

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

March 31, 2006

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)

| | March 31, 2006 (Unaudited) | June 30, 2005 |
|--|----------------------------------|------------------|
| Assets | | |
| Current | | |
| Cash | \$ 1,629,463 | \$ 626,627 |
| GST receivable | 5,085 | - |
| | 1,634,548 | 626,627 |
| Property and equipment (note 3) | 319,145 | 50,096 |
| | \$ 1,953,693 | \$ 676,723 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 83,991 | \$ 65,416 |
| Share subscriptions (note 4) | - | 716,825 |
| | 83,991 | 782,241 |
| Shareholders' Deficit | | |
| Capital Stock (note 4) | 2,994,056 | 610,906 |
| Contributed surplus (note 4) | 130,615 | 14,806 |
| Deficit | (1,254,969) | (731,230) |
| | 1,869,702 | (105,518) |
| | \$ 1,953,693 | \$ 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

See notes to financial statements.

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

| | Three Months Ended March 31, 2006 | Three Months Ended March 31, 2005 | Nine months Ended March 31, 2006 | Nine Months Ended March 31, 2005 |
|---|--|--|---|---|
| Expenses | | | | |
| Stock based compensation | \$ 52,112 | \$ - | \$ 115,809 | \$ - |
| Management and administrative fees | 19,033 | 7,500 | 67,172 | 22,250 |
| Professional Fees | 23,677 | 3,340 | 61,136 | 7,831 |
| Consulting fees | 81,923 | - | 143,766 | - |
| Rent | 14,975 | 15,000 | 44,975 | 45,000 |
| Office | 7,866 | 4,873 | 22,957 | 7,653 |
| Transfer agent / Regulatory | 7,327 | 9,330 | 28,600 | 19,104 |
| Travel | 29,501 | 40,525 | 43,564 | 51,685 |
| Investor relations | 6,000 | - | 6,000 | - |
| Interest and bank charges | 161 | 260 | 1,088 | 507 |
| | 242,575 | 80,828 | 535,067 | 154,030 |
| Loss before other item | (242,575) | (80,828) | (535,067) | (154,030) |
| Other item | | | | |
| Recovery of GST | 7,748 | - | 7,748 | - |
| Interest income | 1,036 | 43 | 3,580 | 116 |
| Loss for the period | (233,791) | (80,785) | (523,739) | (153,914) |
| Deficit, beginning of period | (1,021,178) | (496,808) | (731,230) | (423,679) |
| Deficit, end of period | \$ (1,254,969) | \$ (577,593) | \$ (1,254,969) | \$ (577,593) |
| Loss per share – basic and diluted | \$ (0.02) | \$ (0.01) | \$ (0.06) | \$ (0.03) |
| Weighted Average Number of | | | | |
| - basic and diluted | 12,918,475 | 5,778,387 | 9,152,052 | 5,772,557 |

See notes to financial statements.

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

| | Three Months Ended March 31, 2006 | Three Months Ended March 31, 2005 | Nine Months Ended March 31, 2006 | Nine Months Ended March 31, 2005 |
|--|--|--|---|---|
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Loss for the period | \$ (233,791) | \$ (80,785) | \$ (523,739) | \$ (153,914) |
| Items not involving cash: | | | | |
| Stock based compensation | 52,112 | - | 115,809 | - |
| Changes in non-cash working capital items: | | | | |
| GST receivable | 3,130 | (2,420) | (5,085) | (5,899) |
| Accounts payable | 15,803 | 19,232 | 18,575 | 59,711 |
| | (162,746) | (63,973) | (394,440) | (100,102) |
| Financing activities: | | | | |
| Shares issued for cash | 1,483,150 | 6,250 | 2,383,150 | 6,250 |
| Share subscriptions received | - | 95,250 | (716,825) | 95,250 |
| Due to related parties | - | - | - | - |
| | 1,483,150 | 101,500 | 1,666,325 | 101,500 |
| Investing activities: | | | | |
| Property and equipment | - | - | (269,049) | - |
| | - | - | (269,049) | - |
| Increase in cash | 1,320,404 | 37,527 | 1,002,836 | 1,398 |
| Cash, beginning of period | 309,059 | 16,882 | 626,627 | 53,011 |
| Cash end of period | \$ 1,629,463 | \$ 54,409 | \$ 1,629,463 | \$ 54,409 |

See notes to financial statements.

BENCHMARK ENERGY CORP.
Notes to Interim Financial Statements
March 31, 2006
(Unaudited – Prepared by Management)

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 in December 2005.

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 March 31, 2006, the Company had an accumulated deficit of \$1,254,969 and working capital of \$1,550,557. 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

(b) Issued and outstanding

Share capital consists of common shares issued as follows:

| | Nine Months Ended March 31, 2006 | | Year Ended June 30, 2005 | |
|--|-------------------------------------|-------------|-----------------------------|-----------|
| | # of Shares | Amount | # of Shares | Amount |
| Balance, beginning of period | 6,847,831 | \$610,906 | 5,769,706 | \$395,281 |
| Shares issued for private placement (i) | 6,000,000 | 900,000 | - | - |
| Shares issued for private placement (ii) | 3,179,000 | 1,483,150 | - | - |
| Shares issued on exercise of warrants | - | - | 1,078,125 | 215,625 |
| Balance, end of period | 16,026,831 | \$2,994,056 | 6,847,831 | \$610,906 |

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4. CAPITAL STOCK (continued)

(b) Issued and outstanding (continued)

(i) In December 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 six months ended December 31, 2005.

(ii) In March 2006, the Company closed a non-brokered private placement of 3,179,000 units at a price of \$0.50 per unit for gross proceeds of \$1,589,500. Each unit consisted 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. A cash finder's fees of 7% was paid on a portion of the private placement.

(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.

The following schedule details the stock option activity of the Company:

| | Number of common shares | Option price per share range | Weighted average exercise price | Weighted average grant-date fair value |
|--|-------------------------------|------------------------------------|--|---|
| Options outstanding, June 30, 2005 | 580,000 | \$0.27 | \$0.27 | \$0.27 |
| Granted | 704,000 | \$0.35- \$0.50 | \$0.36 | \$0.19 |
| Options outstanding, March 31, 2006 | 1,284,000 | \$0.27 - \$0.50 | \$0.32 | \$0.23 |

As at March 31, 2006, 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 | 4.25 |
| \$0.35 | 675,000 | January 17, 2011 | - | 4.83 |
| \$0.50 | 29,000 | February 14, 2011 | 7,250 | 4.92 |

During the nine months ended March 31, 2006, under the fair-value-based method, \$115,809 (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:

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4. CAPITAL STOCK (continued)

| Nine months ended March 31, | 2006 | 2005 |
|-----------------------------|---------------|---------|
| Risk free interest rate | 3.34% – 3.75% | -% |
| Expected dividend yield | 0% | -% |
| Stock price volatility | 63% – 98% | -% |
| Expected life of options | 5 years | - years |

(d) Warrants

The following schedule details the warrant activity of the Company:

| | Number of common shares | Weighted average exercise price |
|---|-------------------------|---------------------------------|
| Balance and exercisable, June 30, 2005 | - | \$ - |
| Issued | 1,589,500 | \$0.75 |
| Balance and exercisable, March 31, 2006 | 1,589,500 | \$0.75 |

As at March 31, 2006, the following warrants were outstanding:

| Number of shares | Exercise price | Expiry date |
|------------------|----------------|----------------|
| 1,589,500 | \$0.75 | March 28, 2007 |

(f) Shares held in escrow

As at March 31, 2006, 2,778 (2005 – 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 nine month periods, the Company paid or accrued the following amounts to companies controlled by directors and former directors of the Company:

| | Nine months Ended March 31, 2006 | Nine Months Ended March 31, 2005 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Management and consulting services | \$ 126,637 | \$ 22,250 |

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 March 31, 2006, the Company granted 500,000 stock options to certain officers, management and consultants of the Company. The options have an exercise price of \$0.71 per share and expire five years from the date of grant.

7. SUBSEQUENT EVENTS (continued)

Subsequent to the quarter ended March 31, 2006, the Company closed a non-brokered private placement of 1,093,000 units at a price of \$0.50 per unit for gross proceeds of \$546,500. 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. A cash finder's fees of 7% was paid on a portion of the private placement.