

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

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NOTIFICATION OF UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, the Company hereby discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended September 30, 2005.

**Overlord Financial Inc.
Consolidated Balance Sheets**

	September 30, 2005 (Unaudited)	December 31, 2004 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 1,599,744	\$ 1,445,973
Accounts receivable (Note 8(c) and 8(d))	313,385	30,413
Prepaid expenses	1,583	82,314
	1,914,712	1,558,700
Prepaid deposits	68,565	38,101
Long-term investments, at cost (Note 3)	3,882,990	2,244,049
Property and equipment	109,086	104,792
	\$ 5,975,353	\$ 3,945,642
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 71,817	\$ 104,604
	71,817	104,604
Debentures (Note 4)	250,000	250,000
	321,817	354,604
Shareholders' Equity		
Share capital (Note 6(b) and 8(e))	11,953,248	9,963,248
Contributed surplus (Note 7)	449,696	258,396
Deficit	(6,749,408)	(6,630,606)
	5,653,536	3,591,038
	\$ 5,975,353	\$ 3,945,642

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

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

For the periods ended September 30	Three Months 2005	Three Months 2004	Nine Months 2005	Nine Months 2004
Revenue				
Interest income	\$ 9,760	\$ 19,444	\$ 33,864	\$ 52,167
Management fees (Note 8(c))	63,928	-	73,176	-
Dividend and royalty income	6,666	-	46,198	-
Gain on sale of investments	993,325	-	1,699,814	61,064
Recovery of project costs (Note 8(d))	27,072	-	190,564	-
	<u>1,100,751</u>	<u>19,444</u>	<u>2,043,616</u>	<u>113,231</u>
Expenses				
Amortization	10,079	8,635	29,133	25,782
Business promotion	10,268	3,818	52,997	20,585
Business taxes	(703)	-	12,562	12,814
Consulting (Note 8(a))	156,094	56,450	484,397	75,313
Debenture interest	4,405	9,353	16,726	9,353
Insurance	9,725	-	33,907	-
Interest expense	6,262	-	6,262	-
Office	46,697	11,879	199,538	46,363
Professional fees	87,655	50,000	230,853	184,293
Project costs (Note 8(b))	36,993	-	105,762	-
Rent	129,140	54,807	277,181	164,411
Travel (Note 8(a))	70,723	50,167	233,980	107,782
Stock compensation	58,300	4,391	191,300	4,391
Salaries and benefits	74,062	72,403	222,386	274,316
Shareholder expenses	17,572	182	65,434	25,030
	<u>717,272</u>	<u>322,085</u>	<u>2,162,418</u>	<u>950,433</u>
Net income (loss) for the period	383,479	(302,641)	(118,802)	(837,202)
Deficit, beginning of period	(7,132,887)	(5,664,917)	(6,630,606)	(5,130,356)
Deficit, end of period	\$ (6,749,408)	\$ (5,967,558)	\$ (6,749,408)	\$ (5,967,558)
Income (loss) per share – basic and diluted				
	\$ 0.009	\$ (0.008)	\$ (0.003)	\$ (0.021)
Weighted average number of shares – basic				
	44,029,459	39,029,459	42,417,737	39,029,459
- diluted	45,029,459	39,029,459	43,095,393	39,029,459

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

For the periods ended September 30	Three Months 2005	Three Months 2004	Nine Months 2005	Nine Months 2004
Cash flows from operating activities				
Net income (loss) for the period	\$ 383,479	\$ (302,641)	\$ (118,802)	\$ (837,202)
Adjustments for:				
Amortization	10,079	8,635	29,133	25,782
Gain on sale of investments	(993,325)	-	(1,699,814)	-
Stock compensation	58,300	4,391	191,300	4,391
Cash flow from operations	<u>(541,467)</u>	<u>(289,615)</u>	<u>(1,598,183)</u>	<u>(807,029)</u>
Changes in non-cash working capital balances				
Accounts receivable	(47,156)	(4,683)	(282,972)	42,340
Prepaid expenses	9,500	(18,855)	80,731	(18,855)
Accounts payable and accrued liabilities	(33,375)	51,288	(32,787)	21,019
	<u>(612,498)</u>	<u>(261,865)</u>	<u>(1,833,211)</u>	<u>(762,525)</u>
Cash flows from investing activities				
Prepaid deposits	-	-	(30,464)	-
Acquisition of property and equipment	(7,360)	(543)	(33,427)	(8,795)
Proceeds on disposal of long-term investments	1,295,712	-	2,328,373	-
Long-term investments acquired	-	(251,520)	(2,267,500)	(615,570)
	<u>1,288,352</u>	<u>(252,063)</u>	<u>(3,018)</u>	<u>(624,365)</u>
Cash flows from financing activities				
Issuance of common shares	-	-	2,000,000	-
Share issuance costs	-	-	(10,000)	-
Proceeds from debenture issuance	-	250,000	-	250,000
Margin loan	(1,027,004)	-	-	-
	<u>(1,027,004)</u>	<u>250,000</u>	<u>1,990,000</u>	<u>250,000</u>
Increase (decrease) in cash and cash equivalents	(351,150)	(263,928)	153,771	(1,136,890)
Cash and cash equivalents, beginning of period	<u>1,950,894</u>	<u>2,319,832</u>	<u>1,445,973</u>	<u>3,192,794</u>
Cash and cash equivalents, end of period	\$ 1,599,744	\$ 2,055,904	\$ 1,599,744	\$ 2,055,904

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

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

September 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>September 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 \$394,955) ⁽¹⁾	\$359,049	\$ 359,049
655,490 Common shares of ExAlta Energy Inc. (less than 5% of voting shares) (quoted market value of \$3,965,715) ⁽¹⁾	698,941	1,227,500
Common shares of Contact Exploration Ltd.	-	100,000
250,000 Common shares of Sword Energy Limited ⁽²⁾	250,000	-
27,500 Wisevest Income Fund units (net asset value \$286,432)	275,000	250,000
200,000 Catapult Energy Limited Partnership I units (market value \$1,800,000) ⁽¹⁾	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>\$3,882,990</u>	<u>\$2,244,049</u>

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

⁽²⁾ 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)

September 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 22, 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 September 30, 2005, the Company had a margin loan balance of Nil (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 \$698,941.

6. Share Capital

(a) Authorized
 Unlimited number of Common voting shares

(b) Issued
 Common shares

	<u>September 30, 2005</u>		<u>December 31, 2004</u>	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	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)		
Balance, end of period	44,029,459	\$ 11,953,248	39,029,459	\$ 9,963,248

7. Contributed Surplus

	<u>September 30 2005</u>	<u>December 31 2004</u>
Balance, beginning of period	\$ 258,396	\$ 183,396
Stock compensation	191,300	75,000
Balance, end of period	\$ 449,696	\$ 258,396

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September 30, 2005

8. Related Party Transactions

- (a) During 2005, the Company paid consulting fees and travel expenses for Basek Consulting Ltd. ("Basek") of \$176,947 (payable of Nil at September 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 \$105,762 related to the filing and closing of the Catapult Energy Limited Partnership I prospectus whereby a wholly-owned subsidiary of the Company is the general partner.
- (c) Accounts receivable includes management fees receivable from Catapult Energy Limited Partnership I of \$63,133 for services provided by Catapult Energy 2004 Inc., as general partner. Catapult Energy 2004 Inc. is a wholly owned subsidiary of the Company.
- (d) Accounts receivable includes recovery of project costs of \$124,545 from Catapult Energy Partnership I for costs associated with closing the initial public offering on June 29, 2005.
- (e) On March 29, 2005, the Company closed a non-brokered private placement financing for gross proceeds of \$2,000,000 in return for the issuance of 5,000,000 units at a price of \$0.40 per unit. The units were subscribed for by a company owned and controlled by Mr. Purdy, President of Juno Canada Holdings Ltd., a wholly owned subsidiary of the Company. Each unit is comprised of one common share of the Company and one-fifth of a common share purchase warrant of the Company, each whole warrant entitling the holder to acquire one common share at a price of \$0.60 on or before March 28, 2006.

9. Commitments

The Company is committed to leased office space with future base rent payments of \$134,117, \$275,226, \$286,660, \$291,104, \$295,548 and \$149,996 for 2005, 2006, 2007, 2008, 2009 and 2010 respectively. The Company is also required to pay their proportionate share of operating and property tax costs for the premises.