

Overlord Financial Inc.

**Consolidated Financial Statements
For the nine month period ended September 30, 2006 and 2005
(Unaudited – prepared by management)**

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NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 September 30, 2006.

**Overlord Financial Inc.
Consolidated Balance Sheets**

	September 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,826,240	\$ 1,752,852
Marketable securities, cost (Note 3)	1,038,866	826,741
Accounts receivable (Note 7(b))	103,986	294,586
Prepaid expenses	1,563	29,688
	2,970,655	2,903,867
Prepaid deposits	68,565	68,565
Long-term investments (Note 4)	3,138,843	3,027,693
Property and equipment	115,761	130,300
	\$ 6,293,824	\$ 6,130,425
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 222,877	\$ 293,421
Debentures	250,000	250,000
	472,877	543,421
Shareholders' equity		
Equity instruments (Note 5(b))	11,916,510	11,967,101
Contributed surplus (Note 6)	1,050,841	460,853
Deficit	(7,146,404)	(6,840,950)
	5,820,947	5,587,004
	\$ 6,293,824	\$ 6,130,425

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

Overlord Financial Inc.
Consolidated Statements of Operations and Deficit
(Unaudited)

	Three Months 2006	Three Months 2005	Nine Months 2006	Nine Months 2005
For the periods ended September 30				
Revenue				
Management fees (Note 7(b))	\$ 64,978	\$ 63,928	\$ 288,690	\$ 73,176
Gain on sale of marketable securities	-	993,325	1,196,949	1,699,814
Dividend and royalty income	5,713	6,666	21,135	46,198
Interest income	15,743	9,760	36,337	33,864
Unrealized gain on long-term investment	-	-	6,454	-
	<u>86,434</u>	<u>1,073,679</u>	<u>1,549,565</u>	<u>1,853,052</u>
Expenses				
Amortization	(8,410)	10,079	31,666	29,133
Business promotion	40,871	10,268	56,052	52,997
Business taxes	8,555	(703)	23,485	12,562
Consulting (Note 7(a))	36,667	156,094	218,326	484,397
Impairment of long-term investment (Note 4)	-	-	50,000	-
Insurance	9,625	9,725	28,375	33,907
Interest on debenture	5,293	4,405	15,707	16,726
Interest expense	-	6,262	-	6,262
Office	27,850	46,697	99,687	199,538
Professional fees	50,268	87,655	197,159	230,853
Project identification costs (recoveries)	100,000	9,921	100,000	(84,802)
Rent (Note 7(c))	99,770	129,140	279,251	277,181
Travel	56,459	70,723	114,065	233,980
Stock compensation	205,313	58,300	497,397	191,300
Salaries and benefits	195,962	74,062	532,284	222,386
Shareholder expenses	42,543	17,572	96,367	65,434
Unrealized loss on long-term investment	48,198	-	48,198	-
Loss on sale of long-term investment	592,000	-	592,000	-
	<u>1,510,964</u>	<u>690,200</u>	<u>2,980,019</u>	<u>1,971,854</u>
Net (loss) income before gain (loss)	(1,424,530)	383,479	(1,430,454)	(118,802)
(Loss) gain on sale of subsidiary (Note 4)	(25,000)	-	1,125,000	-
Net (loss) income for the period	(1,449,530)	383,479	(305,454)	(118,802)
Deficit, beginning of period	(5,696,874)	(7,132,887)	(6,840,950)	(6,630,606)
Deficit, end of period	\$ (7,146,404)	\$ (6,749,408)	\$ (7,146,404)	\$ (6,749,408)
Weighted average number of shares - basic				
	44,212,792	44,029,459	44,194,660	42,417,737
- diluted				
	44,212,792	45,029,459	44,194,660	43,095,393
Net Income (loss) per share				
- basic	\$ (0.032)	\$ 0.009	\$ (0.007)	\$ (0.003)
- diluted	\$ (0.032)	\$ 0.009	\$ (0.007)	\$ (0.003)

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

Overlord Financial Inc.
Consolidated Statements of Cash Flows
(Unaudited)

For the periods ended September 30	Three Months 2006	Three Months 2005	Nine Months 2006	Nine Months 2005
Cash flows from operating activities				
Net income (loss) from operations	\$ (1,449,530)	\$ 383,479	\$ (305,454)	\$ (118,802)
Adjustments for:				
Amortization	(8,410)	10,079	31,666	29,133
Gain on sale of marketable securities	-	(993,325)	(1,196,949)	(1,699,814)
Gain on sale of subsidiary	25,000	-	(1,125,000)	-
Loss on sale of long-term investment	592,000	-	592,000	-
Stock compensation	205,313	58,300	497,397	191,300
Impairment of long-term investment	-	-	50,000	-
Unrealized loss on long-term investment, net	48,198	-	41,744	-
Cash flow (deficiency) from operations	<u>(587,429)</u>	<u>(541,467)</u>	<u>(1,414,596)</u>	<u>(1,598,183)</u>
Changes in non-cash working capital items				
Accounts receivable	255,863	(47,156)	183,100	(282,972)
Prepaid expenses	9,375	9,500	28,125	80,731
Accounts payable and accrued liabilities	96,160	(33,375)	(70,544)	(32,787)
	<u>(226,031)</u>	<u>(612,498)</u>	<u>(1,273,915)</u>	<u>(1,833,211)</u>
Cash flows from investing activities				
Prepaid deposits	-	-	-	(30,464)
Purchase of property and equipment	(3,941)	(7,360)	(17,127)	(33,427)
Proceeds from sale of marketable securities	-	1,295,712	1,446,460	2,328,373
Cash on subsidiary transaction	(25,000)	-	(25,000)	-
Acquisition of long-term investments	-	-	-	(2,267,500)
Acquisition of marketable securities	(99,030)	-	(99,030)	-
	<u>(127,971)</u>	<u>1,288,352</u>	<u>1,305,303</u>	<u>(3,018)</u>
Cash flows from financing activities				
Issuance of equity instruments	-	-	-	2,000,000
Share issuance costs	-	-	-	(10,000)
Margin loan	-	(1,027,004)	-	-
Proceeds from exercise of stock options	-	-	42,000	-
	<u>-</u>	<u>(1,027,004)</u>	<u>42,000</u>	<u>1,990,000</u>
Increase (decrease) in cash and cash equivalents	(354,002)	(351,150)	73,388	153,771
Cash and cash equivalents, beginning of period	<u>2,180,242</u>	<u>1,950,894</u>	<u>1,752,852</u>	<u>1,445,973</u>
Cash and cash equivalents, end of period	\$ 1,826,240	\$ 1,599,744	\$ 1,826,240	\$ 1,599,744
Supplementary Information				
Non-cash transaction:				
Interest receivable (Note 3)	\$ -	\$ -	\$ (7,500)	\$ -
Cash paid for interest	<u>\$ 5,293</u>	<u>\$ 10,667</u>	<u>\$ 15,707</u>	<u>\$ 22,988</u>

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

Overlord Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

September 30, 2006 and 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 the production, development and exploration of oil and natural gas in Canada. During 2001, the Company's business focus changed to managing energy-related investment funds and assets.

During the nine months ended September 30, 2006 the Company sold all of the issued and outstanding shares of Sword Management Inc., which was a wholly-owned subsidiary until the time of sale. The Company also incorporated a new subsidiary, Catapult Energy 2006 Inc. and changed the name of Catapult Energy 2004 Inc. to Catapult Financial Management Inc. during the nine months ended September 30, 2006.

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, 2005. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2005.

The amounts recorded for stock-based compensation and carrying values for long-term investments are based on estimates. The Black-Scholes model is based on estimates and assumptions for expected volatility, dividends, life and risk-free interest rates. The fair value of marketable securities and long-term investments is based on assumptions of possible effects of price fluctuations, market liquidity and future business plans and cash flows. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

3. Marketable Securities

	September 30, 2006	December 31, 2005
288,800 (2005 – 522,800) Common shares of ExAlta Energy Inc. ⁽¹⁾	\$ 307,943	\$ 557,454
1,721,833 (2005 – 1,196,833) Common Shares of Sonomax Hearing Healthcare Inc. ⁽¹⁾	389,287	269,287
535,088 (2005 – nil) Common shares of Eagle Rock Exploration Ltd. ⁽¹⁾	341,636	-
	<u>\$ 1,038,866</u>	<u>\$ 826,741</u>

On April 1, 2006, the Company received 25,000 shares of Sonomax Hearing Healthcare Inc. as payment of accrued interest on the convertible promissory note.

⁽¹⁾ Quoted trading prices are based on the last traded price of the security or closest to September 30, 2006. 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. As at September 30, 2006, the aggregate market value is \$2,101,079 (December 31, 2005 - \$3,667,487).

Overlord Financial Inc.
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4. Long-Term Investments

	September 30, 2006	December 31, 2005
1,214,912 Common shares of Eagle Rock Exploration Ltd. (quoted market value \$789,963, 2005 – 450,000 Common shares of Sword Energy Ltd.) ^{(1) (2) (3)}	\$ 765,394	\$ 500,000
200,000 Catapult Energy Limited Partnership I units (quoted market value \$1,560,000) ⁽¹⁾	1,992,500	1,992,500
27,500 Wisevest Income Fund units (quoted market value \$223,449) ⁽⁴⁾	223,449	265,193
Sonomax convertible promissory note, unsecured, 10% due April 1, 2009 ⁽⁵⁾	-	112,500
Parsons 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>\$3,138,843</u>	<u>\$3,027,693</u>

(1) Quoted trading prices are based on the last traded price of the security or closest to September 30, 2006. 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.

(2) During the second quarter of 2006, the Board of Directors unanimously approved the sale of all the issued and outstanding shares of Sword Management Inc. to Sword Energy Limited ("SEL") in exchange for the issuance of 1,150,000 common shares of SEL. Sword Management Inc., a wholly owned subsidiary of the Company, manages the oil and gas properties owned by SEL. This transaction was approved by the shareholders of SEL on May 31, 2006. At June 30, 2006, the Company estimated the value of the SEL shares at \$1.00 per share resulting in an impairment in long-term investment of \$50,000.

(3) On September 15, 2006 the Company sold its interest in Sword Energy Ltd. to Eagle Rock Exploration Ltd. ("Eagle Rock") for 1,600,000 Common shares of Eagle Rock. At the time of the transaction Eagle Rock was trading at \$0.63 per share resulting in a \$592,000 loss on sale of investment. As a condition of the sale, Sword Energy Ltd. ("SEL") warrants were cancelled and the Company granted 1,214,912 warrants in Common shares of Eagle Rock held by the Company to former SEL shareholders. Each warrant entitles the holder to purchase, from the Company, one (1) Common share of Eagle Rock at a price of \$2.00 per share on or before December 31, 2007. The Eagle Rock Common shares subject to warrant provisions are to be held in escrow until December 31, 2007 and have therefore been classified as long-term investments. The warrants have an estimated aggregate fair market value of \$115,000 as at September 30, 2006 based on Black-Scholes model.

(4) Investment in Wisevest Income Fund:

	<u>Units</u>	<u>Average Cost</u>	<u>Market Value</u>
Canetic Resources Trust	2,083	\$ 37,706	\$ 39,390
Bonavista Energy Trust	1,300	41,314	41,964
Gienow Income Fund	5,300	55,571	18,550
Keg Royalties Income Fund	4,800	68,798	62,784
Transalta Power LP	7,300	70,117	56,575
Tristar Oil & Gas Ltd.	251	1,494	1,468
Cash on account			2,718
		<u>\$ 275,000</u>	<u>\$ 223,449</u>

(5) On April 1, 2006, the Company exchanged the Sonomax promissory note for 500,000 common shares of Sonomax classified as marketable securities (Note 3).

Overlord Financial Inc.
Notes to the Consolidated Financial Statements
(Unaudited)

September 30, 2006 and 2005

5. Equity Instruments

(a) Authorized
 Unlimited number of Common voting shares

(b) Issued
 Common shares

	September 30, 2006		December 31, 2005	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	44,062,792	\$ 11,854,170	39,029,459	\$ 9,963,248
Issued for cash	-	-	5,000,000	1,887,069
Share issue costs	-	-	-	(10,000)
Stock options exercised – cash portion	150,000	42,000	33,333	9,333
Stock options exercised	-	20,340	-	4,520
Balance, end of period	44,212,792	\$ 11,916,510	44,062,792	\$ 11,854,170

Warrants

	September 30, 2006		December 31, 2005	
	Number of Warrants	Amount	Number of Warrants	Amount
Balance, beginning of period	1,000,000	\$ 112,931	-	\$ -
Issued	-	-	1,000,000	112,931
Expired unexercised ⁽¹⁾	(1,000,000)	(112,931)	-	-
Balance, end of period	-	\$ -	1,000,000	\$ 112,931
Total equity instruments	44,212,792	\$ 11,916,510	45,062,792	\$ 11,967,101

⁽¹⁾ The 1,000,000 warrants expired unexercised on March 28, 2006.

(c) Options

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded and is determined by the Board of Directors. Options granted have a term of up to 5 years.

Overlord Financial Inc.
Notes to the Consolidated Financial Statements
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September 30, 2006 and 2005

5. Equity Instruments – continued

(c) Options - continued

The Company has granted stock options to employees, directors, officers and consultants of the Company as follows:

	Number of Options	Option Prices per Share \$	Weighted Average Exercise Price \$	Weighted Average Remaining Term	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable \$
Options outstanding, December 31, 2005	3,300,000		\$0.31	3.8 years	1,533,334	\$0.33
Options granted, January 17, 2006	300,000	\$0.38	\$0.38	4.8 years	-	-
Options granted, September 22, 2006	850,000	\$0.30	\$0.30	5.0 years	-	-
Options vested	-	\$0.28	\$0.28	3.0 years	683,327	\$0.28
Options cancelled	(650,000)					
Options exercised	(150,000)	\$0.28	\$0.28	-	(150,000)	\$0.28
Options outstanding, September 30, 2006⁽¹⁾	3,650,000		\$0.31	3.8 years	2,066,661	\$0.32

(1) On November 13, 2006, 133,333 vested options expired unexercised.

During the period, the Company granted a total of 1,150,000 options to employees and directors that vest over a three year period. The fair values of options granted and issued in 2006 were \$0.16 per option. The weighted average contractual life of exercisable options at September 30, 2006 is 3.1 years.

On February 1, 2006 a major shareholder of the Company granted to several employees and directors 3,800,000 options to purchase shares in the Company held by the major shareholder. The options have exercise prices ranging from \$0.28 per share to \$0.60 per share, vest over three years and have a remaining life of 4.3 years. Pursuant to CICA 3870 regarding stock based payments, the Company has recognized stock compensation expense relating to the options granted by the major shareholder. Prior affected interim periods have been restated to reflect this accounting treatment resulting in a \$203,684 charge to prior interim periods. Prior year amounts were not affected.

A total compensation expense of \$497,397 was recorded in the statements of operations and deficit and credited to contributed surplus for options that were granted using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2006</u>	<u>2005</u>
Risk free interest rate	3.50%	3.50%
Expected life of options ⁽¹⁾	4 year	5 year
Expected dividend	Nil	Nil
Expected share price volatility	70%	70%

(1) During the three months ended September 30, 2006, the Company, based on several factors including, but not limited to, actual exercises and cancellations, revised its estimate of the expected life of options granted to employees from 5 years to 4 years. This change in estimate has been treated prospectively with no impact on prior periods.

Overlord Financial Inc.
Notes to the Consolidated Financial Statements
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September 30, 2006 and 2005

6. Contributed Surplus

	September 30, 2006	December 31, 2005
Balance, beginning of period	\$ 460,853	\$ 258,396
Stock compensation	497,397	206,977
Warrants expired unexercised	112,931	-
Stock options exercised	(20,340)	(4,520)
Balance, end of period	\$ 1,050,841	\$ 460,853

7. Related Party Transactions

- (a) The Company paid consulting fees and reimbursed travel expenses to Basek Consulting Ltd. of \$35,241 (2005 - \$28,673) of the three month period and \$102,850 (2005 - \$176,947) for the nine month period with payable of \$Nil (2005 - \$Nil). Basek is owned directly by the President of Juno.
 - (b) Accounts receivable includes management fees receivable from Catapult Energy Limited Partnership I of \$64,978 (2005 - \$63,133) for services provided by Catapult Financial Management Inc., as general partner for the period July 1 to September 30, 2006. Catapult Financial Management Inc. is a wholly owned subsidiary of the Company.
 - (c) The Company recovered \$9,000 (2005 - \$Nil) for the three months and \$22,997 (2005 - \$Nil) for the nine months ended September 30, 2006 in rent costs from a company owned and controlled by the President of Juno.
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8. Commitment

The Company is party to a letter agreement with an underwriter to structure, arrange and market a collateralized fund obligation transaction of income trust equity. As the letter agreement expired on October 31, 2006, the Company may be required to reimburse the underwriter for reasonable out of pocket expenses incurred in performing its obligations. A total of \$100,000, representing third party costs incurred as of September 30, 2006, has been expensed, which the underwriter has indicated to represent the total to date costs of the project.

9. Subsequent Events

- (a) On October 31, 2006, the Company closed the initial public offering of Catapult Energy Small Cap FTS Partnership, a flow-through fund focusing on junior oil and gas producers with market capitalization of \$250 million or less. Catapult Energy 2006 Inc., wholly-owned subsidiary of the Company, is the general partner responsible for managing the investments for the limited partnership.
- (b) On November 24, 2006, the Company announced a non-brokered private placement for the issuance of 6,600,000 common shares of the Company at a price of \$0.18 per share for gross

proceeds of \$1,188,000. The Company intends to use the proceeds of the financing for general working capital and to advance its current business plan.