PART 1

ITEM 1. FINANCIAL STATEMENTS

FIDELIS ENERGY, INC.
BALANCE SHEETS

	(Unaudited) June 30, **2010**	December 31, **2009**
ASSETS		
Current Assets		
Cash	$516,948	$173,832
Accounts receivable	14,829	13,502
Other receivable		-
Total Current Assets	531,777	187,334
Oil & Gas Properties, Using Successful Efforts Method		
Oil & Gas Exploration Costs	2,690,176	2,690,176
Less: Depletion	(624,835)	(592,251)
Total Oil & Gas Properties	2,065,341	2,097,925
Other Assets		
Intellectual Property, Proprietary Solar Technology	700,000	200,000
Deposits	6,329	3,531
Property and Equipment - net	1,368,671	41,639
Total Property & Equipment, Net of Depreciation	2,075,000	145,170
TOTAL ASSETS	$4,672,118	$2,530,429

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

FIDELIS ENERGY, INC.
BALANCE SHEETS

	(Unaudited) June 30, **2010**	December 31, **2009**
LIABILITIES		
Current Liabilities		
Accounts Payable	$18,404	$4,274
Accrued Liabilities	$26,457	136,208
Notes Payable	$1,692,178	439,178
Related Party Note	$1,709,042	457,042
Shareholder Loan	-	-
Credit Line Note Payable - current portion	$452,834	1,125,971
Convertible Debenture - current portion	$4,685,341	4,458,409
Total Current Liabilities	8,584,256	6,621,082
Non-Current Liabilities		
Asset Retirement Obligation	-	-
Derivative Liability	56,537	56,537
Total Non-Current Liabilities	56,537	56,537
TOTAL LIABILITIES	8,640,793	6,667,619
Stockholders' Equity:		
Common Stock, Par value $.001		
Authorized 500,000,000 shares, Issued 492,844,855 shares at June 30, 2010 and December 31, 2009	492,844	248,834
Treasury Stock, 54,000,000 shares at June 30, 2010 and December 31, 2009	(10,800,000)	(10,800,000)
Paid-In Capital	13,666,179	12,802,084
Retained Deficit	(7,327,698)	(6,516,108)
TOTAL STOCKHOLDERS' EQUITY	(3,968,675)	(4,147,190)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,672,118	$2,530,429

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

FIDELIS ENERGY, INC.
STATEMENTS OF OPERATIONS

	(Unaudited) For the Three Months Ended June 30, 2010	2009	(Unaudited) For the Six Months Ended June 30, 2010	2009
Production Income	$ -	$ -	$ -	$ -
Cost of Operations	-	-	-	-
Gross Profit	-	-	-	-
Expenses:				
Corporate finance fees	-	-	-	-
Consulting	145,739	-	385,515	-
Legal and professional	*12,452*	-	*49,698*	-
General and administrative	*36,901*	*5,490*	*106,572*	*8,402*
Selling and marketing	13,178	-	39,606	-
Total Operating Expenses	208,270	5,490	581,391	8,402
-				
Other Expense				
Gain/Loss on sale of assets	-	-	-	-
Interest	(115,467)	(22,279)	(230,199)	(45,197)
Net Income (Loss)	$ (323,737)	$ (27,769)	$ (811,590)	$ (54,336)
Basic & Diluted Loss	$ -	$ -	$ -	$ -
Weighted Average Shares	301,102,490	166,834,354	249,844,855	166,834,354

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

FIDELIS ENERGY, INC
STATEMENTS OF CASH FLOWS

	(Unaudited For the Six Months Ended June 30, **2010**	(Unaudited) For the Six Months Ended June 30, **2009**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	($811,590)	($126,361)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Depletion	-	-
Depreciation and Amortization	4,291	2,684
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,649)	(23,671)
(Increase) Decrease in Other Receivable	-	133,598
(Increase) Decrease in Prepaids	-	-
Increase (Decrease) in Accounts Payable	(95,367)	(12,873)
Increase (Decrease) in Interest on Notes Payable	230,199	227,510
Increase (Decrease) in Accrued Expenses	-	-
Net Cash Used in operating activities	($674,116)	200,887
CASH FLOWS FROM INVESTING ACTIVITIES:		
Solar Property and Equipment	($998,313)	-
Net cash provided by investing activities	($998,313)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Convertible Debenture	2,500,000	200,000
Payment of Shareholder Loan	-	
Payment of Related Party Notes	-	(128,888)
Payment of Notes Payable	(480,000)	(182,631)
Net Cash Provided by Financing Activities	2,020,000	(111,519)

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

FIDELIS ENERGY, INC.
STATEMENTS OF CASH FLOWS
(continued)

	(Unaudited) For the Six Months Ended June 30, **2010**	(Unaudited) For the Six Months Ended June 30, **2009**
Net (Decrease) Increase in Cash and Cash Equivalents	$347,571	$89,368
Cash and Cash Equivalents at Beginning of Period	$169,377	4,455
Cash and Cash Equivalents at End of Period	$516,948	$93,823
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ -
Franchise and income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING		

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

FIDELIS ENERGY, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
AS AT YEAR ENDED JUNE 30, 2010

	Common Stock		Paid in Capital in Excess of	Treasury	Retained
	Shares	Amount	Par Value	Stock	Deficit
Balance at December 31, 2004	95,584,354	$ 94,584	$ 360,584	$ -	$ (947,291)
November 17, 2005 - Treasury Stock @ $0.20	54,000,000	54,000	10,746,000	(10,800,000)	-
Net Income (Loss)	-	-	-	-	(2,843,079)
Balance at December 31, 2005	148,584,354	148,584	11,106,584	(10,800,000)	(3,790,370)
March 2006 - Shares issued for Consulting services	750,000	750	168,000	-	-
April 2006 - Shares issued for services of Officers and directors	10,000,000	10,000	1,390,000	-	-
October 2006 - Shares issued for Convertible debt	1,562,500	1,563	48,437	-	-
November 2006 - Shares issued for Convertible debt	5,937,500	5,937	89,063	-	-
Net Income (Loss)	-	-	-	-	(2,296,793)
Balance at December 31, 2006	166,834,354	$ 166,834	$ 12,802,084	$ (10,800,000)	$ (6,087,163)
July 2009 - Shares issued for Solar Property Purchase	82,000,000	82,000	118,000	-	-
Net Income (Loss)	-	-	-	-	(428,945)
Balance at December 31, 2009	248,834,354	$ 248,834	$ 12,920,084	$ (10,800,000)	$ (6,516,108)
Feb 2010 - Shares issued for Debt Retirement	1,010,500	1,010	**9,095**		
April 2010 - Shares issued for Debt Retirement	48,000,000	48,000	432,000	-	-
May 2010- Shares issued for Solar Property Purchase	195,000,000	195,000	305,000	-	-
Net Income (Loss)	-	-	-	-	(811,590)
Balance at June 30, 2010	492,844,855	$ 492,844	$ 13,666,179	$ (10,800,000)	$ (7,327,698)

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

FIDELIS ENERGY, INC.
NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND GOING CONCERN

The unaudited financial statements as of June 30, 2010, and for the three and six month period then ended, reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and results of operations for the three months. Operating results for interim periods are not necessarily indicative of the results which can be expected for full years. The accompanying financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for at least one year and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several conditions and events cast doubt about the Company's ability to continue as a "going concern". The Company has a retained deficit of approximately $6,000,000, and is in default of the November 18, 2005 terms of its convertible debenture. As of June 30, 2010, the Company does not have sufficient cash flow to repay the original offering amount in cash. Liquidated damages of 2% per month of the amount of the debentures is currently being accrued. These factors raise substantial doubt about the Company's ability to continue as a going concern. However, the Company is evaluating alternatives to repay the convertible debenture as financing opportunities arise in the new Solar sector business operations of the Company.

The Company's future capital requirements will depend on numerous factors including, but not limited to, acquiring interests in the new Solar sector business operations of the Company as it phases out its oil and gas operations. These financial statements do not reflect adjustments that would be necessary if the Company were unable to continue as a "going concern". While management believes that the actions already taken or planned, will mitigate the adverse conditions and events which raise doubt about the validity of the "going concern" assumption used in preparing these financial statements, there can be no assurance that these actions will be successful.

Organization and Basis of Presentation

The Company was incorporated under the laws of the State of Nevada on November 6, 2000. Since November 6, 2000, the Company was in the development stage, and had not commenced planned principal operations. On June 10, 2003, the Company changed its name to Eagle Star Energy, Inc. to reflect the current direction of the company. On February 24, 2004, the Company changed its name to Fidelis Energy, Inc. The Company operated as a development stage company until the first quarter of 2004, when it began exploration for oil and gas. During the second quarter of 2004, the Company acquired a proven well field and was setting up the extraction process with some revenue generated as at December 31, 2004. The Company changed its management in 2009 and entered into the Solar Power industry as it phases-out the Company’s oil and gas operations.

Nature of Business

The Company is now focused on the Solar Power renewable energy industry, which began in 2009. The Company is winding-down its previous oil and gas operations. Fidelis is building strategic partnerships with companies that are developing cutting-edge microgeneration technologies and solutions in the industry. The Company's mission is to facilitate consumers and businesses in generating their own clean power, reduce carbon emissions, and become part of the global energy solution. Fidelis is now an energy company focused on developing, constructing and operating solar energy projects independently or in partnership with other energy companies. The Company is also in the development stage of designing, with a view toward manufacturing, solar photovoltaic (PV) cell technology products. Fidelis owns a unique patent pending solar cell technology based on photovoltaic cells with integral light- transmitting wave guides in a ceramic sleeve, which requires less exposed surface area to generate electricity. On the corporate side of our operations, we have been pursuing changes to our administration, financing and company structure to meet our needs for the future.

On January 11, 2010, Fidelis Energy Inc. announced a $25 million agreement with Esar Solar Power Pvt. Ltd. (ESP) a Jaipur-based company, to develop and construct the first of several solar energy projects located in the Thar Desert near Jaisalmer, India. The region is destined to become the world’s biggest solar power house as it basks in an average of 330 days of sunshine per year and receives up to 6.2KW per hour of solar energy per square meter everyday, which is the highest in the world.

On Jan. 13, 2010, Fidelis Energy announced it has closed on the acquisition of a stake in a Solar Park in Spain. Previously detailed in its press release dated October 21, 2009, Fidelis entered into a binding Letter Of Intent (“LOI”) with ASD Lusiona Solar, (“ALS”) to acquire an 8% stake in its wholly-owned subsidiary, ASDR Barranca Solar, which owns a 2MW producing photovoltaic solar facility located in Spain. Under the agreement, Fidelis also has an option to buy the remaining stake in ASDR.

On Jan. 13, 2010, Fidelis Energy completed a $2.5 million private placement (the "Private Placement"), with private alternative energy investment firm Global Solutions Ltd. funding $1.2 million of the total. The balance of the Private Placement was funded by management, associates of management and former Fidelis shareholders.

On Jan. 19, 2010, Fidelis Energy announced the completion of new financing with total commitments of $30 million led by Swiss- based Empres Voss Capital (EVC). The proceeds from this financing will be drawn down in traunches as required during the process of building a solar power plant in India. The Solar facility is located in the Thar Desert near Jaisalmer, India. The region is destined to become the world's biggest solar power house as it basks in an average of 330 days of sunshine per year and receives up to 6.2KW per hour of solar energy per square meter everyday, which is the highest in the world. Further details of the financing will be released as they occur.

On Feb. 3, 2010, Fidelis Energy announced that it has completed the formal signing of contract with several Greek multi-national corporations to install and operate approximately 10 megawatts (MW) of photovoltaic (PV) systems on all of their large-scale manufacturing facilities located throughout Greece.

On Feb. 08, 2010, Fidelis Energy announced that it received a multi-million dollar investment commitment from a private investment consortium to provide funding to the Company for its future growth and expansion.

On March 10, 2010, Fidelis Energy announced several changes in management to strengthen the Company's focus and future direction. Eric Esposito, the recently appointed COO of the Company, has been appointed to the Board of Directors. The Company also announced the appointment of Demyan Bondarenko as the Director of Solar Project Development and Fedir Ruzicka as the European Solar Energy Operations Manager. Mr. Bondarenko has an extensive background in large scale renewable energy projects with recent emphasis on solar development in the Czech Republic; Mr. Ruzicka, a resident of the Czech Republic, has extensive background in solar development specific to site permitting, negotiations of grid interconnect and energy off-take agreements.

On March 15, 2010, Fidelis Energy announced that it has entered into a long-term solar module supply agreement with TinSol Energy (pty) Ltd. (TSEL), Johannesburg, South Africa. Under the terms of the contract, Fidelis Energy will supply 207 megawatts (MW) of PV Solar modules to TSEL for use in the development and build-out of several solar parks in Africa.

On June 22, 2010, Fidelis Energy entered into a long-term solar module supply agreement with Lagofrio Energy Solutions (LES), a wholly-owned subsidiary of TinSol Energy (pty) Ltd. (TSEL), Johannesburg, South Africa. Under the terms of the contract, Fidelis Energy will supply 93 megawatts (MW) of PV Solar modules to TSEL for use in the development and build-out of several solar parks in Africa. Fidelis will begin shipments against this contract during the first quarter of 2011. Product will ship from the Fidelis module plant in China, scheduled to come online during the fourth quarter of 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

This summary of accounting policies for Fidelis Energy is presented to assist in understanding the Company's financial statements. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

(A) ACCOUNTING ESTIMATES

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

(B) CASH EQUIVALENTS

For purposes of the statement of cash flows cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturity of three months or less when purchased.

(C) RECLASSIFICATION None. (D) CONCENTRATION OF CREDIT RISK

The Company has no significant off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with one financial institution, in the form of demand deposits.

(E) FIXED ASSETS

Property and Equipment are stated at cost. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate			
Computer hardware	3	-	5	years
Office Equipment	3	-	5	years
Office furniture and equipment	5	-	7	years
Leasehold improvements		Term of Lease		

Maintenance and repairs are charged to operations; betterments are capitalized. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon is eliminated from the property and related accumulated depreciation accounts, and any resulting gain or loss is credited or charged to income. Depreciation expense for the six months ended June 30, 2010 and 2009 was $2,396 and $3,628, respectively.

(F) OIL AND GAS ACTIVITIES - SUCCESSFUL EFFORTS METHOD OF ACCOUNTING

On April 4, 2005, the FASB adopted FASB Staff Position FSP FAS 19-1 that amends Statement of Financial Accounting Standards No. 19 (FAS 19), Financial Accounting and Reporting by Oil and Gas Producing Companies, to permit the continued capitalization of exploratory well costs beyond one year if (a) the well found a sufficient quantity of reserves to justify its completion as a producing well and (b) the entity is making sufficient progress assessing the reserves and the economic and operating viability of the project.

The Company accounts for its crude oil exploration and natural gas development activities utilizing the successful efforts method of accounting. Under this method, costs of productive exploratory wells, development dry holes and productive wells and undeveloped leases are capitalized. Oil and gas lease acquisition costs are also capitalized. Exploration costs, including personnel costs, certain geological and geophysical expenses and delay rentals for oil and gas leases, are charged to expense as incurred. Exploratory drilling costs are initially capitalized, but charged to expense if and when the well is determined not to have found reserves in commercial quantities. The sale of a partial interest in a proved property is accounted for as a cost recovery and no gain or loss is recognized as long as this treatment does not significantly affect the unit-of-production amortization rate. A gain or loss is recognized for all other sales of producing properties.

The application of the successful efforts method of accounting requires managerial judgment to determine that proper classification of wells designated as developmental or exploratory which will ultimately determine the proper accounting treatment of the costs incurred. The results from a drilling operation can take considerable time to analyze and the determination that commercial reserves have been discovered requires both judgment and industry experience. Wells may be completed that are assumed to be productive and actually deliver oil and gas in quantities insufficient to be economic, which may result in the abandonment of the wells at a later date. Wells are drilled that have targeted geologic structures that are both developmental and exploratory in nature and an allocation of costs is required to properly account for the results. Delineation seismic incurred to select development locations within an oil and gas field is typically considered a development cost and capitalized, but often these seismic programs extend beyond the reserve area considered proved and management must estimate the portion of the seismic costs to expense. The evaluation of oil and gas leasehold acquisition costs requires managerial judgment to estimate the fair value of these costs with reference to drilling activity in a given area. Drilling activities in an area by other companies may also effectively condemn leasehold positions.

The successful efforts method of accounting can have a significant impact on the operational results reported when the Company is entering a new exploratory area in hopes of finding an oil and gas field that will be the focus of future development drilling activity. The initial exploratory wells may be unsuccessful and will be expensed. Seismic costs can be substantial which will result in additional exploration expenses when incurred.

RESERVE ESTIMATES

Estimates of oil and gas reserves, by necessity, are projections based on geologic and engineering data and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretations and judgment. Estimates of economically recoverable oil and gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and gas prices, future operating costs, severance taxes, development costs and workover gas costs, all of which may in fact vary considerably from actual results. The future drilling costs associated with reserves assigned to proved undeveloped locations may ultimately increase to the extent that these reserves may be later determined to be uneconomic. For these reasons, estimates of the economically recoverable quantities of oil and gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected there from may vary substantially. Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves, which could affect the carrying value of our oil and gas properties and/or the rate of depletion of the oil and gas properties. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material. Total depletion expense for the six months ended June 30, 2010 and 2009 was $0 and $0, respectively.

(G) ASSET RETIREMENT OBLIGATIONS

In the fourth quarter 2005, we adopted FASB Interpretation No. 47, "Accounting for Contingent Asset Retirement Obligations" ("FIN 47"), an interpretation of FASB Statement No. 143, "Asset Retirement Obligations" ("SFAS 143"). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in SFAS 143 refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated, even if conditional on a future event. For existing contingent asset retirement obligations which are determined to be recognizable under FIN 47, at December 31, 2005, the company had recognized an estimated obligation of $285,000 for potential plugging, abandonment and/or remedial costs of our operations. In the second quarter of 2006, the Company reduced the obligation by $240,000, which was applicable to the sale of the Comanche Point property. During the fourth quarter of 2006, the Company recognized an additional $15,000 in its estimated obligation due to the opening of a fourth gas well at the North Franklin property. At June 30, 2010 and 2009, the total asset retirement obligation recognized was $0 respectively.

(H) STOCK-BASED COMPENSATION

In December 2002, the Financial Accounting Standards Board issued Financial Accounting Standard No. 148, "ACCOUNTING FOR STOCK-BASED COMPENSATION-TRANSITION AND DISCLOSURE" ("SFAS No. 148"), an amendment of Financial Accounting Standard No. 123 "ACCOUNTING FOR STOCK-BASED COMPENSATION" ("SFAS No. 123"). The purpose of SFAS No. 148 is to: (1) provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation, (2) amend the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation, and (3) to require disclosure of those effects in interim financial information. The disclosure provisions of SFAS No. 148 were effective for the Company commencing December 31, 2002.

The Company has elected to account for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES", ("APB No. 25") and comply with the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148 as described above. Under APB No. 25, compensation expense is recognized based on the difference, if any, on the date of grant between the estimated fair value of the Company's stock and the amount an employee must pay to acquire the stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force in Issue No. 96-18, "ACCOUNTING FOR EQUITY INSTRUMENTS THAT ARE ISSUED TO OTHER THAN EMPLOYEES FOR ACQUIRING OR IN CONJUNCTION WITH SELLING GOODS OR SERVICES" ("EITF 96-18"). Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

The Company has also adopted the provisions of the Financial Accounting Standards Board Interpretation No.44, "ACCOUNTING FOR CERTAIN TRANSACTIONS INVOLVING STOCK COMPENSATION - AN INTERPRETATION OF APB OPINION NO. 25" ("FIN 44"), which provides guidance as to certain applications of APB 25. FIN 44 is generally effective July 1, 2000 with the exception of certain events occurring after December 15, 1998.

In December 2004, FASB issued Statement No. 123 (R), SHARE-BASED PAYMENT, which establishes accounting standards for transactions in which an entity receives employee services in exchange for (a) equity instruments of the entity or (b) liabilities that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of equity instruments. Effective for periods beginning after December 15, 2005, SFAS 123(R) will require us to recognize the grant-date fair value of stock options and equity based compensation issued to employees in the statement of operations. The statement also requires that such transactions be accounted for using the fair-value-based method, thereby eliminating use of the intrinsic value method of accounting in APB No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, which was permitted under Statement 123, as originally issued. We currently are evaluating the impact of Statement 123 (R) on our financial condition and results of operations.

(I) LOSS PER SHARE

Basic loss per share has been computed by dividing the loss for the year applicable to the common stockholders by the weighted average number of common shares outstanding during the years. Convertible equity instruments such as stock options, warrants, convertible debentures and notes payable are excluded from the computation of diluted loss per share, as the effect of the assumed exercises would be anti-dilutive.

(J) REVENUE RECOGNITION

The Company recognizes oil and gas revenue from its interests in producing wells as oil and gas is produced and sold from those wells. Oil and gas sold is not significantly different from the Company's share of production. Revenues from the purchase, sale and transportation of natural gas are recognized upon completion of the sale and when transported volumes are delivered. Shipping and handling costs in connection with such deliveries are included in production costs. Revenue under carried interest agreements is recorded in the period when the net proceeds become receivable, measureable and collection is reasonably assured. The time the net revenues become receivable and collection is reasonably assured depends on the terms and conditions of the relevant agreements and the practices followed by the operator. As a result, net revenues may lag the production month by one or more months.

(K) FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the requirements of SFAS No. 107, the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities approximate carrying value due to the short-term maturity of the instruments.

3. CONCENTRATIONS None.

4. INCOME TAXES

As of June 30, 2010, the Company had a net operating loss carry forward for income tax reporting purposes of approximately $7,327,698 that may be offset against future taxable income through 2026. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carry-forwards will expire unused. Accordingly, the potential tax benefits of the loss carry-forwards are offset by a valuation allowance of the same amount.

	2010	2009
Net Operating Losses	7,327,698	$701,300
Valuation Allowance	(7,327,698)	(701,300)
	$-	$-

The provision for income taxes differs from the amount computed using the federal US statutory income tax rate as follows:

	2010	2009
Provision (Benefit) at US Statutory Rate	$593,271	$519,402
Increase (Decrease) in Valuation Allowance	(593,271)	(519,402)
	$-	$-

The Company evaluates its valuation allowance requirements based on projected future operations. When circumstances change and causes a change in management's judgment about the recoverability of deferred tax assets, the impact of the change on the valuation is reflected in current income.

5. NOTES PAYABLE

On November 17, 2003, the Company repurchased 25,232,000 shares of its common stock from the previous president and treasurer. In connection, with this purchase the Company agreed to pay $150,000 for the common stock and the outstanding shareholder loan of $52,638 payable on or before March 15, 2004, at an interest rate of 6%. The loan due date has been extended and principal and interest are due on demand. At June 30, 2010 and December 31, 2009, the Company owed $148,593 and $147,624 on this loan.

Pursuant to a promissory note dated July 10, 2006, the Company borrowed $250,000 from a third party for a one year term at 5% interest. At June 30, 2010 and December 31, 2009, the Company owed $296,362 and $294,978, respectively, on this loan.

On January 13, 2010, the Company completed a $2.5 financing with firm Global Solutions Ltd. funding $1.2 million of the total. The $1.3 million of the balance was funded by management, associates of management and former Fidelis shareholders. At June 30, 2010 and December 31, 2009, the Company owed $1,304,483 and $0, respectively, on this loan.

6. SHAREHOLDER LOANS

None.

7. CREDIT LINE NOTE PAYABLE

During the year ended December 31, 2004, the Company received $1,122,250 for a stock subscription of 1,122,250 common shares. On October 25, 2004, the Company renegotiated this transaction in the form of a Convertible Debenture Credit Line of up to $5 million. In 2004 this amount was reclassified from Common Stock to be Issued to a Current Liability. The Credit Line bares interest annual rate of Libor plus 2% percent and shall be payable 2 years from the issuance. The principal amount shall be convertible, in part for $1 per Preferred Series A Shares, at the option of the Company within the first six months and thereafter by the lender until the loan is satisfied or liquidated. The Preferred Shares shall be convertible to Common Stock on a basis equivalent to 20% of Common Stock of the Company then outstanding. As of December 31, 2004, the total amount due on the Convertible Debenture Credit Line was $1,222,335.

On November 15, 2005, we entered into a replacement promissory note in the amount of $2,050,000 with Chunuk Financial Corp., which replaces the variable rate convertible credit line agreement we entered into with Chunuk on October 24, 2004 in the principal amount of up to $5,000,000. This note was due November 15, 2007. At June 30, 2010 and December 31, 2009, $452,834 and $1,125,971, respectively, was outstanding including accrued interest amounts.

8. CONVERTIBLE DEBENTURE

On November 18, 2005, we entered into a securities purchase agreement with Cornell Capital for an aggregate purchase price of $2,500,000, of which we have issued (i) a $1,250,000 secured convertible debenture, due on November 18, 2008, convertible into shares of our common stock, par value $0.001, and (ii) a warrant to purchase an aggregate of 9,000,000 additional shares of our common stock at an exercise price of $0.2708 per share exercisable until November 18, 2010. An additional $1,250,000 secured convertible debenture was issued on January 19, 2006, due January 19, 2009, just prior to the filing of a registration statement. At June 30, $4,685,341 was the debenture loan outstanding including accrued interest and liquidated damages.

Under Section 2(b) of the Registration Rights Agreement, Fidelis was to have the registration statement declared effective no later than June 26, 2006. As the initial registration statement is not yet effective Fidelis has triggered a second Event of Default for its violation of Section 2(b) of the Investor Registration Rights Agreement. Fidelis has received a demand letter from Cornell Capital demanding repayment in full of the outstanding principal balance ($2,500,000), accrued interest, and liquidated damages of 2% for each 30 days period after the Scheduled Filing deadline or the Scheduled Effective Date. Fidelis is actively in the process of negotiating a settlement with Cornell Capital. This settlement may include the sale of the North Franklin asset to pay off the debt with Cornell Capital.

The secured convertible debenture is convertible into shares of our common stock at any time by dividing the dollar amount being converted by the lower of $0.2708 or 80% of the lowest volume weighted average trading price per share of our common stock for five trading days immediately preceding the conversion date. During the fourth quarter, $145,000 of the convertible debenture was converted to common stock. The interest on the convertible debenture shall accrue on the outstanding principal balance at a rate of 5% per annum. At June 30, 2010, $203,805 was charged as an interest expense. At December 31, 2006, $600,000 had been accrued as liquidated damages on the convertible debentures, since the registration statement has not been made effective. Liquidated damages accrue at 2% per month on the outstanding amount of the convertible debenture.

The Warrant's to purchase 9,000,000 of the Company's common stock will expire on November 21, 2010. The exercise price of the warrant is $0.2708 and an exercise period of five years. The Company accounts for the fair value of these outstanding warrants to purchase common stock and the conversion feature of its convertible notes in accordance with SFAS No. 133 "Accounting For Derivative Instruments And Hedging Activities" and EITF Issue No. 00-19 "Accounting For Derivative Financial Instruments Indexed To And Potentially Settled In A Company's Own Stock;" which requires the Company to bifurcate and separately account for the conversion feature and warrants as embedded derivatives contained in the Company's convertible notes.

Pursuant to SFAS No. 133, the Company bifurcated the fair value of the conversion feature from the convertible notes, since the conversion feature were determined to not be clearly and closely related to the debt host. In addition, since the effective registration of the securities underlying the conversion feature and warrants is an event outside of the control of the Company, pursuant to EITF Issue No. 00-19, the Company recorded the fair value of the conversion feature and warrants as long-term liabilities as it was assumed that the Company would be required to net-cash settle the underlying securities.

The Company is required to carry these embedded derivatives on its balance sheet at fair value and unrealized changes in the values of these embedded derivatives are reflected in the consolidated statement of operation as "derivative valuation gain (loss)". In addition 1,823,190 warrants have been issued to H.C Wainwright and First SB Inc. respectively, each exercisable at $0.30 with terms of 5 years from November 28, 2005. For 2005, the value of the conversion feature and warrants was calculated using the Black-Scholes method as of December 31, 2005 based on the following assumptions: an average risk free rate of 3.25; a dividend yield of 0.00%; and an average volatility factor of the expected market price of the Company's common stock of 976%. The market value of the common stock at December 31, 2005 was $.14 per share.

At December 31, 2005, the derivative liability was $2,503,507 and the loss on derivative valuation was $2,503,507. For 2010, the value of the conversion feature and warrants was calculated using the Black-Scholes method as of June 30, 2010 based on the following assumptions: an average risk free rate of 4.85; a dividend yield of 0.00%; and an average volatility factor of the expected market price of the Company's common stock of 120.4%. The market value of the common stock at June 30, 2010 was $.01 per share. At June 30, 2010, the derivative liability was $62,356 and the gain on derivative valuation was $40,106.

9. COMMITMENTS

On January 1, 2009, the Company relocated its executive offices to 9107 Wilshire Blvd., Ste. 355, Beverly Hills, CA 90210. The Company rents this shared office facility on a month-to-month basis for $1,800 per month for all services.

10. RELATED PARTY TRANSACTIONS

On February 25, 2004, the Company purchased 17,430,000 of its common shares for a loan payable of $105,000. These shares were returned to treasury and cancelled. Interest at a rate of 6% has been imputed on the loan. At June 30, 2010 and December 31, 2009, respectively, the Company owes $78,483 and $76,051 on this loan.

On April 2, 2004, the Company borrowed $305,000 from a related party for direct payment on oil and gas properties. The loan had an original due date of April 2, 2005 and bears interest of 5%. The note has been extended indefinitely. At June 30, 2010 and December 31, 2009, respectively, the Company owes $180,397 and $177,450 on this loan.

On September 14, 2009, the Company borrowed $200,000 from the Company President for general working capital and project development purposes. The loan has a two year term and bears interest of 6%. At June 30, 2010 and December 31, 2009, respectively, the Company owes $206,291 and $203,541 on this loan.

On January 13, 2010, the Company completed a $2.5 financing with firm Global Solutions Ltd. funding $1.2 million of the total. The $1.3 million of the balance was funded by management, associates of management and former Fidelis shareholders.

11. COMMON STOCK

On November 17, 2003, the Company approved a 38:1 forward stock split. On March 26, 2004, the Company approved a 10:1 forward stock split. On December 10, 2004, the Company approved a 1.66:1 forward stock split. All references to common stock in the financial statements reflect the effects of these stock splits. On November 17, 2005, the Company issued 54,000,000 common shares as treasury stock held as collateral on the convertible debenture. The shares were recorded at the market value of the stock on the date of issuance, which was $0.20 per share.

On March 27, 2006, the Company issued 750,000 shares of common stock for consulting services. The shares were valued at $.225 per share.

Pursuant to this stock issuance, the Company recognized $168,750 in consulting expense. Pursuant to consulting agreements dated April 7, 2006, all of the directors and several affiliates of the Company were issued a total of 10,000,000 shares of common stock. A Form S8 was filed in relation to each share issuance on April 13, 2006. The shares issued on May 8, 2006, under the agreement and resold under the Form S-8 will be subject to the volume restrictions contained in Rule 144(e) promulgated under the Securities Act of 1933, as amended. The shares were valued at $.14 per share. Pursuant to this stock issuance, the Company recognized expense of $1,400,000.

On October 25, 2006, the Company issued 1,562,500 shares of common stock in exchange for convertible debentures of $50,000. The shares were valued at $.032 per share pursuant to the debt agreements. On November 29, 2006, the Company issued 5,937,500 shares of common stock in exchange for convertible debentures of $95,000. The shares were valued at $.016 per share pursuant to the debt agreements.

On July 10, 2009, the Company issued 82,000,000 shares of common stock to Prism Solar Industrial Co. for an asset purchase value of $200,000 in exchange for certain solar power intellectual property proprietary technology.

On April 20, 2010, the Company issued 48,000,000 shares of common stock in exchange for convertible debentures of $480,000 to Chunuk Financial Corp. as payment for a debt outstanding since 2005.

On May 20, 2010, the Company issued 195,000,000 shares of common stock to Prism Solar Industrial Co. for an asset purchase value of $500,000 in exchange for certain solar power intellectual property proprietary technology.

12. STOCK OPTIONS

Pursuant to a 2004 Stock Option and Compensation Plan, grants of shares can be made to employees, officers, directors, consultants and independent contractors of non-qualified stock options as well as for the grant of stock options to employees that qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986 or as non-qualified stock options. The Plan is administered by the Board of Directors ("Board"), which has, subject to specified limitations, the full authority to grant options and establish the terms and conditions for vesting and exercise thereof.

In order to exercise an option granted under the Plan, the optionee must pay the full exercise price of the shares being purchased. Payment may be made either: (i) in cash; or (ii) at the discretion of the Board, by delivering shares of common stock already owned by the optionee that have a fair market value equal to the applicable exercise price; or (iii) with the approval of the Board, with monies borrowed from us.

Subject to the foregoing, the Board has broad discretion to describe the terms and conditions applicable to options granted under the Plan. The Board may at any time discontinue granting options under the Plan or otherwise suspend, amend or terminate the Plan and may, with the consent of an optionee, make such modification of the terms and conditions of such optionee's option as the Board shall deem advisable.

On March 17, 2004, the Board of Directors approved a stock option plan whereby 8,000,000 common shares have been set aside for employees, officers, directors and third party service providers to be distributed at the discretion of the Board of Directors. On March 17, 2004, 1,250,000 options were granted to the five officers/directors of the Company for an exercise price of $0.10 per share, increasing annually at 6% per annum from the grant date of March 17, 2004. The term of the options is 10 years.

On April 1, 2004, the option grant was cancelled and replaced with an award for services of restricted stock. The following table sets forth the options and warrants outstanding as of March 31, 2010 and December 31, 2009:

	June 30, 2010	December 31, 2009
Options Outstanding, Beginning of period	-	-
Granted	-	-
Expired	-	-
Exercised	-	-
Options Outstanding, End of period	-	-
Exercise price for options outstanding, end of period	$-	$-

13. OIL AND GAS ACTIVITIES

As of June 30, 2010 and December 31, 2009 the Company had revenues of $0.

In March of 2005, the Company received final approval to complete the tie in of the pipeline for the first North Franklin Gas Well in California. The Well has been in production since June, 2005. Also, a second well at the North Franklin, the Archer-Wildlands #1 well was completed and has been in production since August, 2005. On May 15, 2006, the Company's third gas well, the "Archer F-1", was successfully perforated, completed and tied-in to the pipeline from the Winters sands and began commercial gas production at North Franklin. For the twelve months ended December 31, 2009, the Company had revenues of $0 from the North Franklin property.

14. SUBSEQUENT EVENTS

None.