

**BENCHMARK ENERGY CORP.**  
**Interim Financial Statements**  
**(Unaudited – Prepared by Management)**

**September 30, 2005**

**Notice:**

These interim financial statements have not been reviewed by the Company's independent auditor.

**BENCHMARK ENERGY CORP.**  
**Interim Balance Sheets**  
**(Unaudited – Prepared by Management)**

	September 30, 2005 (Unaudited)	June 30, 2005
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 478,698	\$ 626,627
GST receivable	3,976	-
	482,674	626,627
Property and equipment (note 3)	124,550	50,096
	\$ 607,224	\$ 676,723
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 65,676	\$ 65,416
Share subscriptions (note 4)	746,813	716,825
	812,489	782,241
<b>Shareholders' Deficit</b>		
Capital Stock (note 5)	610,906	610,906
Contributed surplus (note 5)	50,264	14,806
Deficit	(866,435)	(731,230)
	(205,265)	(105,518)
	\$ 607,224	\$ 676,723

Going concern (note 2)

Approved on behalf of the Board:

*"Chris Cooper"*  
..... Director  
Chris Cooper

*"Jean Claude Boubee"*  
..... Director  
Jean Claude-Boubee

See notes to financial statements.

**BENCHMARK ENERGY CORP.**  
**Interim Statements of Operations and Deficit**  
**(Unaudited – Prepared by Management)**

	<b>Three Months Ended September 30, 2005</b>	<b>Three Months Ended September 30, 2004</b>
<b>Expenses</b>		
Stock based compensation	\$ 35,458	\$ -
Management and administrative fees	27,835	7,250
Professional Fees	21,659	-
Consulting fees	18,429	-
Rent	15,000	15,000
Office	8,799	751
Transfer agent / Regulatory	7,651	2,721
Travel	939	-
Interest and bank charges	603	112
	136,373	25,834
<b>Loss before other item</b>	(136,373)	(25,834)
<b>Other item</b>		
Interest income	1,168	32
<b>Loss for the period</b>	(135,205)	(25,802)
<b>Deficit, beginning of period</b>	(731,230)	(423,679)
<b>Deficit, end of period</b>	\$ (866,435)	\$ (449,481)
<b>Loss per share – basic and diluted</b>	\$ (0.02)	\$ (0.00)
<b>Weighted Average Number of Shares Outstanding</b>		
- basic and diluted	6,847,831	5,768,706

See notes to financial statements.

**BENCHMARK ENERGY CORP.**  
**Interim Statements of Cash Flows**  
**(Unaudited – Prepared by Management)**

	<b>Three Months Ended September 30, 2005</b>	<b>Three Months Ended September 30, 2004</b>
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$ (135,205)	\$ (25,802)
Items not involving cash:		
Stock based compensation	35,458	-
Changes in non-cash working capital items:		
GST receivable	(3,976)	(1,468)
Accounts payable	260	51,800
	(103,463)	24,530
Financing activities:		
Due to related parties	-	(48,071)
Share subscriptions received	29,988	-
	29,988	(48,071)
Investing activities:		
Property and equipment	(74,454)	-
	(74,454)	-
Decrease in cash	(147,929)	(23,541)
Cash, beginning of period	626,627	53,011
Cash end of period	\$ 478,698	\$ 29,470

See notes to financial statements.

**1. ORGANIZATION AND NATURE OF OPERATIONS**

Benchmark Energy Corp. (the "Company") is listed on the NEX Board of the TSX Venture Exchange ("Exchange"). The Company is engaged in the acquisition, exploration and development of petroleum and natural gas properties. The Company has applied for Tier 2 status on the Exchange.

**2. GOING CONCERN**

These financial statements are prepared on a going-concern basis, which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business and will be able to establish new business opportunities and be able to raise sufficient funds to develop the new business. As at September 30, 2005, the Company has an accumulated deficit of \$866,435 and a working capital deficit of \$329,815. Accordingly, these financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, establish a new business and obtain sufficient financing to fund development of the new business.

**3. PROPERTY AND EQUIPMENT**

In June 2005, the Company entered into a sale and purchase agreement with Canam Offshore Limited ("Canam") with respect to the acquisition of a 33.33% interest in the Cosmos Concession located in Tunisia and all geological data pertaining to the Cosmos Concession held by Canam.

As consideration, the Company paid US\$100,000, of which, US\$60,000 was paid during the current quarter and the US \$40,000 was paid during the year ended June 30, 2005. In addition, the Company will pay all outstanding license fees and other obligations relative to the one third interest incurred since January 1, 1999 of approximately US\$100,000.

The transfer of these interests in the Cosmos Concession has been approved by the Tunisian government but is still subject to Exchange approval.

Since this property is considered unevaluated and has yet to have had reserves assigned to it, no depletion has been taken for the period.

**4. SHARE SUBSCRIPTIONS**

During the year ended June 30, 2005, the Company proposed to undertake, subject to regulatory approval, a non-brokered private placement of up to 6,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$900,000. Finder's fees may be payable on a portion of the private placement. At September 30, 2005, the Company received subscriptions of \$746,813 in connection with the proposed private placement with the balance to be received upon Exchange approval of the transaction.

**5. CAPITAL STOCK**

(a) Authorized

- (i) Unlimited number of common shares without par value
- (ii) Unlimited number of 10% cumulative redeemable convertible non-voting Class A preferred shares without par value
- (iii) Unlimited number of non-voting Class B preferred shares without par value

**BENCHMARK ENERGY CORP.**  
**Notes to Interim Financial Statements**  
**September 30, 2005**  
**(Unaudited – Prepared by Management)**

**5. CAPITAL STOCK (continued)**

(b) Issued and outstanding

Share capital consists of common shares issued as follows:

	Three Months Ended September 30, 2005		Year Ended June 30, 2005	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	6,847,831	\$610,906	5,769,706	\$395,281
Shares issued on exercise of warrants	-	-	1,078,125	215,625
Balance, end of period	6,847,831	\$610,906	6,847,831	\$610,906

(c) Stock Options:

During the year ended June 30, 2005, the Company implemented a rolling stock option plan that enables it to grant options up to 10% of its common shares to its directors, officers and employees and other service providers. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price and the vesting conditions of the options.

As at September 30, 2005, the following options were outstanding and exercisable:

Exercise Price	Number outstanding	Expiry date	Number exercisable	Weighted average remaining term (years)
\$0.20	580,000	May 24, 2010	-	4.67

During the quarter ended September 30, 2005, under the fair-value-based method, \$35,458 (2004 – \$nil) in compensation expense was recorded in the statements of operations and deficit and credited to contributed surplus for options vested to directors, officers, employees and consultants.

The fair value of share options used to calculate compensation expense has been estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Three months ended September 30,	2005	2004
Risk free interest rate	3.34%	-%
Expected dividend yield	0%	-%
Stock price volatility	98%	-%
Expected life of options	5 years	- years

(e) Shares held in escrow

As at September 30, 2005, 2,778 (2004 – 2,778) common shares of the Company were the subject of an escrow agreement under which the shares may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon.

**6. RELATED PARTY TRANSACTIONS**

During the quarter, the Company paid or accrued the following amounts to companies controlled by directors of the Company:

	<b>Three months Ended September 30, 2005</b>	<b>Three Months Ended September 30, 2004</b>
Management and administrative services	\$ 27,835	\$ 7,250

**7. COMMITMENT**

The Company is committed to pay US\$5,000 per month until January 1, 2006 for consulting services related to the oil and gas sector in Africa.