

PACIFIC ENERGY RESOURCES LTD.

Financial Statements

June 30, 2004

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

D E V I S S E R G R A Y
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 consolidated balance sheet of Pacific Energy Resources Ltd. as at June 30, 2004 and the consolidated statements of operations and deficit, cash flows and petroleum and natural gas interests for the six-month period ended June 30, 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
August 30, 2004

PACIFIC ENERGY RESOURCES LTD.

Consolidated Balance Sheets

As at

(Unaudited- see Notice to Reader)

	June 30, 2004	December 31, 2003 <i>(audited)</i>
	\$	\$
A S S E T S		
Current Assets		
Cash	204,715	102,025
Cash - restricted	-	25,664
Amounts receivable	196,183	139,426
Due from related parties	6,590	-
Due from joint venture participants	-	156,479
Prepays and other current assets	46,713	6,001
Short-term investments	45,740	25,930
	<u>499,941</u>	<u>455,525</u>
Capital assets	109	121
Deferred changes (note 4)	103,305	94,796
Reclamation deposit	1,000	1,000
Petroleum and natural gas interests	2,417,104	2,454,485
	<u>3,021,459</u>	<u>3,005,927</u>
L I A B I L I T I E S		
Current Liabilities		
Accounts payable and accrued liabilities	474,577	540,556
Due to related parties (notes 3 and 5)	314,686	345,659
Due to joint venture participants	71,672	427,496
Share subscriptions received	-	56,810
	<u>860,935</u>	<u>1,370,521</u>
Due to related party (notes 3 and 5)	1,337,964	1,337,964
Other liabilities	-	25,664
Reserve for future abandonment	28,037	-
	<u>2,226,936</u>	<u>2,734,149</u>
S H A R E H O L D E R S ' E Q U I T Y		
Share capital (note 6)	13,774,180	13,453,778
Deficit	(12,979,657)	(13,182,000)
	<u>794,523</u>	<u>271,778</u>
	<u>3,021,459</u>	<u>3,005,927</u>

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.
Consolidated Statements of Operations and Deficit
(Unaudited - see Notice to Reader)

	For the three months ended June 30,		For the six months ended June 30,	
	2004 \$	2003 \$	2004 \$	2003 \$
Revenues				
Gross oil and gas production revenue	483,518	-	845,957	-
Production expenses	(321,545)	-	(539,008)	-
Depletion	(29,171)	(192,853)	(51,576)	(192,853)
Net oil and gas income	<u>132,802</u>	<u>(192,853)</u>	<u>255,373</u>	<u>(192,853)</u>
Expenses				
Amortization	6	7	12	14
Consultants	18,738	-	45,101	-
Interest	4,927	-	11,242	-
Legal and accounting	36,086	55,812	64,166	55,812
Office and administration	(204)	17,272	14,868	18,506
Operating overhead	-	-	14,068	-
Rent	-	2,500	-	4,000
Licenses and permits	329	-	3,406	-
Meals and entertainment	-	-	-	3,382
Royalty	16,103	-	16,103	-
Shareholder communications	926	423	1,992	423
Telephone	-	4,428	-	4,753
Travel and accommodation	-	-	-	20,195
Trust and filing	535	15,569	3,135	19,736
Wages and salaries	-	32,976	-	67,623
	<u>77,446</u>	<u>128,987</u>	<u>174,093</u>	<u>194,444</u>
Income (loss) before other item	55,356	(321,840)	81,280	(387,297)
Gain on sale of assets	2,790	-	125,360	-
Other income	2,293	27,179	2,293	27,179
General exploration	-	-	(6,590)	(10,000)
Foreign exchange loss	-	(270)	-	(270)
Net income (loss) for the period	60,439	(294,931)	202,343	(370,388)
Deficit - beginning of period	<u>(13,040,096)</u>	<u>(11,631,216)</u>	<u>(13,182,000)</u>	<u>(11,555,759)</u>
Deficit - end of period	<u>(12,979,657)</u>	<u>(11,926,147)</u>	<u>(12,979,657)</u>	<u>(11,926,147)</u>
Net income (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.

Consolidated Statements of Cash Flows

(Unaudited - see Notice to Reader)

	For the three months ended June 30,		For the six months ended June 30,	
	2004	2003	2004	2003
	\$	\$	\$	\$
Cash Provided by (Used For):				
Operating Activities				
Net income (loss) for the period	60,439	(294,931)	202,343	(370,388)
Adjustment for items not involving cash:				
Gain on sale of assets	(2,790)	-	(125,360)	-
Depletion	29,171	192,853	51,576	192,853
Amortization	6	7	12	14
	<u>86,826</u>	<u>(102,071)</u>	<u>128,571</u>	<u>(177,521)</u>
Net changes in non-cash working capital				
Cash-restricted	25,664	-	25,664	-
Amounts receivable	(56,582)	(5,709)	(56,757)	(6,174)
Accounts payable and accrued liabilities	98,263	54,906	(91,643)	41,473
Prepays and other current assets	(19,822)	-	(40,712)	-
Due to related parties	100,823	-	(37,563)	56,309
Due to joint venture participant	(199,345)	14,415	(199,345)	-
Reserve for future abandonment	28,037	-	28,037	-
	<u>63,864</u>	<u>(38,459)</u>	<u>(243,748)</u>	<u>(85,913)</u>
Investing Activities				
Proceeds on sale of assets	2,790	-	125,360	-
Petroleum and natural gas	31,933	(137,871)	(14,195)	(137,871)
Deferred charges	(1,951)	-	(8,509)	-
Short-term investments	(19,810)	-	(19,810)	-
	<u>12,962</u>	<u>(137,871)</u>	<u>82,846</u>	<u>(137,871)</u>
Financing Activities				
Issuance of share capital for cash	<u>-</u>	<u>200,000</u>	<u>263,592</u>	<u>240,000</u>
Net cash provided (used) during the period	76,826	23,670	102,690	16,216
Cash - beginning of the period	127,889	186	102,025	7,640
Cash - end of the period	<u>204,715</u>	<u>23,856</u>	<u>204,715</u>	<u>23,856</u>

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.

Consolidated Statement of Petroleum and Natural Gas Interests

For the Six Month Period Ended June 30, 2004

(Unaudited - see Notice to Reader)

	December 31, 2003	Net Additions	Depletion	June 30, 2004
	\$	\$	\$	\$
Pacific Energy Resources Joint Venture				
Acquisition costs and other	<u>2,454,484</u>	<u>6,195</u>	<u>(51,576)</u>	<u>2,409,103</u>
Russian Projects				
Acquisition costs	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Rincon Creek Project				
Acquisition costs	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total petroleum and natural gas interests	<u><u>2,454,485</u></u>	<u><u>14,195</u></u>	<u><u>(51,576)</u></u>	<u><u>2,417,104</u></u>

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.
Notes to the Interim Consolidated Financial Statements
For the Six Month Period Ended June 30, 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 six and three month periods ended June 30, 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 the Pacific Energy Resources ("Joint Venture") for US\$1,250,000 (the payment was initially 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.) As partial payment of the US\$1,000,000 described above, the Company subsequently 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

To June 30, 2004, the Company has incurred \$103,305 (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, which is inclusive of convertible debentures of \$670,864 (US\$425,000) and \$667,100 (US\$500,000). During the six months ended June 30, 2004 the Company repaid a net amount of \$379,799 in debt owing to Scanner, and at June 30, 2004 the balance owing to Scanner is \$1,385,661.
- b) During the six months ended June 30, 2004, the Company repaid a net amount of \$154,784 in debt relating to the Joint Venture and at June 30, 2004 the balance owing to the other participants in the joint venture was \$71,672.
- 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 June 30, 2004.
- d) During the six months ended June 30, 2004, the Company repaid \$30,973 in debt owing to its President and owed this individual \$192,309 at June 30, 2004.
- 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 June 30, 2004 and December 31, 2003.
- f) During the six months ended June 30, 2004, the Company advanced \$6,590 in expense reimbursements to a director of the Company and owed this individual \$6,590 at June 30, 2004.

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		36,736,966	13,453,778
Private placement and finder's fee	0.20	2,200,000	⁽²⁾ 320,402
Balance - March 31, and June 30, 2004		<u>38,936,966</u>	<u>⁽³⁾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, inclusive of a finder's fee of 200,000 common shares valued at \$40,000

⁽³⁾ subsequent to period end the Company announced a 3:1 share consolidation

6. **SHARE CAPITAL** (continued)

- b) Summary of stock options outstanding at June 30, 2004: no options are outstanding
- c) Summary of share purchase warrants are outstanding at June 30, 2004:

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

7. **JOINT VENTURE**

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

	June 30, 2004	December 31, 2003
Balance Sheet	\$	\$
Cash	205,389	94,550
Cash - restricted	-	25,664
Amounts receivable	178,749	121,992
Prepays - other current assets	25,823	6,001
Short-term investment	45,740	25,930
Due (to)/from joint venture participants	(265,766)	53,472
Accounts payable and accrued liabilities	(303,979)	(444,026)
Other liabilities	-	(25,664)
Petroleum and natural gas interests	2,409,103	2,454,484
Reserve for future abandonments	(28,037)	-
Net identifiable assets.	<u><u>2,267,022</u></u>	<u><u>2,312,403</u></u>

7. **JOINT VENTURE** *(continued)*

Supplementary financial information in respect to the results of operations and cash flows of the PER Joint Venture is presented below.

Statements of Operations and Deficit	For the six months ended June 30, 2004	For the year ended December 31, 2003
	\$	\$
Revenue		
Gain on sale of assets	125,360	-
Gross oil and gas production revenue	845,957	1,207,895
Other income	2,293	-
Production expenses	(539,008)	(794,130)
Royalty payments	-	(22,101)
Depletion	(51,576)	(84,276)
Net oil and gas revenues	<u>383,026</u>	<u>307,388</u>
Expenses		
Office administration	<u>(29,135)</u>	<u>(510)</u>
Net income for the year	<u><u>353,891</u></u>	<u><u>306,878</u></u>
Statements of Cash Flows:		
Cash Provided by (Used for):		
Net earnings for the period/year	353,891	307,898
Add: Loss on foreign exchange translation	-	(35,215)
	<u>353,891</u>	<u>272,683</u>
Net changes in non-cash working capital items:		
Cash - restricted	25,664	(3,574)
Amounts receivable	(56,757)	(67,198)
Prepays and other current assets	(19,822)	(6,484)
Due to (from) joint venture partners	(34,653)	(679,585)
Accounts payable	(140,047)	339,052
Other liabilities	(25,664)	5,412
Reserve for future abandonments	28,037	-
	<u>130,649</u>	<u>(139,694)</u>
Investing Activities		
Short-term investments	<u>(19,810)</u>	<u>(12,259)</u>
Net cash provided (used) during the period/year	110,839	(151,953)
Cash - beginning of the period/year	94,550	246,503
Cash - end of the period/year	<u><u>205,389</u></u>	<u><u>94,550</u></u>