

PACIFIC ENERGY RESOURCES LTD.

Consolidated Financial Statements

September 30, 2005
(U.S. Dollars)

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

PACIFIC ENERGY RESOURCES LTD.
Consolidated Balance Sheet
(Stated in U.S. Dollars)

	September 30, 2005 (unaudited)	December 31, 2004 (audited)
ASSETS		
Current Assets		
Cash and Equivalents	\$ 1,171,194	130,559
Cash - restricted	100,000	22,622
Accounts receivable	1,020,765	210,284
Due from joint venture participants	-	551,509
Prepays and other current assets	810,446	81,723
Short-term investments	-	62,500
	3,102,405	1,059,197
Deferred charges	860,410	80,948
Oil and gas interests - net	8,020,807	1,594,963
Performance bonds	259,268	-
	\$ 12,242,889	2,735,108
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,073,317	526,129
Due to related parties	45,043	229,486
Note payable	2,489,677	197,500
Income taxes payable	532,320	-
Due to joint venture participant	-	27,943
Other liabilities	-	2,985
	4,140,357	984,043
Convertible debentures - debt	1,326,930	1,039,225
Other liabilities	348,012	-
	\$ 5,815,299	2,023,268
SHAREHOLDERS' EQUITY		
Share capital (note 4)	\$ 5,571	10,510,883
Paid up capital	15,257,848	-
Convertible debentures - equity	127,942	63,219
Deficit	(8,963,771)	(9,862,262)
	6,427,590	711,840
	\$ 12,242,889	2,735,108

See notes to the financial statements

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PACIFIC ENERGY RESOURCES LTD.
Consolidated Statements of Operations and Deficit
(Stated in U.S. Dollars)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Revenues:				
Gross oil and gas revenue	\$ 2,348,660	364,137	5,141,151	996,255
Production expenses	(964,069)	(230,036)	(2,101,032)	(632,823)
Depletion	(93,954)	(19,161)	(253,984)	(57,753)
Royalty payments	(39,080)	(6,984)	(97,618)	(19,016)
Net oil and gas income	<u>1,251,558</u>	<u>107,957</u>	<u>2,688,518</u>	<u>286,664</u>
Other revenue	15,343	37,469	28,546	36,093
	<u>1,266,901</u>	<u>145,426</u>	<u>2,717,064</u>	<u>322,757</u>
Expenses:				
Administration staff	215,822	-	552,527	-
Accretion on convertible debentures	-	-	21,219	-
Consultants	64,114	36,086	92,353	69,547
Interest	100,431	8,558	253,117	16,905
Legal and audit	115,857	70,889	253,828	118,214
Office and administration	39,624	6,170	46,423	17,109
Operating overhead	-	-	-	10,599
Licenses and permits	16,666	-	16,666	-
Shareholder communications	12,685	3,503	21,365	4,954
Travel and accommodation	37,198	-	109,746	-
Trust and filing	(51,765)	1,732	64,795	4,069
	<u>550,632</u>	<u>126,938</u>	<u>1,432,039</u>	<u>241,397</u>
Income before other items	716,269	18,488	1,285,025	81,360
Provision for income taxes	(547,027)	-	(547,027)	-
Gain (loss) on sale of assets	-	4,491	-	98,872
General exploration	(600)	(2,001)	(600)	(7,111)
Net income for the period	<u>168,642</u>	<u>20,977</u>	<u>737,398</u>	<u>173,122</u>
Deficit, beginning of period	(9,293,506)	(9,706,837)	(9,862,262)	(9,858,159)
Adjustment for merger of PetroCal	161,093	-	161,093	-
Deficit, end of period	<u>(8,963,771)</u>	<u>(9,685,860)</u>	<u>(8,963,771)</u>	<u>(9,685,037)</u>
Basic and dilutive earnings per share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.
Consolidated Statements of Cash Flows
(Stated in U.S. Dollars)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2005	2004	2005	2004
Cash Provided by (Used for):				
Operating Activities				
Net income for the period	\$168,642	20,977	737,398	173,122
Adjustment for items not involving cash:				
Loss (gain) on the sale of assets	-	(4,491)	-	(98,872)
Depletion and depreciation	93,954	19,161	253,984	57,753
Reserve for future abandonment	-	-	-	21,123
Accretion on convertible debentures	-	-	21,219	-
	262,596	35,648	1,012,601	153,125
Net changes in non-cash working capital items:				
Cash - restricted	95,306	-	91,765	19,335
Accounts receivable	(212,634)	-	(526,253)	(42,761)
Prepays and other current assets	(544,379)	15,861	(481,207)	(15,039)
Accounts payable & accrued liabilities	78,076	52,972	(253,822)	(16,832)
Due to related parties	(154,121)	(5,004)	(184,443)	(49,807)
Income tax provision	532,320	-	532,320	-
Due from joint venture	-	(382,190)	(211,594)	(526,891)
Cash provided (used) by operations	57,164	(282,713)	(20,633)	(478,870)
Investing Activities				
Proceeds on sale of assets	-	4,491	-	98,872
Petroleum and natural gas properties	(41,112)	(27,549)	(136,784)	(37,849)
Deferred charges	(53,424)	-	(53,424)	(6,411)
Short-term investments, performance bonds	(9,268)	-	(109,268)	(14,925)
Cash provided (used) by investing	(103,804)	(23,059)	(299,476)	39,688
Cash acquired in merger with PetroCal (note 3)	-	-	626,526	-
Financing activities				
Notes payable	506,710	-	591,380	-
Other liabilities	(494,152)	-	(494,152)	-
Cash received from debentures	-	-	331,208	-
Issue of share capital for cash	331,320	-	493,007	215,165
Paid up capital	161,094	-	(187,225)	-
Proceeds received for subsequent issuance of share capital	-	305,748	-	301,360
Cash provided (used) by financing	504,972	305,748	734,218	516,525
Net cash provided (used) during the period	458,332	(24)	1,040,635	77,343
Cash - beginning of the period	712,862	154,232	130,559	76,866
Cash - end of the period	\$1,171,194	154,209	1,171,194	154,209

See notes to the financial statements

PACIFIC ENERGY RESOURCES LTD.

Notes to the Interim Consolidated Financial Statements
For the nine month period ended September 30, 2005
(Unaudited)

1. CHANGE IN PRESENTATION

The Company re-domesticated to the United States in 2005 and now presents its financial statements in U.S. dollars.

2. FINANCIAL STATEMENT PRESENTATION

These unaudited interim financial statements 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, 2004. 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 for the nine months ending September 30, 2005 are stated utilizing the same accounting policies as those applicable to the most recent audited financial statements, but will not necessarily be indicative of the results to be expected for a full year.

3. PETROLEUM AND NATURAL GAS INTERESTS

**Pacific Energy Resources Agreement
Long Beach, California, USA**

On February 2, 2005 the Company re-domesticated from Canada to the State of Delaware, and on March 5, 2005 acquired Petrocal Incorporated ("Petrocal"), and continued as Pacific Energy Resources Ltd. The Company issued 39,999,995 shares to acquire all the outstanding share capital of Petrocal, which had a 75% interest in the Pacific Energy Resources Joint Venture.

Petrocal and the Company were both controlled by the same related parties, and accordingly, as there has been no substantive change in ownership of the assets, the transaction has been accounted for as a continuing entity with no recognition of fair value. The share consideration issued has been recorded as the book value of the assets acquired.

Net assets acquired:

Current assets	\$ 948,618
Petroleum and natural gas interests	6,679,544
Performance bonds	250,000
Current liabilities	(1,180,229)
Debentures and notes payable	(2,538,404)
Share consideration	<u>\$ 4,159,529</u>

4. SHARE CAPITAL

Authorized share capital of the Company consists of 100,000,000 common shares with a par value of \$0.0001 per share (in 2004 there was no par value).

a) Issued and outstanding:

	Common Stock			Total \$
	Number of Shares	Share Amount \$	Additional Paid-in Capital	
Balance, December 31, 2003	36,736,966	10,009,526		10,009,526
Private placement	2,000,000	171,593		171,593
Finder's fee	200,000	28,551		28,551
Consolidation 3:1	(25,957,977)	-		-
Debt settlement	73,333	15,703		15,703
Private placement	666,667	256,959		256,959
Finder's fee	66,667	28,551		28,551
Balance, December 31, 2004	13,785,656	10,510,883	-	10,510,883
Reclassification of share capital		(10,510,883)	10,510,883	-
Issue of shares for Petrocal acquisition	40,363,457	5,415	4,254,114	4,259,529
Warrants exercised	1,555,556	156	492,851	493,007
Balance, September 30, 2005	55,704,669	5,571	15,257,848	15,263,419

b) Summary of options outstanding at September 30, 2005:

Nil

c) Summary of share purchase warrants outstanding at September 30, 2005:

	Exercise Price (Stated in Canadian dollars)	Number Outstanding	Expiry Date
Balance, December 31, 2002			
Granted	0.30	666,667	June 17, 2005
	0.45	888,889	October 3, 2005
Balance, December 31, 2003	*	1,555,556	
Granted	0.60	* 666,667	March 15, 2006
	0.60	666,667	October 19, 2006
Balance December 31, 2004		2,888,890	
Exercised June 17, 2005	0.30	(666,667)	
Exercised September 27-30, 2005	0.45	(888,889)	
		1,333,334	

* During the year ended December 31, 2004 the Company consolidated its common shares and warrants outstanding on a 3 for 1 basis.