

**Overlord Financial Inc.**  
**Consolidated Financial Statements**  
For the six month period ended June 30, 2005  
(Unaudited – prepared by management)

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**NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended June 30, 2005.

**Overlord Financial Inc.  
Consolidated Balance Sheets**

	<b>June 30, 2005 (Unaudited)</b>	December 31, 2004 (Audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 1,950,894	\$ 1,445,973
Accounts receivable	266,229	30,413
Prepaid expenses	11,083	82,314
	2,228,206	1,558,700
<b>Prepaid deposits</b>	68,565	38,101
<b>Long-term investments, at cost (Note 3)</b>	4,185,377	2,244,049
<b>Property and equipment</b>	111,805	104,792
	\$ 6,593,953	\$ 3,945,642
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 105,192	\$ 104,604
Margin loan (Note 5)	1,027,004	-
	1,132,196	104,604
<b>Debentures (Note 4)</b>	250,000	250,000
	1,382,196	354,604
<b>Shareholders' Equity</b>		
Share capital (Note 6(b))	11,953,248	9,963,248
Contributed surplus (Note 7)	391,396	258,396
Deficit	(7,132,887)	(6,630,606)
	5,211,757	3,591,038
	\$ 6,593,953	\$ 3,945,642

**Overlord Financial Inc.**  
**Consolidated Statements of Operations and Deficit**  
**(Unaudited – prepared by management)**

	Three Months 2005	Three Months 2004	Six Months 2005	Six Months 2004
<b>For the periods ended June 30</b>				
<b>Revenue</b>				
Interest income	\$ 15,233	\$ 14,893	\$ 24,104	\$ 32,723
Management fees	8,226	-	9,248	-
Dividend and royalty income	5,555	-	39,532	-
Gain on sale of investments	703,824	-	706,489	61,064
Recovery of project costs	143,301	-	163,492	-
	<u>876,139</u>	<u>14,893</u>	<u>942,865</u>	<u>93,787</u>
<b>Expenses</b>				
Amortization	9,825	8,830	19,054	17,147
Business promotion	31,523	13,992	42,729	16,767
Business taxes	13,265	-	13,265	12,814
Consulting	152,001	10,500	328,303	18,863
Debenture interest	6,403	-	12,321	-
Insurance	9,500	-	24,182	-
Office	116,999	15,375	152,841	34,484
Professional fees	83,810	37,623	143,198	134,293
Project costs (Note 8(b))	53,309	-	68,769	-
Rent	88,303	53,805	148,041	109,604
Travel	100,405	34,913	163,257	57,615
Stock compensation	66,000	-	133,000	-
Salaries and benefits	73,388	100,347	148,324	201,913
Shareholder expenses	18,020	15,270	47,862	24,848
	<u>822,751</u>	<u>290,655</u>	<u>1,445,146</u>	<u>628,348</u>
<b>Net income (loss) for the period</b>	<b>53,388</b>	<b>(275,762)</b>	<b>(502,281)</b>	<b>(534,561)</b>
<b>Deficit, beginning of period</b>	<b>(7,186,275)</b>	<b>(5,389,155)</b>	<b>(6,630,606)</b>	<b>(5,130,356)</b>
<b>Deficit, end of period</b>	<b>\$ (7,132,887)</b>	<b>\$(5,664,917)</b>	<b>\$ (7,132,887)</b>	<b>\$ (5,664,917)</b>
<b>Income (loss) per share – basic and diluted</b>	<b>\$ 0.001</b>	<b>\$ (0.007)</b>	<b>\$ (0.012)</b>	<b>\$ (0.014)</b>
<b>Weighted average number of shares – basic</b>	<b>44,029,459</b>	<b>39,029,459</b>	<b>41,598,520</b>	<b>39,029,459</b>
<b>- diluted</b>	<b>45,029,459</b>	<b>39,029,459</b>	<b>42,112,332</b>	<b>39,029,459</b>

**Overlord Financial Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited – prepared by management)**

<b>For the periods ended June 30</b>	<b>Three Months 2005</b>	<b>Three Months 2004</b>	<b>Six Months 2005</b>	<b>Six Months 2004</b>
<b>Cash flows from operating activities</b>				
Net income (loss) for the period	\$ 53,388	\$ (275,762)	\$ (502,281)	\$ (534,561)
Adjustments for:				
Amortization	9,825	8,830	19,054	17,147
Gain on sale of investments	(703,824)	-	(706,489)	-
Stock compensation	66,000	-	133,000	-
Cash flow from operations	<u>(574,611)</u>	<u>(266,932)</u>	<u>(1,056,716)</u>	<u>(517,414)</u>
Changes in non-cash working capital balances				
Accounts receivable	(135,560)	10,403	(235,816)	47,023
Prepaid expenses	61,731	-	71,231	-
Accounts payable and accrued liabilities	(34,461)	(31,556)	588	(30,269)
	<u>(682,901)</u>	<u>(288,085)</u>	<u>(1,220,713)</u>	<u>(500,660)</u>
<b>Cash flows from investing activities</b>				
Prepaid deposits	(18,946)	50,000	(30,464)	-
Acquisition of property and equipment	(11,430)	(7,664)	(26,067)	(8,252)
Proceeds on disposal of long-term investments	1,005,996	-	1,032,661	40,950
Long-term investments acquired	(1,992,500)	(5,000)	(2,267,500)	(405,000)
	<u>(1,016,880)</u>	<u>37,336</u>	<u>(1,291,370)</u>	<u>(372,302)</u>
<b>Cash flows from financing activities</b>				
Issuance of common shares	-	-	2,000,000	-
Share issuance costs	-	-	(10,000)	-
Margin loan	1,027,004	-	1,027,004	-
	<u>1,027,004</u>	<u>-</u>	<u>3,017,004</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(672,777)</b>	<b>(250,749)</b>	<b>504,921</b>	<b>(872,962)</b>
Cash and cash equivalents, beginning of period	<u>2,623,671</u>	<u>2,570,581</u>	<u>1,445,973</u>	<u>3,192,794</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,950,894</b>	<b>\$ 2,319,832</b>	<b>\$ 1,950,894</b>	<b>\$ 2,319,832</b>

**Overlord Financial Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited – prepared by management)**

**June 30, 2005**

**1. Nature of Operations**

Overlord Financial Inc. (the “Company”) is a public company incorporated under the Business Corporations Act (Alberta) that was engaged in production, development and exploration of oil and natural gas in Canada. During 2001, the Company discontinued its oil and gas activities and implemented a new business plan. The Company’s future business focuses on managing energy-related investment funds and assets.

**2. Basis of Presentation**

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2004. These interim consolidated financial statements should be read in conjunction with the consolidated financial statement and the notes thereto in the Company’s annual report for the year ended December 31, 2004.

**3. Long-Term Investments**

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
1,196,833 Common shares of Sonomax Hearing Healthcare Inc. (less than 5% of voting shares) (quoted market value \$359,050) <sup>(1)</sup>	\$359,049	\$ 359,049
901,190 Common shares of ExAlta Energy Inc. (less than 5% of voting shares) (quoted market value of \$3,334,403) <sup>(1)</sup>	960,928	1,227,500
101,000 Common shares of Contact Exploration Ltd. (less than 5% of voting shares) (quoted market value \$45,450) <sup>(1)</sup>	40,400	100,000
250,000 Common shares of Sword Energy Limited <sup>(2)</sup>	250,000	-
27,500 Wisevest Income Fund units (net asset value \$275,942)	275,000	250,000
200,000 Catapult Energy Limited Partnership I units (market value \$1,940,000) <sup>(1)</sup>	1,992,500	-
Sonomax convertible promissory note, unsecured, 10% due April 1, 2009 conversion prices varies from \$0.85 to \$1.50 based on timing of conversion	150,000	150,000
Parson’s Pond Investment, farmout agreement to participate in test drilling of oil and gas well with a 10% working interest in lands and title documents (16.67% of the first \$900,000 of expenditures, 10% on costs thereafter)	157,500	157,500
	<u>\$4,185,377</u>	<u>\$2,244,049</u>

<sup>(1)</sup> Quoted trading prices are based on the last traded price of the security or closest to June 30, 2005. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded.

<sup>(2)</sup> Market value not disclosed as there is no quoted price for the company’s shares.

**Overlord Financial Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited – prepared by management)**

**June 30, 2005**

**4. Debentures**

In May 2004, the Company's wholly-owned subsidiary, Juno Canada Holdings Ltd. ("Juno") issued debentures for \$250,000 cash. Of this amount, the \$100,000 debenture was unsecured and paid interest at 13.5% per annum payable quarterly commencing September 30, 2004. The remaining \$150,000 debenture was collateralized by Juno's investments in the Wisevest Income Fund units (Note 3) and paid interest at 7% per annum payable quarterly commencing September 30, 2004. Both debentures mature May 11, 2012.

On April 29, 2005, Juno amended and consolidated the above debentures to provide a \$250,000 debenture (fully collateralized by the Wisevest Income Fund units) bearing interest of 8.4% per annum to mature May 11, 2012.

**5. Margin Loan**

As at June 30, 2005, the Company had a margin loan balance of \$1,027,004 (2004 - \$Nil). This loan is interest bearing at prime, repayable on demand and secured by certain long-term investments held by the Company. The carrying value of the secured long-term investments is approximately \$960,928.

**6. Share Capital**

(a) Authorized  
 Unlimited number of Common voting shares

(b) Issued  
 Common shares

	June 30, 2005		December 31, 2004	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of period</b>	39,029,459	\$ 9,963,248	39,029,459	\$ 9,963,248
Issued for cash	5,000,000	2,000,000	-	-
Share issue costs		(10,000)		
<b>Balance, end of period</b>	<b>44,029,459</b>	<b>\$ 11,953,248</b>	39,029,459	\$ 9,963,248

**7. Contributed Surplus**

	June 30 2005	December 31 2004
Balance, beginning of period	\$ 258,396	\$ 183,396
Stock compensation	133,000	75,000
Balance, end of period	<b>\$ 391,396</b>	<b>\$ 258,396</b>

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**Overlord Financial Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited – prepared by management)**

**June 30, 2005**

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**8. Related Party Transactions**

- (a) During 2005, the Company paid consulting fees and travel expenses for Basek Consulting Ltd. (“Basek”) of \$148,274 (payable of \$Nil at June 30, 2005). Basek is owned directly, or indirectly, by the President of Juno Canada Holdings Ltd., a wholly-owned subsidiary of Overlord Financial Inc.
- (b) During 2005, included in project costs, the Company incurred legal, audit and filing costs in the amount of \$68,769 related to the filing and closing of the Catapult Limited Partnership I prospectus whereby a wholly-owned subsidiary of the Company is the general partner.