITED)

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 353,626	\$ 462,514
Accounts receivable	60,354	127,235
Prepaid expenses	3,685	2,504
Short-term deposits	850,000	800,000
	<u>1,267,665</u>	<u>1,392,253</u>
LONG TERM		
Property and equipment – Note 4	1,073,208	1,024,658
Reclamation performance bond	32,506	32,506
	<u>1,105,714</u>	<u>1,057,164</u>
TOTAL ASSETS	\$ 2,373,379	\$ 2,449,417
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 24,317	\$ 66,471
LONG TERM		
Asset retirement obligations – Note 5	85,680	82,729
Future income tax liability	17,987	29,987
	<u>103,667</u>	<u>112,716</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL – Note 6	2,114,321	2,105,559
WARRANTS – Note 6	95,871	97,133
CONTRIBUTED SURPLUS – Note 6	244,213	244,213
DEFICIT	(209,010)	(176,675)
	<u>2,245,395</u>	<u>2,270,230</u>
TOTAL LIABILITIES AND EQUITY	\$ 2,373,379	\$ 2,449,417

The accompanying notes are an integral part of these interim financial statements

Approved by:

“Lewis Dillman”, Director

“Sean McGrath”, Director

ABENTEUER RESOURCES CORP.

INTERIM STATEMENT OF SHAREHOLDER'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30 (UNAUDITED)

	2010	2009
Number of common shares		
Balance – beginning of year	14,583,266	10,733,266
Issue of common shares in financing	50,000	3,850,000
Balance as of period end	14,633,266	14,583,266
Paid in share capital		
Balance – beginning of year	\$ 2,105,559	\$1,829,228
Issue of common shares in financing	7,500	285,000
Share issuance costs	-	(8,669)
Warrants	1,262	-
Balance as of period end	2,114,321	2,105,559
Warrants		
Balance – beginning of year	97,133	-
Issue of warrants in financing	-	100,000
Share issuance costs	-	(2,867)
Share capital	(1,262)	-
Balance at end of period	95,871	97,133
Contributed Surplus		
Balance – beginning of year	244,213	217,963
Stock based compensation	-	26,250
Balance as of period end	244,213	244,213
Retained earnings		
Balance – beginning of year	(176,675)	62,171
Net income (loss) and comprehensive income (loss)	(32,335)	(238,846)
Balance as of period end	(209,010)	(176,675)
Total shareholder's equity	\$2,245,395	\$2,270,230

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ABENTEUER RESOURCES CORP.

INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND
RETAINED EARNINGS (DEFICIT)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30 (UNAUDITED)

	Three Months Ending		Nine Months Ending	
	Sept. 30 2010	Sept. 30 2009	Sept. 30 2010	Sept. 30 2009
REVENUE				
Petroleum and natural gas sales	\$ 131,463	\$ 124,622	\$ 365,123	\$344,236
Less: Royalties and free hold mineral tax	(23,252)	(20,210)	(61,156)	(50,743)
	<u>108,211</u>	<u>104,412</u>	<u>303,967</u>	<u>293,493</u>
EXPENSES				
Operating	27,876	34,555	91,352	152,198
Depletion, accretion and amortization	27,403	32,671	75,893	99,464
General and administrative	39,586	58,670	150,210	186,936
	<u>94,865</u>	<u>125,896</u>	<u>317,455</u>	<u>438,598</u>
Property investigations	11,321	-	34,465	-
Other income	(3,449)	-	(3,618)	(13,323)
NET EARNINGS (LOSS) FOR THE PERIOD BEFORE INCOME TAXES				
	5,474	(21,484)	(44,335)	(131,782)
Income tax recovery (expense)	(1,500)	5,800	12,000	35,500
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD				
	3,974	(15,684)	(32,335)	(96,282)
RETAINED EARNINGS (DEFICIT) – Start				
	(212,984)	(18,427)	(176,675)	62,171
RETAINED EARNINGS (DEFICIT) – End				
	\$(209,010)	\$(34,111)	\$(209,010)	\$(34,111)
Earnings (Loss) per share (basic and diluted)				
	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding				
	14,633,266	10,733,266	14,633,266	10,733,266

The accompanying notes are an integral part of these interim financial statements

ABENTEUER RESOURCES CORP.

INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30 (UNAUDITED)

	Three Months Ending		Nine Months Ending	
	Sept. 30 2010	Sept. 30 2009	Sept. 30 2010	Sept. 30 2009
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) and comprehensive income (loss) for the period	\$ 3,974	\$ (15,684)	\$ (32,335)	\$ (96,282)
Add items not requiring cash payment:				
Depletion, accretion and amortization	27,403	32,671	75,893	99,464
Income tax expense (recovery)	1,500	(5,800)	(12,000)	(35,500)
	<u>32,877</u>	<u>11,187</u>	<u>31,558</u>	<u>(32,318)</u>
Net Changes in non-cash working capital relating to operations	<u>56,943</u>	<u>(19,121)</u>	<u>23,549</u>	<u>(146,524)</u>
	<u>89,820</u>	<u>(7,934)</u>	<u>55,107</u>	<u>(178,842)</u>
FINANCING ACTIVITIES				
Issuance of share capital	<u>3,750</u>	<u>75,000</u>	<u>7,500</u>	<u>75,000</u>
	<u>3,750</u>	<u>75,000</u>	<u>7,500</u>	<u>75,000</u>
INVESTING ACTIVITIES				
Purchase of short term deposits	(50,000)	(800,000)	(50,000)	(300,000)
Purchase of property and equipment	(11,546)	(12,506)	(121,495)	(12,506)
	<u>(61,546)</u>	<u>(812,506)</u>	<u>(171,495)</u>	<u>(312,506)</u>
CHANGE IN CASH	32,024	(745,440)	(108,888)	(416,348)
CASH – BEGINNING	321,602	943,447	462,514	614,355
CASH – END	\$ 353,626	\$ 198,007	\$ 353,626	\$ 198,007

The accompanying notes are an integral part of these interim financial statements

ABENTEUER RESOURCES CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 1 NATURE OF OPERATIONS

The Company is engaged primarily in the exploration for, and the production of, petroleum reserves in a single cost centre being the Western Canadian Sedimentary basin; however, it continues to consider international opportunities.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These unaudited financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP"), using the same accounting policies and methods as per the annual financial statements for the twelve months ended December 31, 2009 with the additions below. They do not include all the disclosures required by Canadian GAAP for annual financial statements, and should be read in conjunction with the most recent annual financial statements of the Company. The results of operations for the nine months ended September 30, 2010 are not necessarily indicative of those to be expected for the entire year ending December 31, 2010.

NOTE 3 SHORT TERM DEPOSITS

The Company has \$850,000 (2009 - \$800,000) invested in a variable rate GIC, based on BMO's prime rate of 1.95%, with a maturity date of August 03, 2011.

NOTE 4 PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization & Depletion	2010 Net Book Value
Computer Equipment	\$ 10,504	\$ 10,504	\$ -
Wells			
Well # 1	389,102	193,730	195,372
Well # 2	77,691	38,745	38,946
Well # 3	718,972	358,401	360,571
Well # 4	341,462	164,671	176,790
Well # 5 ¹	514,633	213,104	301,529
	<u>2,041,860</u>	<u>968,652</u>	<u>1,073,208</u>
	<u>\$2,052,364</u>	<u>\$ 979,156</u>	<u>\$1,073,208</u>

¹ During the quarter ending Sept. 30, the Company expended \$32,815 upgrading the battery attached to Well #5, as per directions from the Sask. Ministry of Energy and Resources

	Cost	Accumulated Amortization & Depletion	2009 Net Book Value
Computer equipment	\$ 10,504	\$ 9,412	\$ 1,092
Petroleum properties & equipment	1,920,466	896,900	1,023,566
	<u>\$ 1,930,970</u>	<u>\$ 906,312</u>	<u>\$ 1,024,658</u>

ABENTEUER RESOURCES CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 5 ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations for the period ended September 30, 2010 and year ended December 31, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Asset retirement obligations - beginning of the year	\$ 82,729	\$ 78,795
Net decrease in liabilities during the year	-	-
Accretion expense	<u>2,951</u>	<u>3,934</u>
Asset retirement obligations - end of the period	<u>\$ 85,680</u>	<u>\$ 82,729</u>

The Province requires a \$20,000 bond for the clean up of an orphaned well and the above set aside is for partial working interests in four wells.

In addition to the liability, which is indicated in the above table, the Company also has a reclamation bond having a value of \$32,506 (\$20,000 Well & \$12,506 Battery) that is held by the Saskatchewan Industry and Resources in the event that well King 03-27-004-07 W2 becomes orphaned. Interest is paid at 0.85% on the reclamation bond.

The Company has calculated the fair value of the asset retirement obligation using a discount rate of 5% and an inflation rate of 1.5%. The estimated total future undiscounted cash flows to settle the asset retirement obligations are \$203,476 (2008 - \$203,476) and are expected to be incurred over a period of approximately 7 to 13 years.

NOTE 6 SHARE CAPITAL

Authorized share capital:

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

Issued share capital - common shares:

	Number of Shares	Value
Balance December 31, 2008	10,733,266	\$1,829,228
Private Placement October 2009	3,850,000	285,000
Issuance costs	-	(8,669)
Balance at December 31, 2009	<u>14,583,266</u>	<u>2,105,559</u>
Exercise of share purchase warrants - cash	50,000	7,500
Transfer from contributed surplus	-	1,262
Balance at September 30, 2010	<u>14,633,266</u>	<u>\$2,114,321</u>

ABENTEUER RESOURCES CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 6 SHARE CAPITAL (continued)

Warrants

Balance December 31, 2008	Nil	Nil
Private Placement October 2009	385,000	\$ 100,000
Issuance Costs	-	(2,867)
Balance at December 31, 2009	385,000	97,133
Exercise of warrants	(50,000)	(1,262)
Balance September 30, 2010	335,000	\$ 95,871

The value of the warrants, which expire October 7, 2011, was calculated using the Black Scholes option pricing model with risk free interest rate of (1.36%), expected life of (2 yrs) and expected volatility of (62.3%).

Contributed surplus

Balance December 31, 2008	\$ 217,963
Stock-based compensation (Note 9)	26,250
Balance December 31, 2009 and September 30, 2010	<u>\$ 244,213</u>

ii) Stock Options

The following tables summarize information about stock options outstanding at September 30, 2010.

Number of Stock Options	Exercise Price	Expiry Date
700,000	\$0.20	Nov. 2010 *
300,000	\$0.10	Dec. 2011
250,000	\$0.23	Oct. 2012

* Subsequent to the end of the period, 400,000 options at \$0.20 were exercised and the remaining 300,000 expired unexercised.

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Grant Date Fair Value	Weighted Average Time to Expiry
Balance Dec. 31, 2007	1,000,000	\$0.20	\$0.08	2.90 yrs
Expired	(300,000)	\$0.20	-	-
Granted	300,000	\$0.10	\$0.02	3.00 yrs
Balance Dec. 31, 2008	1,000,000	\$0.17	\$0.07	2.30 yrs
Granted	250,000	\$0.23	\$0.11	3.00 yrs
Balance Dec. 31, 2009	1,250,000	\$0.18	\$0.08	1.55 yrs
Balance Sept. 30, 2010	1,250,000	\$0.18	\$0.08	0.77 yrs.

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 7 STOCK BASED COMPENSATION

The Company has used the Black-Scholes option pricing model to determine a fair value for stock options in order to determine the stock option compensation expense. During the prior year, the Company recorded \$26,250 of compensation expense in the statement of operations, comprehensive income and retained earnings (deficit) in relation to the 250,000 options issued on October 16, 2009, with a corresponding increase to contributed surplus on the balance sheet.

The fair value of each option granted was estimated using the following assumptions:

- Risk-free interest rate (1.46%)
- Expected life (3 years)
- Expected volatility (68.294%)
- Expected dividend yield (0.00%)

NOTE 8 RELATED PARTY TRANSACTIONS

During the nine months ended, September 30th, the Company

- a) paid management fees of \$22,500 (2009 - \$22,500) to a company controlled by an officer and director of the Company;
- b) paid legal fees of \$ Nil (2009 - \$7,987) to an advisor who is an officer of the Company;
- c) paid accounting services of \$16,489 (2009 - \$17,678) to a proprietorship owned by a director of the Company;
- d) paid \$45,000 (2009 - \$45,000) in Directors' fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 9 COMMITMENTS

The Company has minimum annual lease commitments for its office premises expiring in 2010 of \$6,225.

NOTE 10 CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of petroleum and natural gas property. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 10 CAPITAL DISCLOSURE (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and maintenance and development of future oil producing sites, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the period ended September 30, 2010 as compared to the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.

NOTE 11 FINANCIAL INSTRUMENTS

Fair Value

The Company designated its financial instruments as follows:

- Cash is classified as held-for-trading;
- Receivables are classified as loans and receivables; and
- Accounts payable and accrued liabilities as other financial liabilities.

The fair value of accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from the markets.

	Loans and receivables	Held for trading	Other financial liabilities
Financial Assets			
Cash and cash equivalents	\$ -	\$353,626	\$ -
Short term deposits	-	850,000	-
Accounts receivable	60,354	-	-
Financial Liabilities			
Accounts payable	-	-	24,317

NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

NOTE 12 SUBSEQUENT EVENTS

On September 22, 2010, Abenteuer signed a letter of intent with SMW Gold Ltd. (“SMW”), a private company incorporated in Cyprus that controls two gold licenses in Egypt, wherein Abenteuer can acquire all of the issued and outstanding shares of SMW in exchange for 25,000,000 units of the Company. Each unit will consist of a common share of Abenteuer and a share purchase warrant entitling the holder to acquire an additional share of Abenteuer at \$1.20 for a period of 30 months. The transaction will constitute a reverse takeover.

In conjunction with this transaction, the Company will be required to complete a minimum \$12,000,000 financing at \$0.80 per share and to complete a spin-out of its existing oil and gas assets into a new subsidiary which is intending to obtain a separate TSX Venture Exchange (“TSXV”) listing. The transaction is subject to TSXV, Court and Shareholder approval.