

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

**December 31, 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)**

	December 31, 2005 (Unaudited)	June 30, 2005
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 309,059	\$ 626,627
GST receivable	8,215	-
	317,274	626,627
Property and equipment (note 3)	319,145	50,096
	\$ 636,419	\$ 676,723
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 68,188	\$ 65,416
Share subscriptions (note 4)	-	716,825
	68,188	782,241
<b>Shareholders' Deficit</b>		
Capital Stock (note 4)	1,510,906	610,906
Contributed surplus (note 4)	78,503	14,806
Deficit	(1,021,178)	(731,230)
	568,231	(105,518)
	\$ 636,419	\$ 676,723

Going concern (note 2)  
Subsequent event (note 7)

Approved on behalf of the Board:

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

*"David Harrison"*  
..... Director  
David Harrison

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

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004	Six months Ended December 31, 2005	Six Months Ended December 31, 2004
<b>Expenses</b>				
Stock based compensation	\$ 28,239	\$ -	\$ 63,697	\$ -
Management and administrative fees	20,304	7,500	48,139	14,750
Professional Fees	15,800	4,491	37,459	4,491
Consulting fees	43,414	-	61,843	-
Rent	15,000	15,000	30,000	30,000
Office	6,292	2,029	15,091	2,780
Transfer agent / Regulatory	13,622	7,053	21,273	9,774
Travel	13,124	11,160	14,063	11,160
Interest and bank charges	324	135	927	247
	156,119	47,368	292,492	73,202
<b>Loss before other item</b>	(156,119)	(47,368)	(292,492)	(73,202)
<b>Other item</b>				
Interest income	1,376	41	2,544	73
<b>Loss for the period</b>	(154,743)	(47,327)	(289,948)	(73,129)
<b>Deficit, beginning of period</b>	(866,435)	(449,481)	(731,230)	(423,679)
<b>Deficit, end of period</b>	\$ (1,021,178)	\$ (496,808)	\$ (1,021,178)	\$ (496,808)
<b>Loss per share – basic and diluted</b>	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.01)
<b>Weighted Average Number of</b>				
<b>- basic and diluted</b>	7,239,135	5,769,706	7,630,440	5,769,706

See notes to financial statements.

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

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004	Six Months Ended December 31, 2005	Six Months Ended December 31, 2004
Cash provided by (used in):				
Operating activities:				
Loss for the period	\$ (154,743)	\$ (47,327)	\$ (289,948)	\$ (73,129)
Items not involving cash:				
Stock based compensation	28,239	-	63,697	-
Changes in non-cash working capital items:				
GST receivable	(4,239)	(2,011)	(8,215)	(3,479)
Accounts payable	2,512	34,250	2,772	40,479
	(128,231)	(15,088)	(231,694)	(36,129)
Financing activities:				
Due to related parties	900,000	2,500	900,000	-
Share subscriptions received	(746,813)	-	(716,825)	-
	153,187	2,500	183,175	-
Investing activities:				
Property and equipment	(194,595)	-	(269,049)	-
	(194,595)	-	(269,049)	-
Decrease in cash	(169,639)	(12,588)	(317,568)	(36,129)
Cash, beginning of period	478,698	29,470	626,627	53,011
Cash end of period	\$ 309,059	\$ 16,882	\$ 309,059	\$ 16,882

See notes to financial statements.

**1. ORGANIZATION AND NATURE OF OPERATIONS**

Benchmark Energy Corp. (the "Company") is listed on the TSX Venture Exchange ("Exchange"). The Company is engaged in the acquisition, exploration and development of petroleum and natural gas properties. The Company graduated to Tier 2 status on the Exchange during the current period.

**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 December 31, 2005, the Company has an accumulated deficit of \$1,021,178 and working capital of \$249,086. 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. The Company's 33.33% interest is subject to a 5% carried interest to a third party.

As consideration, the Company paid US\$100,000, of which, US\$60,000 was paid during the current period 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\$80,000.

The transfer of these interests in the Cosmos Concession has been approved by the Tunisian government.

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. 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

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**Notes to Interim Financial Statements**  
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**4. CAPITAL STOCK** (continued)

(b) Issued and outstanding

Share capital consists of common shares issued as follows:

	Six Months Ended December 31, 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 for private placement	6,000,000	900,000	-	-
Shares issued on exercise of warrants	-	-	1,078,125	215,625
Balance, end of period	12,847,831	\$1,510,906	6,847,831	\$610,906

During the quarter ended December 31, 2005, the Company closed a non-brokered private placement of 6,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$900,000. At June 30, 2005, the Company was in receipt of \$716,825 of the private placement with the balance received during the current period.

(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 December 31, 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	193,333	4.42

During the quarter ended December 31, 2005, under the fair-value-based method, \$63,697 (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

**4. CAPITAL STOCK** (continued)

(e) Shares held in escrow

As at December 31, 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.

**5. RELATED PARTY TRANSACTIONS**

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

	<b>Six months Ended December 31, 2005</b>	<b>Six Months Ended December 31, 2004</b>
Management and administrative services	\$ 48,139	\$ 14,750

**6. 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.

**7. SUBSEQUENT EVENTS**

Subsequent to the quarter ended December 31, 2005, the Company proposed to undertake, subject to regulatory approval, a non-brokered private placement of up to 4,000,000 units at a price of \$0.50 per unit for gross proceeds of \$2,000,000. Each unit will consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at an exercise price of \$0.75 per common share for one year from closing. Finder's fees of 7% may be payable on a portion of the private placement.