

PACIFIC ENERGY RESOURCES LTD.

Financial Statements

March 31, 2004

These financial statements have not been
reviewed by the Company's auditors.

DE VISSER GRAY
CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447

Fax: (604) 687-6737

NOTICE TO READER

We have compiled the balance sheet of Pacific Energy Resources Ltd. as at March 31, 2004 and the statements of operations and deficit, cash flows and petroleum and natural gas interests for the three-month period ended March 31, 2004 from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

"De Visser Gray"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
June 7, 2004

PACIFIC ENERGY RESOURCES LTD.

Balance Sheets

As at

(Unaudited- see Notice to Reader)

	March 31, 2004	December 31, 2003 <i>(audited)</i>
	\$	\$
ASSETS		
Current Assets		
Cash	127,889	102,025
Cash - restricted	25,664	25,664
Amounts receivable	139,601	139,426
Due from joint venture participants	156,479	156,479
Prepays and other current assets	26,891	6,001
Short-term investments	25,930	25,930
	<u>502,454</u>	<u>455,525</u>
Capital assets	115	121
Deferred changes (note 4)	101,354	94,796
Reclamation deposit	1,000	1,000
Petroleum and natural gas interests	2,478,208	2,454,485
	<u>3,083,131</u>	<u>3,005,927</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	350,650	540,556
Due to related parties (notes 3 and 5)	207,273	345,659
Due to joint venture participant	427,496	427,496
Share subscriptions received	-	56,810
	<u>985,419</u>	<u>1,370,521</u>
Due to related party (notes 3 and 5)	1,337,964	1,337,964
Other liabilities	25,664	25,664
	<u>2,349,047</u>	<u>2,734,149</u>
SHAREHOLDERS' EQUITY		
Share capital (note 6)	13,774,180	13,453,778
Deficit	(13,049,096)	(13,182,000)
	<u>734,084</u>	<u>271,778</u>
	<u>3,083,131</u>	<u>3,005,927</u>

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.

Statements of Operations and Deficit

(Unaudited - see Notice to Reader)

	For the three months ended March 31,	
	2004	2003
	\$	\$
Revenues		
Gross oil and gas production revenue	362,439	-
Production expenses	(217,463)	-
Depletion	(22,405)	-
Net oil and gas income	<u>122,571</u>	<u>-</u>
Expenses		
Amortization	6	8
Consultants	26,363	-
Interest	6,315	-
Legal and accounting	28,080	-
Office and administration	15,072	1,229
Operating overhead	14,068	-
Rent	-	1,500
Licenses and permits	3,077	-
Meals and entertainment	-	3,385
Shareholder communications	1,066	-
Telephone	-	325
Travel and accommodation	-	20,195
Trust and filing	2,600	4,168
Wages and salaries	-	34,647
	<u>96,647</u>	<u>65,457</u>
Income (loss) before other item	25,924	(65,457)
Gain on sale of assets	122,570	-
General exploration	(6,590)	(10,000)
Net income (loss) for the period	141,904	(75,457)
Deficit - beginning of period	<u>(13,182,000)</u>	<u>(11,555,759)</u>
Deficit - end of period	<u>(13,040,096)</u>	<u>(11,631,216)</u>
Net income (loss) per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.
 Statements of Cash Flows
 (Unaudited - see Notice to Reader)

	For the three months ended March 31,	
	2004	2003
	\$	\$
Cash Provided by (Used For):		
Operating Activities		
Net income (loss) for the period	141,904	(75,457)
Adjustment for items not involving cash:		
Gain on sale of assets	(122,570)	-
Depletion	22,405	-
Amortization	6	8
	41,745	(75,449)
Net changes in non-cash working capital items:		
Amounts receivable	(175)	(465)
Accounts payable	(189,906)	(13,434)
Prepays and other current assets	(20,890)	-
Due to related parties	(138,386)	384,222
	(307,612)	294,874
Investing Activities		
Proceeds on sale of assets	122,570	-
Petroleum and natural gas	(46,128)	(30,590)
Deferred charges	(6,558)	(311,738)
	69,884	(342,328)
Financing Activities		
Issuance of share capital for cash	263,592	40,000
Net cash provided (used) during the period	25,864	(7,454)
Cash - beginning of the period	102,025	7,640
Cash - end of the period	127,889	186

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.
Statement of Petroleum and Natural Gas Interests
For the Three Month Period Ended March 31, 2004
(Unaudited - see Notice to Reader)

	December 31, 2003	Net Additions	March 31, 2004	March 31, 2003
	\$	\$	\$	\$
Pacific Energy Resources Joint Venture				
Acquisition costs and other	\$2,454,484	-	2,454,484	-
Forum Project				
Acquisition costs	-	-	-	513,837
Exploration	-	-	-	3,459,669
Depletion	-	-	-	(3,633,947)
Recovery	-	-	-	(39,559)
	-	-	-	300,000
Lost Hills Temblor Prospect				
Acquisition costs	-	-	-	415,259
Absaroka Ridge Project				
Acquisition costs	-	-	-	80,322
Russian Projects				
Acquisition costs	-	23,723	23,723	113,145
Rincon Creek Project				
Acquisition costs	1	-	1	136,487
Sawtelle Project				
Exploration - drilling	-	-	-	122,904
Total petroleum and natural gas interests	<u>2,454,485</u>	<u>23,723</u>	<u>2,478,208</u>	<u>1,168,117</u>

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.
Notes to the Interim Financial Statements
For the Three Month Period Ended March 31, 2004
(Unaudited - see Notice to Reader)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's major activity is the acquisition and exploration of petroleum and natural gas properties. The recoverability of amounts shown for these properties is dependent upon the discovery of economically recoverable reserves. The Company does not generate sufficient cash flow from operations to adequately fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent that such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's interim financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

2. METHODOLOGY OF FINANCIAL STATEMENT PREPARATION AND USE OF ESTIMATES

The unaudited interim financial statements of Shamrock Resources Inc. are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly should be read in conjunction with the Company's annual audited financial statements dated December 31, 2003. All material adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods, have been reflected. The results of the three months ended March 31, 2004 are stated utilizing the same accounting policies as those applicable to the most recent annual financial statements, but will not necessarily be indicative of the results to be expected for a full year.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. PETROLEUM AND NATURAL GAS INTERESTS

**Pacific Energy Resources Agreement
Los Angeles, California, USA**

The Company entered into an agreement with Scanner Investments Ltd. ("Scanner"), a private company controlled by the president of the Company, whereby Scanner would transfer at its cost a 25% interest in the assets of Pacific Energy Resources ("PER") for US\$1,250,000 (the payment is to include US\$1,000,000 cash and a \$250,000 promissory note due to Scanner, which will bear interest at 7.5% per annum payable to Scanner quarterly on each of October 1, January 1, April 1 and July 1, plus 25% of all ancillary expenses. The Company has issued two convertible debentures to Scanner, one for US\$425,000 and one for US\$500,000, both have a three year term, bearing interest at a rate of 10% per annum, payable semi-annually and convertible into common shares of the Company at CDN\$0.25 per share. At December 31, 2003, the Company obtained regulatory consent for the acquisition of the assets and the issuance of the convertible debentures.

4. DEFERRED CHARGES

At March 31, 2004, the Company incurred \$101,354 (December 31, 2003 - \$94,059) in deferred property development costs for three different off-shore properties, which the Company proposes to acquire, located in California.

5. RELATED PARTY TRANSACTIONS

Transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The period end balances referred to below are non-interest bearing, unsecured, receivable or payable on demand and have arisen from the provision of services and expense reimbursements or advances described.

- a) At December 31, 2003, the Company accrued and incurred \$1,765,460 in net property acquisition costs with a private company (Scanner) owned by the President of the Company and at March 31, 2004 and December 31, 2003 this balance, which is inclusive of \$670,864 (US\$425,000) and \$667,100 (US\$500,000) convertible debentures, remained outstanding.
- b) During the three months ended March 31, 2004, the Company settled \$138,390 in debt relating to the Joint Venture and the Company is owed \$138,390 from Scanner.
- c) During the year ended December 31, 2003, the Company incurred an aggregate of \$16,297 in deferred charges to a director and owed this individual \$16,297 at March 31, 2004 and December 31, 2003.
- d) During the year ended December 31, 2003, the Company accrued US\$60,000 in salary and expense reimbursements to its President and owed this individual \$223,282 at March 31, 2004 and December 31, 2003.
- e) During the year ended December 31, 2003, the Company accrued \$48,000 in salary and expense reimbursements to a director and owed this individual \$106,080 at March 31, 2004 and December 31, 2003.
- f) During the year ended December 31, 2003, the Company settled \$40,000 of debts owed to a director by the issuance to him of 400,000 common shares at \$0.10 per share.

Refer to note 6.

6. SHARE CAPITAL

Authorized share capital of the Company consists of 100,000,000 common shares without par value.

- a) Issued and outstanding

	Price per Share	Number of Shares	\$
Balance - December 31, 2002		31,403,633	12,813,778
Debt settlement	0.10	400,000	40,000
Private placement	0.10	2,000,000	200,000
Private placement	0.15	2,933,333	⁽¹⁾ 400,000
Balance - December 31, 2003		31,803,633	12,853,778
Private placement and finder's fee	0.20	2,200,000	⁽²⁾ 320,402
Balance - March 31, 2004		<u>38,936,966</u>	<u>13,774,180</u>

⁽¹⁾ net of share issue costs of \$40,000 for issuance of 26,667 agent's warrants

⁽²⁾ net of share issue costs of \$119,598, of which 200,000 common shares were for a finder's fee

6. **SHARE CAPITAL** (continued)

b) Summary of options outstanding at March 31, 2004: Nil.

c) Summary of share purchase warrants are outstanding at March 31, 2004:

Exercise Price	Number Outstanding	Expiry Date
\$		
0.10	200,000	June 17, 2005
0.15	2,666,667	October 3, 2005
	<u>2,866,667</u>	

7. **JOINT VENTURE**

The Company's proportionate interests in the accounts of the PER Joint Venture are as follows:

	March 31, 2004	December 31, 2003
Balance Sheet	\$	\$
Cash	123,190	94,550
Cash - restricted	25,664	25,664
Amounts receivable	121,992	121,992
Prepays - other current assets	26,891	6,001
Short-term investment	25,930	25,930
Due from joint venture participants	53,471	53,472
Accounts payable and accrued liabilities	(254,120)	(444,026)
Other liabilities	(25,664)	(25,664)
Petroleum and natural gas interests	2,454,484	2,454,484
Net identifiable assets.	<u>2,551,838</u>	<u>2,312,403</u>

7. **JOINT VENTURE** (continued)

Supplementary financial information presenting the results of operations and cash flows of the PER Joint Venture are presented below.

Statements of Operations and Deficit	For the three months ended March 31, 2004	For the year ended December 31, 2003
	\$	\$
Revenue		
Gain on sale of assets	122,570	-
Gross oil and gas production revenue	362,439	1,207,895
Production expenses	(217,463)	(794,130)
Royalty payments	-	(22,101)
Depletion	(22,405)	(84,276)
Net oil and gas revenues	<u>245,141</u>	<u>307,388</u>
Expenses		
Office administration	<u>(100,637)</u>	<u>(560)</u>
Net income for the year	<u><u>144,504</u></u>	<u><u>307,898</u></u>
Statement of Cash Flows:		
Cash Provided by (Used for):		
Net earnings for the period/year	144,504	307,898
Add: Loss on foreign exchange translation	<u>-</u>	<u>(35,215)</u>
	144,504	272,683
Net changes in non-cash working capital items:		
Cash - restricted	-	(3,574)
Amounts receivable	-	(67,198)
Prepays and other current assets	(20,890)	(6,484)
Due to (from) joint venture partners	94,932	(679,585)
Accounts payable	(189,906)	339,052
Other liabilities	<u>-</u>	<u>5,412</u>
	<u>28,640</u>	<u>(139,694)</u>
Investing Activities		
Short-term investments	<u>-</u>	<u>(12,259)</u>
Net cash provided (used) during the period/year	28,640	(151,953)
Cash - beginning of the period/year	<u>94,550</u>	<u>246,503</u>
Cash - end of the period/year	<u><u>123,190</u></u>	<u><u>94,550</u></u>