MOUNT DAKOTA ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

APRIL 30, 2012 AND 2011

CONTENT

NOTICE TO READER

Management has prepared the condensed consolidated interim statements of financial position of Mount Dakota Energy Corp. as at April 30, 2012 and 2011, and the condensed consolidated interim statements of operations comprehensive gain and loss, and deficit, and of cash flows for the three months then ended. They have not been audited, or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, B.C.
June 28, 2012

Mount Dakota Energy Corp.

MOUNT DAKOTA ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT APRIL 30, 2012, AND 2011

(Expressed in Canadian Dollars)

	Note	**April 30, 2012 $**	**January 31, 2012 $**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		112,585	214,909
Accounts receivable		53,548	13,345
GST/HST recoverable		3,046	6,985
Prepaid expenses	4	38,097	35,196
		207,276	270,435
DEPOSITS		54,541	54,052
PROPERTY AND EQUIPMENT	3	184,311	195,335
EXPLORATION AND EVALUATION ASSETS	4	42,394	42,394
		488,522	562,216
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		160,716	255,234
Loan payable	5	6,500	10,500
Due to related parties	8	1,268,739	1,262,508
		1,435,955	1,528,242
DECOMMISSIONING PROVISIONS	6	35,178	34,978
		1,471,133	1,563,220
SHAREHOLDERS' DEFICIENCY			
SHARE CAPITAL		5,333,848	5,333,848
CONTRIBUTED SURPLUS		387,101	387,101
DEFICIT		(6,703,559)	(6,721,953)
		(982,611)	(1,001,004)
		488,522	562,216

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 13)

Approved and authorized for issue on behalf of the Board on June 28, 2012:

"Gary Claytens"	***"S. John Kim"***
Gary Claytens, Director	John Kim, Director

MOUNT DAKOTA ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE MONTHS ENDED APRIL 30, 2012 AND 2011

(Expressed in Canadian Dollars)

	Note	2012 $	2011 $
PETROLEUM AND NATURAL GAS REVENUES		66,569	62,218
DIRECT COSTS			
Production costs		9,348	25,949
Crown royalties		1,357	6,452
		10,704	32,401
GROSS OPERATING PROFIT		55,865	29,817
EXPENSES			
Accretion of decommissioning provisions		200	200
Amortization		802	61
Depletion and depreciation		10,222	13,835
Interest and bank charges		2,721	705
Legal and accounting	8[b]	3,940	3,090
Management and consulting fees	8[c]	-	72,000
Office and miscellaneous		2,071	1,135
Rent	8[a]	10,500	10,500
Share-based payments	8[c]	-	-
Transfer agent and filing fees		5,675	6,025
Travel		1,485	1,271
		37,616	109,086
OTHER INCOME (EXPENSE)			
Interest income		145	-
		18,394	-
PROFIT (LOSS) AND COMPREHENSIVE LOSS FOR THE PERIOD		18,394	(79,269)
Net Loss Per Share – Basic and Diluted		$ (0.00)	$ (0.01)
Weighted Average Shares Outstanding		8,460,087	8,460,087

MOUNT DAKOTA ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED APRIL 30, 2012 AND 2011

(Expressed in Canadian Dollars)

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		$	$	$	$
As at February 1, 2011	8,460,087	5,333,848	386,837	(6,439,686)	(719,001)
Share-based payments	–	–	264	–	264
Comprehensive loss	–	–	–	(79,269)	(79,269)
As at April 30, 2011	8,460,087	5,333,848	386,837	(6,518,955)	(798,270)
As at February 1, 2012	8,460,087	5,333,848	387,101	(6,721,953)	(1,001,004)
Comprehensive loss	–	–	–	18,394	18,394
As at April 30, 2012	8,460,087	5,333,848	387,101	(6,703,559)	(982,611)

MOUNT DAKOTA ENERGY CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED APRIL 30, 2012 AND 2011

(Expressed in Canadian Dollars)

	2012 **$**	**2011** **$**
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	18,394	(79,269)
Less items not affecting cash:		
Accretion of decommissioning provisions	200	200
Amortization	802	61
Depletion and depreciation	10,222	13,835
Share-based payments	-	264
	29,618	(64,909)
Change in non-cash components of working capital:		
Accounts receivable	(40,203)	323
Prepaid expenses and deposits	(3,390)	(4,585)
GST/HST recoverable	3,939	18,569
Accounts payable and accrued liabilities	(94,518)	(22,597)
Due to related parties	6,231	79,744
NET CASH USED IN OPERATING ACTIVITIES	(98,324)	6,545
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	-	(5,246)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	(5,246)
FINANCING ACTIVITIES		
Repayments of loan payable	(4,000)	-
NET CASH USED IN FINANCING ACTIVITIES	(4,000)	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(102,324)	1,299
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	214,909	1,086
CASH AND CASH EQUIVALENTS – END OF PERIOD	112,585	2,385
SUPPLEMENTAL DISCLOSURES		
Interest paid	2,589	600
Taxes paid	-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Mount Dakota Energy Corp. (the "Company") is incorporated under the laws of British Columbia and is primarily engaged in the acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Canada.

The head office, principal address and records office of the Company are located at Suite 1601 – 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3. The Company's registered address is at the same address.

For the three months ended April 30, 2012, the Company reported a net profit of $18,394, negative cash flow from operating activities of $98,324, an accumulated deficit of $6,703,559, and a working capital deficiency of $1,228,679. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continuance of the Company's operations is dependent on obtaining and maintaining sufficient debt or equity financing in order to realize the recoverability of the Company's investments in petroleum and natural gas properties, which is dependent upon the existence of economically recoverable reserves and market prices for petroleum and natural gas.

These condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company is currently dependent on loans from companies controlled by directors and its other creditors to maintain its operations. Management is of the opinion that sufficient working capital will be obtained from operations or external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned Canadian subsidiary, Simez Energy Resources Inc. ("Simez"). The Company acquired all of the outstanding common shares of Simez on May 11, 2007 for nominal consideration. All significant inter-company balances and transactions have been eliminated upon consolidation.

[b] Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and cashable securities that on acquisition have a term to maturity of three months or less, or may be redeemed during this period. Cash and cash equivalents are highly liquid marketable securities and deposits, which are designated as fair value through profit or loss and are recorded at their fair values with changes recognized in net loss. Fair values are determined by reference to quoted market prices at the balance sheet date. The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[c] Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based payments calculations. Actual results could differ from these estimates.

[d] Property and equipment

Property and equipment includes crude oil and natural gas development and production assets, including costs incurred in developing oil and natural gas reserves and maintaining or enhancing production from such reserves and directly attributable general and administrative costs. Property and equipment is measured at cost, less accumulated depletion and depreciation and accumulated impairment losses.

Gains and losses on disposal of an item of property and equipment, including crude oil and natural gas interests, are determined by comparing the proceeds from disposal with the net carrying amount of property and equipment and are recognized within “gain or loss on sale of assets” in income (loss).

Subsequent measurement

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in earnings as incurred. Capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing on or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized at the time of replacement or sale. The costs of the day-to-day servicing of property and equipment are recognized in earnings as incurred.

Depletion and depreciation

The net carrying value of development or production assets is depleted on a field by field basis using the unit of production method by reference to the ratio of production in the year to the related proven reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated by independent reserve engineers in accordance with Canadian Securities Regulation National Instrument 51-101. Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in reserve estimates used in prior periods, such as proved and probable reserves, that affect the unit-of-production calculations do not give rise to prior year adjustments and are dealt with on a prospective basis.

Other assets such as furniture and computer equipment recorded at cost and depreciated using the straight–line method based on their estimated useful lives of 3 years, net of any estimated residual value. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Exploration and evaluation costs

Pre-license costs are recognized as an expense when incurred. Exploration and evaluation costs ("E&E"), including the costs of acquiring licenses, exploratory drilling and completion costs and directly attributable general and administrative costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. These costs are accumulated in cost centers by field or exploration area pending determination of technical feasibility and commercial viability. Ongoing carrying costs including the costs of non-producing lease rentals are capitalized to exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable when proved reserves are determined to exist. A review of each exploration license or area is carried out, at least annually, to ascertain whether proved reserves have been discovered. Upon determination of proved reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property and equipment.

E&E assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount of reserve properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

[f] Impairment

The carrying amounts of the Company's property and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash generating unit level ("CGU"), which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[g] Provisions

(i) Legal matters

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

(ii) Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance re-mediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are recorded against the related asset. Actual costs incurred upon settlement of the decommissioning provisions are charged against the provision to the extent the provision was established.

[h] Revenue recognition

Revenue from petroleum and natural gas is recognized when title and risks pass to an external party, and there is persuasive evidence of a contract or other arrangement and collectability is reasonably assured.

[i] Foreign currency translation

The presentation currency and functional currency of the Company is the Canadian dollar. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in income.

[j] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit
- goodwill
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[k] Financial instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivable or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable, loans payable and due to related parties. At initial recognition management has classified financial assets and liabilities as follows:

(i) Financial assets

The Company has classified its cash and cash equivalents at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

The Company has classified its accounts receivable as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Financial liabilities

The Company has classified its accounts payable, loan payable and due to related parties as other financial liabilities. Accounts payable and due to related parties are recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Loan payable is measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when it its contractual obligations are discharged, cancelled or expire.

[l] Share-based payments

The Corporation grants options to purchase common shares to directors, officers, employees, consultants and certain service providers under its stock option plan. Share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. The amount recognized as a share-based payment expense during a reporting period is adjusted to reflect the number of awards expected to vest. The offset to this recorded cost is to contributed surplus.

The fair value of employee stock options is measured using the Black Scholes Option Pricing Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on short term government bonds). A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

[m] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[n] Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the period ended April 30, 2012 and 2011, the existence of stock options causes the calculation of fully diluted loss per share to be anti-dilutive. Accordingly, fully diluted loss per share is equal to basic loss per share.

[o] New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after February 1, 2013, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective February 1, 2013

IFRS 10 *Consolidated Financial Statements* - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 *Joint Arrangements* - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

IFRS 12 *Disclosure of Interests in Other Entities* - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 *Fair Value Measurement* - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

[o] New accounting standards issued but not yet effective (continued)

New accounting standards effective February 1, 2013 (continued)

Amendments to IAS 1 *Presentation of Financial Statements* - The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately.

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for the Company beginning on February 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

New accounting standards effective February 1, 2015

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

(Expressed in Canadian Dollars)

3. PROPERTY AND EQUIPMENT

		Petroleum and natural gas properties		Furniture and computer equipment		Total
Cost:						
Balance, February 1, 2011	$	466,006	$	10,372	$	476,378
Additions		30,252		-		30,252
Disposals		(266,975)		-		(266,975)
Balance, January 31, 2012	$	229,283	$	10,372	$	239,655
Additions		-		-		-
Disposals		-		-		-
Balance, April 30, 2012	$	229,283	$	10,372	$	239,655
Accumulated depletion, depreciation and amortization:						
Balance, February 1, 2011	$	(88,354)	$	(9,325)	$	(97,679)
Depletion, depreciation and amortization		(40,888)		(245)		(41,133)
Disposals		94,492		-		94,492
Balance, January 31, 2012	$	(34,750)	$	(9,570)	$	(44,320)
Depletion, depreciation and amortization		(10,222)		(802)		(11,024)
Disposals		-		-		-
Balance, April 30, 2012	$	(44,972)	$	(10,372)	$	(55,344)
Net book value:						
As at February 1, 2011	$	377,652	$	1,047	$	378,699
As at January 31, 2012	$	194,533	$	802	$	195,335
As at April 30, 2012	$	184,311	$	-	$	184,311

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	April 30, 2012	January 31, 2012
Opening balance	$ 42,394	$ 111,490
Additions	-	10,904
Dispositions	-	(70,000)
Impairment	-	(10,000)
Balance, end of period	$ 42,394	$ 42,394

Exploration and evaluation assets include the Alsike II and Alsike IV petroleum and natural gas projects. During the 2011, the Company entered into a Farm-In Agreement, whereas the farmee will farm in a 10% working interest in the Alsike II well in consideration of $70,000 of expenditures by the farmee towards further well development. As of January 31, 2012, $35,122 of the balance has been advanced through a previously outstanding accounts payables balance and the remaining balance has been recorded as prepaid expenses. Additionally, during 2011 the Company abandoned its Alsike III petroleum and natural gas project and all associated costs have been considered impaired.

5. LOAN PAYABLE

On April 30, 2009, the Company entered into a two year loan agreement with an unrelated third party under which the Company received proceeds of $25,000 repayable on April 30, 2011. During the year ended January 31, 2011, the Company repaid $12,500 of the outstanding principal. On May 1, 2011, the Company negotiated an extension of the agreement. Under the new terms, the Company is to pay a onetime extension payment of $1,000 and continuous monthly interest payments of $200 for as long as the loan principal is outstanding. During the period ended April 30, 2012, the Company paid $4,000 in principal and $400 in interest.

6. DECOMMISSIONING PROVISIONS

The following table presents the reconciliation of the opening and closing aggregate carrying amount of the decommissioning provisions associated with the petroleum and natural gas properties:

	April 30, 2012	January 31, 2012
Opening balance	$ 34,978	$ 10,456
Accretion expense	200	800
Revision in estimates	-	30,252
Settlement of provision on sale of property	-	(6,530)
Ending balance	$ 35,178	$ 34,978

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited	Common shares without par value
100,000,000	Class A preference shares with a par value of $10 per share
100,000,000	Class B preference shares with a par value of $50 per share

(b) Disclosures on any shares issued are provided in the Consolidated Statements of Changes in Equity.

As at April 30, 2012, no Class A or B preference shares have been issued.

(c) Stock Options

The Company has a stock option plan (the "Plan") whereby it may grant stock options to its directors, officers, employees and consultants. The number of stock options available under the Plan shall not exceed 20% of the issued and outstanding common shares of the Company. The exercise price of each stock option granted generally equals the market price on the date of the grant. Stock options generally vest over an eighteen-month period from the date of grant and carry a maximum term of five years as determined by the Company's board of directors.

The Company did not grant any options during the years ended January 31, 2012 and 2011. During the year ended January 31, 2012, the Company recognized compensation cost of $264 (2011 - $1,054) as share-based payments expense related to the vesting of options previously granted.

The following table summarizes the continuity of the Company's stock options outstanding:

	Number of Shares	Weighted Average Exercise Price
Outstanding, January 31, 2011	1,076,000	$0.15
Expired	(230,000)	$0.15
Outstanding, January 31, 2012 and April 30, 2012	846,000	$0.15

The following table summarizes stock options outstanding as at April 30, 2012:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.10	50,000	2.47	$0.10	50,000	$0.10
$0.15	796,000	1.25	$0.15	796,000	$0.15
$0.10 – $0.15	846,000	1.37	$0.15	846,000	$0.15

Stock options outstanding as at April 30, 2012 will expire between August 1, 2013 and October 20, 2014.

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Rent totalling $10,500 (2011 – 10,500) for office premises provided by a company controlled by a director of the Company.

(b) Accounting expense totalling $3,940 (2011 - $3,090) provided by a company controlled by a director of the Company.

(c) The remuneration of the Company's directors and other key management:

	Three months ended April 30, 2012	2011
Management fees	$ -	$ 72,000
Share-based payments	-	264
Total	$ -	$ 72,264

The above transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties. Amounts due to related parties are payable to companies controlled by two directors of the Company and are non-interest bearing, unsecured and due on demand.

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2012	2011
Canadian statutory income tax rate	25.00%	27.90%
Expected income tax recovery	$ 70,567	$ 110,725
Non-deductible expenses and others	(357)	(6,000)
Change in tax rates	-	(11,714)
Change in unrecognized deferred income tax assets	(70,210)	(93,011)
Income tax recovery	$ -	$ -

Significant components of the Company's potential deferred income tax assets are as follows:

	2012	2011
Non-capital losses carried forward	$ 264,722	$ 236,613
Capital losses carried forward	34,437	34,437
Resource pools	305,885	269,935
Equipment	19,555	19,493
Alberta royalty tax deductions	61,772	61,772
Other	8,743	2,654
	695,114	624,904
Unrecognized deferred income tax assets	(695,114)	(624,904)
Net deferred income tax assets	$ -	$ -

(Expressed in Canadian Dollars)

9. INCOME TAXES (continued)

The Company has non-capital losses for income tax purposes of $1,083,000 which may be carried forward and offset against deferred taxable income. The non-capital losses expire as follows:

Year	Amount
2026	$ 26,000
2027	143,000
2028	82,000
2030	379,000
2031	341,000
2032	112,000
	$1,083,000

In assessing the realizability of deferred income tax assets, management considers whether it is probable that some portion of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

10. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity and amounts due to related parties. The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can ultimately provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, namely acquisition and development of petroleum and natural gas properties and the production of petroleum and natural gas through participation agreements in Alberta, Canada.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at April 30, 2012, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, loan payable and due to related parties.

The Company classifies its cash and cash equivalents as fair value through profit or loss, its accounts receivable as loans and receivables and its accounts payable, loan payable and due to related parties as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

	April 30, 2012	January 31, 2012
Fair value through profit or loss	112,585	214,909
Loans and receivables	53,548	13,345
Other financial liabilities	1,435,955	1,528,242

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's financial assets and liabilities as of April 30, 2012 were calculated as follows:

	Balance at April 30, 2012 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash and cash equivalents	112,585	112,585	–	–

The Company believes that the recorded value of accounts payable approximate their current fair values because of their nature and relatively short maturity dates or durations.

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents and accounts receivable. To minimize the credit risk related to cash and cash equivalents, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. However, as at April 30, 2012 cash and cash equivalents exceed the amounts covered by federal deposit insurance. The Company continuously monitors accounts receivable to minimize risk. As at April 30, 2012 the Company's maximum risk exposure to credit risk is the carrying value of cash and cash equivalents and accounts receivable of $166,133.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions. The Company continuously monitors and reviews both actual and forecasted cash flows. As at April 30, 2012, the Company had a working capital deficiency of $1,228,679.

Contractual undiscounted cash flow requirements for financial liabilities as at April 30, 2012 are as follows:

	Less Than 1 Month $	1 – 3 Months $	4 months to Less Than 1 Year $	Years 2 – 4 $	Total $
Accounts payable and accrued liabilities	160,716	–	–	–	160,716
Loan payable	–	–	6,500	–	6,500
Due to related parties	1,268,739	–	–	–	1,268,739
Surface lease agreements	–	–	12,000	24,000	36,000
	1,429,455	–	18,500	24,000	1,471,955

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

The Company is exposed to interest rate price risk on its loan payable as it bears interest at a fixed rate. The Company has elected not to actively manage this risk.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

(Expressed in Canadian Dollars)

13. COMMITMENTS

On February 1, 2010 and March 6, 2010, the Company entered into surface lease agreements with a third party whereby the Company will pay annual consideration of $4,000 for the Alsike I property and annual consideration of $8,000 for the Alsike II property respectively for a total of five years. Total consideration paid at the end of five years will be $60,000. As at April 30, 2012, the Company has made payments of $24,000. Required payments are as follows:

2013	$ 12,000
2014	12,000
2015	12,000
	$ 36,000