

MOONCOR OIL & GAS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited prepared in Canadian dollars)

For the Three Month Period Ended March 31, 2013

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 condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Mooncor Oil & Gas Corp.
 Consolidated Statement of Financial Position (Unaudited)
 (Expressed in Canadian dollars)

| As at | March 31, 2013 | December 31, 2012 |
|--|---------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 195,457 | \$ 204,780 |
| Sundry receivable | 99,804 | 135,382 |
| Prepaid expenses | 26,572 | 20,737 |
| | <u>321,833</u> | <u>360,899</u> |
| Other Assets: | | |
| Segregated cash (Note 5) | 41,069 | 40,968 |
| Property and equipment | 505,000 | 505,000 |
| Deposits | 349,381 | 349,381 |
| | <u>895,448</u> | <u>895,349</u> |
| | <u>\$ 1,217,282</u> | <u>\$ 1,256,248</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,143,582 | \$ 1,139,166 |
| Convertible debentures payable (Note 4) | 1,124,701 | 1,099,515 |
| Reclamation and decommissioning obligation | 70,908 | 70,527 |
| | <u>2,339,191</u> | <u>2,309,208</u> |
| SHAREHOLDERS' EQUITY | | |
| Capital stock (Note 3) | \$ 18,447,248 | \$ 18,447,248 |
| Contributed surplus (Note 3) | 2,684,329 | 1,705,263 |
| Equity component of convertible debenture | 192,059 | 192,059 |
| Warrants (Note 3) | 76,614 | 1,055,680 |
| Deficit | (22,522,159) | (22,453,210) |
| | <u>(1,121,909)</u> | <u>(1,052,960)</u> |
| | <u>\$ 1,217,282</u> | <u>\$ 1,256,248</u> |

COMMITMENTS AND CONTINGENCIES (Note 8)
 SUBSEQUENT EVENTS (Note 10)

See accompanying notes to the interim condensed consolidated financial statements.

Mooncor Oil & Gas Corp.
Consolidated Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian dollars)

| | Three Months ended March 31, 2013 | Three Months ended March 31, 2012 |
|--|---|---|
| Production Revenue | \$ - | \$ 74,193 |
| Interest income | 101 | - |
| TOTAL REVENUE | <u>\$ 101</u> | <u>\$ 74,193</u> |
| EXPENSES | | |
| Consulting | - | 55,500 |
| Stock-based compensation (Note 6) | - | 35,652 |
| Professional fees | 13,607 | 19,819 |
| Production and operating expenses | - | 135,696 |
| Exploration and evaluation expenditures | - | 40,781 |
| Office and general | 21,827 | 30,016 |
| Finance costs | 25,567 | 25,466 |
| Travel | 1,149 | 2,933 |
| Insurance | 6,900 | 5,115 |
| Amortization and depletion | - | 8,255 |
| | <u>69,050</u> | <u>359,233</u> |
| Loss before income tax | (68,949) | (285,040) |
| Deferred income tax recovery | - | 7,781 |
| Net loss and Comprehensive loss for the period | <u>\$ (68,949)</u> | <u>\$ (277,259)</u> |
| Weighted Average Shares Outstanding - basic and diluted | <u>121,953,956</u> | <u>121,953,956</u> |
| Net loss per share - basic and diluted | <u>\$ (0.001)</u> | <u>\$ (0.002)</u> |

See accompanying notes to the interim condensed consolidated financial statements.

Moontor Oil & Gas Corp.
 Consolidated Statements of Changes in Equity (Unaudited)
 (Expressed in Canadian dollars)

| | Number of Shares | Capital Stock | Contributed Surplus | Equity component of convertible debenture | Warrants | Accumulated Other Comprehensive Loss | Deficit | Total Equity |
|---|--------------------|----------------------|---------------------|---|---------------------|--------------------------------------|------------------------|-----------------------|
| Balance at January 1, 2012 | 121,953,956 | \$ 17,335,713 | \$ 1,558,780 | \$ 192,059 | \$ 2,167,215 | \$ (134,125) | \$ (18,820,696) | \$ 2,298,946 |
| Stock-based compensation Warrants: | | | 35,652 | | | | | 35,652 |
| Expired warrants transferred to capital stock | | 333,292 | | | (333,292) | | | |
| Net Loss for the period | | | | | | | (277,259) | (277,259) |
| Balance at March 31, 2012 | <u>121,953,956</u> | <u>\$ 17,669,005</u> | <u>\$ 1,594,432</u> | <u>\$ 192,059</u> | <u>\$ 1,833,923</u> | <u>\$ (134,125)</u> | <u>\$ (19,097,955)</u> | <u>\$ 2,057,339</u> |
| Balance at December 31, 2012 | 121,953,956 | \$ 18,447,248 | \$ 1,705,263 | \$ 192,059 | \$ 1,055,680 | \$ - | \$ (22,453,210) | \$ (1,052,960) |
| Stock-based compensation Warrants: | | | | | | | | |
| Reallocation of expired warrants | | | 846,347 | | (846,347) | | | |
| Reallocation of expired broker warrants | | | 132,719 | | (132,719) | | | |
| Net Loss for the period | | | | | | | (68,049) | (68,049) |
| Balance at March 31, 2013 | <u>121,953,956</u> | <u>\$ 18,447,248</u> | <u>\$ 2,684,329</u> | <u>\$ 192,059</u> | <u>\$ 76,614</u> | <u>\$ -</u> | <u>\$ (22,522,159)</u> | <u>\$ (1,121,909)</u> |

See accompanying notes to the interim condensed consolidated financial statements.

Moongor Oil & Gas Corp.
Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

| | Three Months ended March 31, 2013 | Three Months ended March 31, 2012 |
|---|---|---|
| Cash flows used in operating activities | | |
| Net loss for the period | \$ (68,949) | \$ (277,259) |
| Stock-based compensation | - | 35,652 |
| Interest accrued on convertible debenture | 25,186 | - |
| Accretion of reclamation and decommissioning obligation | 381 | - |
| Amortization | - | 8,255 |
| | <u>(43,381)</u> | <u>(233,352)</u> |
| Changes in non-cash working capital balances | | |
| Sundry receivables | 35,578 | 59,314 |
| Prepaid expense | (5,834) | (12,018) |
| Deferred premium on flow through shares | - | (7,781) |
| Accounts payable and accrued liabilities | 4,415 | 97,235 |
| | <u>(9,222)</u> | <u>(96,602)</u> |
| Cash flows used in investing activities | | |
| Increase in segregated cash | (101) | (76) |
| Purchase of equipment | - | (95,000) |
| Additions to exploration and evaluation assets | - | (64,623) |
| | <u>(101)</u> | <u>(159,699)</u> |
| Net decrease in cash and cash equivalents | (9,323) | (256,301) |
| Cash and cash equivalents, beginning of period | <u>204,780</u> | <u>602,201</u> |
| Cash and cash equivalents, end of period | <u>195,457</u> | <u>\$ 345,900</u> |
| Supplemental Information | | |
| Income tax paid | - | \$ - |
| Interest paid | - | \$ 25,466 |

See accompanying notes to the interim condensed consolidated financial statements.

MOONCOR OIL & GAS CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the 3 Months Ended March 31, 2013

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTIES

Mooncor Oil & Gas Corp. (the "Company") is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and nature gas interests which are not yet in substantial commercial production. The Company is in the process of exploring other opportunities. The company is domiciled in the province of Ontario and its head office is located at 71 Marycroft Avenue, Woodbridge, Ontario, Canada. The Company is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol "MOO".

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issuance by the Company's board of directors on May 29, 2013.

These interim consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. The Company has incurred a loss in the three months ended March 31, 2013 of \$ 68,949 and has an accumulated deficit of \$ 22,522,159. The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration and the ability to secure adequate financing to meet the minimum capital required to successfully complete the projects, political risk relating to maintaining property licenses in good standing and continuing as a going concern. Management estimates that the funds available as at March 31, 2013 will not be sufficient to meet the Company's potential capital and operating expenditures through March 31, 2014. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

The challenges of securing requisite funding beyond March 31, 2013 and the continued estimated operating losses, cast significant doubt on the Company's ability to continue as a going concern. The interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance:

These interim consolidated statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee using accounting policies consistent with International Financial Reporting Standards which the Company adopted in its annual consolidated financial statements as at and for the year ended December 31, 2012.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation of and as described in note 3 to the annual consolidated financial statements as at and for the year ended December 31, 2012. Accordingly, these interim consolidated statements for the three months ended March 31, 2013 should be read

MOONCOR OIL & GAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the 3 Months Ended March 31, 2013

together with the annual consolidated financial statements as at and for the year ended December 31, 2012.

(b) Basis of presentation:

These interim consolidated statements have been prepared using the historical cost convention except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”).

(c) Basis of consolidation:

These interim consolidated statements include the financial statements of Mooncor oil and Gas Corp. and its wholly-owned subsidiaries: Mooncor Energy Inc. (an Alberta Corporation) and DRGN Energy Inc. (an Ontario Corporation).

Subsidiaries are entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are included in the interim consolidated statements from the date control is obtained until the date control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses, have been eliminated on consolidation.

3. EQUITY

a. Share capital

At March 31, 2013 and December 31, 2012 the authorized share capital comprised an unlimited number of common shares with no par value.

b. Warrants

Details of warrant transactions for the period are as follows:

| | # of Warrants | Amount \$ | Wtd. Avg. Ex. Price |
|--------------------------------|---------------------|--------------------|---------------------------|
| Balance, December 31, 2011 | 27,325,656 | \$ 2,167,215 | \$0.24 |
| Expired warrants | <u>(12,491,108)</u> | <u>(1,111,535)</u> | <u>\$0.24</u> |
| Balance, March 31, 2012 | <u>14,834,548</u> | <u>1,055,680</u> | <u>\$0.24</u> |
| Balance, December 31, 2012 | 14,834,548 | 1,055,680 | \$0.24 |
| Expired warrants | <u>(13,751,417)</u> | <u>(979,066)</u> | <u>\$0.29</u> |
| Balance, March 31, 2013 | <u>1,083,131</u> | <u>\$ 76,614</u> | <u>\$0.29</u> |

MOONCOR OIL & GAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the 3 Months Ended March 31, 2013

b. Warrants (Continued)

The following table summarizes information about the warrants (common share plus one share purchase warrant) outstanding at March 31, 2013:

| Expiry Dates | Exercise Price | # of Warrants |
|----------------|----------------|------------------|
| April 26, 2013 | 0.30 | <u>1,026,056</u> |

The following table summarizes information about the broker warrants outstanding at March 31, 2013:

| Expiry Dates | Exercise Price | # of Broker Warrants |
|----------------|----------------|----------------------|
| April 26, 2013 | 0.18 | <u>57,075</u> |

Total warrants outstanding on 31 March 2013 **1,083,131**

There were no warrants exercised or issued during the 3 month ended March 31, 2013.

c. Stock options

Details of stock option transactions for the period ended March 31, 2013 are as follows:

| | # of Options | Weighted Average Ex. Price |
|-------------------------------|------------------|----------------------------|
| Balance 31, December 2012 | 7,755,125 | \$0.21 |
| Expired | <u>(700,000)</u> | <u>\$0.14</u> |
| Balance 31, March 2013 | <u>7,055,125</u> | <u>\$0.21</u> |

MOONCOR OIL & GAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the 3 Months Ended March 31, 2013

c. Stock options (Continued)

The following table summarizes information about the options at March 31, 2013:

| Expiry Dates | Exercise Price | # of Options Outstanding and Exercisable |
|----------------|----------------|--|
| May 2, 2013 | \$0.23 | 589,000 |
| Dec 24, 2013 | \$0.15 | 1,650,000 |
| May 14, 2014 | \$0.315 | 1,025,000 |
| Dec 3, 2014 | \$0.21 | 187,500 |
| Nov, 19, 2020 | \$0.25 | 743,875 |
| April, 8, 2021 | \$0.195 | 1,525,000 |
| May, 4, 2021 | \$0.23 | 787,500 |
| May, 11, 2021 | \$0.23 | 186,000 |
| Nov, 29, 2021 | \$0.14 | 361,250 |
| | | <u>7,055,125</u> |

No stock options were exercised or issued during the 3 month period ended 31 March, 2013.

d. Contributed surplus

| | |
|---|----------------------------|
| Balance, December 31, 2012 | 1,705,263 |
| Reallocation of expired warrants | 846,347 |
| Reallocation of expired broker warrants | 132,719 |
| Balance, March 31, 2013 | <u><u>\$ 2,684,329</u></u> |

MOONCOR OIL & GAS CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the 3 Months Ended March 31, 2013

4. CONVERTIBLE DEBENTURES PAYABLE

The carrying value of the debentures payable is as follows:

| | | |
|---------------------------------|-----------|-------------------------|
| Balance, December 31, 2012 | \$ | 1,099,515 |
| Interest accrued for the period | \$ | <u>25,186</u> |
| Balance, March 31, 2013 | \$ | <u>1,124,701</u> |

In 2007, the Company issued two separate convertible debentures having a total face value of \$2,000,000 and maturing on March 28, 2010. The debentures are secured against all property and assets of the Company and bear interest at 10% per annum. Principal and interest was payable at maturity. On March 28, 2010, the Company negotiated an extension to the expiry of the debentures to June 11, 2010 with an additional extension to December 11, 2010 subject to the Company reducing the outstanding principal balance of both debentures to not less than \$1,000,000. The outstanding principal of each debenture was convertible into units of the Company at \$0.225 per unit until December 11, 2010. Each unit consisted of one common share and one-half of one warrant. Each whole warrant was exercisable for one common share at \$0.225 per share until the maturity date of the debentures. In addition, the Company issued to each holder 500,000 warrants (the "Compensation Warrants") exercisable for one common share at \$0.225 until the maturity date. On November 26, 2010, pursuant to a second extension agreement, the maturity date of the debentures was extended from December 11, 2010 to June 11, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from December 11, 2010 to June 11, 2011. In April 2011, the Company negotiated an extension of the debentures from June 11, 2011 to December 31, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from June 11, 2011 to December 31, 2011.

As a result of several amendments described above, the debentures matured on December 31, 2011 and each had \$510,719 in principal outstanding. The debentures have not been repaid and are reflected as current liabilities due on demand accruing interest at 10% per annum.

The Company has been in negotiations with the debenture holders to address extension for repayment. No agreement has yet been reached.

5. SEGREGATED CASH

The Company has reserved \$41,069 (31 December 2012 - \$40,968) in order to secure a letter of credit to the Saskatchewan Energy Resource Board. The letter of credit may be extended in one year periods on the anniversary date unless terminated in writing by the lender. These funds have been segregated in a Guaranteed Investment Certificate (GIC). The GIC bears interest at 1.00% and matures June 4, 2013.

6. RELATED PARTY TRANSACTIONS

During 2013, the Company had the following transactions with officers, directors or entities under the control or significant influence of officers and directors that have not been disclosed elsewhere in the consolidated financial statements:

Included in professional fees are legal fees and disbursements of \$ Nil (For the 3 months ended 31 March 2012 - \$11,698) to Garfinkle, Biderman LLP, a law firm in which Robbie Grossman and Barry M. Polisuk (the secretary and assistant secretary respectively) are partners. At March 31, 2013, \$11,016 of this amount is included in accounts payable and accrued liabilities.

MOONCOR OIL & GAS CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the 3 Months Ended March 31, 2013

Included in professional fees are \$6,750 (For the 3 months ended 31 March 2012 - \$23,800) paid to Nick Tsimidis, a former director and officer for CFO services pursuant to a consulting agreement. At March 31, 2013, \$38,164 (31 March 2012 - \$ 9,800) was in accounts payable and accrued liabilities.

Fees in the amount of \$ Nil (For the 3 months ended 31 March 2012 - \$47,829) were paid to Darrell Brown, former CEO of the Company. These services are provided pursuant to a consulting agreement. At March 31, 2013 \$13,125 (31 March 2012 - \$13,125) of this amount is included in accounts payable and accrued liabilities.

Key Management Compensation

The compensation of the directors and other key management of the Company are included in the summary table below. Key management is those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

| | Qtr to 31 March 2013 | Qtr to 31 March 2012 |
|--------------------------|----------------------|----------------------|
| Short-term compensation | \$6,750 | \$ 64,819 |
| Stock-based compensation | <u>\$ -</u> | <u>35,652</u> |
| Total | <u>\$6,750</u> | <u>\$ 100,471</u> |

These transactions are in the normal course of operations.

7. MANAGEMENT OF CAPITAL

There were no changes in the Company's approach to capital management during the three months ended March 31, 2013. The Company's capital includes equity comprised of share capital, warrants and broker warrants, contributed surplus, foreign currency translation reserve and deficit. To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program.

8. COMMITMENTS & CONTINGENCIES

Legal claims

During 2012, the Company was served with a statement of claim by three service providers for payment of amounts incurred in relation to work performed on the Company's oil and gas properties, for a total amount of \$418,129, two of which placed a lien against Mooncor properties. The Company has accrued the amount outstanding and is negotiating with the parties on a plan to settle the outstanding amounts.

9. RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, or cash flow risks arising from the financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk

MOONCOR OIL & GAS CORP.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the 3 Months Ended March 31, 2013

consist of cash and cash equivalents, sundry receivable and prepaid expenses. Cash and cash equivalents are held at large Canadian Financial Institutions. A significant portion of sundry receivable pertains to HST refunds with the Canada Revenue Agency. The Company does not have any outstanding audit issues with the Canada Revenue Agency which would affect the recovery of these amounts. Prepaid expenses represent amounts on deposit with a financial institution, on behalf of the Province of Alberta, to cover potential environmental cleanup liabilities, in accordance with regulations in that Province.

The Company is not aware of any issues which would impact the recovery of these deposits. The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains a majority of its surplus funds in interest bearing accounts with Canadian financial institutions, which pay interest at a floating rate. The interest on the convertible debentures payable is fixed.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The convertible debentures have matured and are currently due on demand.

10. SUBSEQUENT EVENTS

- a. Subsequent to March 31, 2013, all the company's outstanding warrants (1,083,131) expired unexercised.
- b. Subsequent to March 31, 2013, 589,000 stock options expired unexercised.