SUPER NOVA PETROLEUM CORP.

(Formerly Super Nova Minerals Corp.)

Management Discussion & Analysis
For the year ended May 31, 2014

Management Discussion and Analysis ("MD&A") focuses on significant factors that affected the performance or may affect future performance of Super Nova Petroleum Corp., formerly Super Nova Minerals Corp. ("Super Nova" or the "Company") and is intended to help the reader understand the financial statements of Super Nova. The information herein should be read in conjunction with the audited financial statements for the years ended May 31, 2014 and 2013 and related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A is the responsibility of management and is prepared as at September 29, 2014 and all monetary amounts are in Canadian dollars unless otherwise stated. Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained therein.

On April 3 2014, the Company changed its name to Super Nova Petroleum Corp. from Super Nova Minerals Corp.

COMPANY OVERVIEW

Super Nova is a Canadian resource exploration company engaged in the acquisition and exploration of mineral properties and Oil and gas properties and currently holds interests in resource properties in British Columbia and Quebec, Canada, and Montana and Texas, United States.

HIGHLIGHTS

The following are highlights of events occurring during the year ended May 31, 2014 and subsequent thereto:

Financing

- On August 29, 2013, the Company closed a private placement of 5,390,000 units at a price of $0.01 per unit for gross proceeds of $53,900. Each unit is comprised of one common share and one transferable common share purchase warrant. Each share purchase warrant is exercisable for a period of four years at an exercise price of $0.05 per share during the first year, $0.10 per share during the second year, $0.15 per share during the third year and $0.20 per share during the fourth year.

- On October 24, 2013, the Company closed a private placement of 835,000 units at a price of $0.05 for gross proceeds of $41,750, of which a total of $29,250 in subscriptions were received prior to May 31, 2013. Each unit is comprised of one common share and one transferable common share purchase warrant. Each share purchase warrant is exercisable for a period of two years at an exercise price of $0.06 per share during the first year and $0.10 per share during the second year.

- On April 15, 2014, the Company closed a private placement of 3,739,966 units at a price of $0.06 per unit each for gross proceeds of $224,398. Each unit is comprised of one common share and one transferable common share purchase warrant. Each share purchase warrant is exercisable for a period of three years at an exercise price of $0.075 per share during the first year, $0.10 per share during the second year and $0.125 per share during the third year. The Company paid a finder's fee of $3,360 and issued 70,000 broker warrants exercisable at a price of $0.075 per share during the first year, $0.10 per share during the second year and $0.125 per share during the third year of the issue date, valued at $4,181. This valuation is based on the Black-Scholes Model, which includes assumptions for risk-free interest rates 1.18%, volatility of 340.54%, and the expected life of 3 years and expected dividends of $nil.

- On July 18, 2014, the Company closed a private placement of 825,620 units at a price of $0.05 each for gross proceeds of $41,281, of which a total of 11,281 in subscriptions were received prior to May 31, 2014. Each unit is comprised of one common share and one transferable common share purchase warrant. Each share purchase warrant is exercisable for a period of three years at an exercise price of $0.075 per share during the first year, $0.10 per share during the second year and $0.125 per share during the third year.

- The Company closed a private placement of 791,500 units at a price of $0.05 per unit for gross proceeds of $39,575 and 999,974 units at a price of US$0.05 per unit for gross proceeds of US$49,998.70. Each unit is comprised of one common share and one transferable common share purchase warrant. Each share purchase warrant is exercisable for a period of three years at an exercise price of $0.075 per share during the first year, $0.10 per share during the second year, and $0.125 per share during the third year.

All proceeds raised were used as planned to fund exploration activities and general working capital.

The Company has been approved to commence trading on the O.T.C. Pinksheets as at October 21, 2013 under the symbol "SNOVF".

Properties

Bakken Land, Montana, USA

On January 16, 2014, the Company and Norstra Energy Inc. (the "Farmor") entered into a Farmout Agreement with the Company to earn an optioned 80% working interest in approximately 10,000 acres of contiguous property located in the Bakken Formation in North-West Montana, USA (the "Farmout Lands"). The Farmout Lands have been divided into three separate blocks and the Company has an option to earn an 80% working interest in each block by drilling a vertical well at each Block.

On January 29, 2014, the Company entered a purchase agreement with Glen Landry, an individual, to purchase a 100% working interest or 80% net revenue interest in an oil and gas leases covering 6,000 acres of property located in the Bakken Formation in North-West Montana, USA in by issuing 1,500,000 common shares of the Company and 1,500,000 share purchase warrants to Glen Landry. Each share purchase warrant is exercisable into one common share of the Company at $0.075 per share during the first year, $0.10 per share during the second year and $0.125 per share during the third year of the exercise period. Further, in the event that commercially feasible oil and gas reserves are discovered on the Property, the Company will issue an additional 3,500,000 common shares to the Vendor.

On February 6, 2014, the 1,500,000 common shares and the 1,500,000 share purchase warrants were issued to Glen Landry. The estimated fair value of the common shares at the issuance was $60,000 and the estimated fair value of the share purchase warrants was $59,779 using the Black-Scholes option price model with an expected life of 3 years, volatility of 297%, a risk-free rate of 1.61% and a dividend rate of 0%.

On June 6, 2014, the Company entered into a purchase and Farm-In agreement ("Letter Agreement") dated June 6, 2014 with BNV Energy Company LLC ("BNV Energy") and Norstra Energy Inc. ("Norstra") to sell approximately 2964 acres of its wholly owned Milford East Land for US$66,700 in cash, $35,000 (received) upon signing and $31,700 to be paid on July 16th, 2014 (received). This acreage is contiguous to the south of the Company's Milford Colony farm in lands in Lewis and Clark Country on the Albert Bakken Fairway in Northwest Montana. A 2% of 8/8ths overriding royalty in certain purchased lands, subject to maximum royalty interest and burdens on each section of 20%; and in consideration of cash payment helping the Company to become current on its Milford Colony obligations to Norstra and the value of the Company potentially generating commercial gas revenue to no additional cash investment.

McAfee Well, Frio County, Texas

On February 14, 2014, the Company entered an option agreement with Benlex, LLC ("Optionor") to acquire an optioned 90% pre-payout working interest (being a 67.5% net revenue interest) and 50% post-payout working interest (being a 37.5% net revenue interest) in an oil and gas lease (the "Lease") covering the McAfee Well located in Pearsall Field, Frio County, Texas.

On July 22, 2014, the Company executed a working interest earning agreement with Augusta Exploration, LLC ("Augusta") to acquire the right to earn a 20% working interest in and to certain leases relating to the Bakken Prospect.

The Company is currently in default on the Option agreement.

As at May 31, 2014, the Company has written off costs relating to the property of $22,530 to the statement of loss and comprehensive loss.

RESOURCE EXPLORATION PROJECTS

a) Marbridge Property, Quebec

Pursuant to a series of agreements, the Company entered into an option agreement to acquire a 100% interest in the Marbridge Property, located in the Lamotte Township, Quebec.

The property is subject to a net smelter return royalty of 3%, of which 2% may be purchased for $1,000,000.
As at May 31, 2014, the Company had paid the total of $83,950 in cash acquisition costs and issued a total of 1,300,000 shares of its common stock valued at $130,000. The Company had received a tax credit on qualifying exploration expenditures for the total of $13,313, which was recognized against exploration expenditures.

During the year ended May 31, 2014, the Company dropped 47 of the 52 claims comprising part of the Marbridge Property. As a result the Company wrote off costs of $342,495 to the statement of loss and comprehensive loss.

b) Iron Ridge Project, British Columbia

Pursuant to a series of agreements, the Company entered into an option to acquire a 100% interest in the Iron Ridge Property, located near Creston, British Columbia. Pursuant to the agreements, the Company agreed to pay $45,000 and issue 3,300,000 common shares.

During the year ended May 31, 2013, the Company entered into an amendment to waive a $6,000 cash payment.

The property is subject to a net smelter return royalty of 3%, of which 2% may be purchased for $1,000,000.

As at May 31, 2014, the Company had paid a total of $39,000 in cash acquisition costs, issued a total of 3,300,000 common shares valued at $230,000 and incurred $91,609 in exploration expenditures. The Company had received a tax credit on qualifying exploration expenditures for the total of $16,242, which was recognized against exploration expenditures.

c) Preissac Property

On November 2, 2012, the Company entered into a purchase agreement (the "Preissac Agreement") with Pristine Capital Corp. ("Pristine") to acquire 100% in the Preissac Property, located in the Rouyn-Noranda-Val dor mining camp in Northwest Quebec.

During the year ended May 31, 2014, the Company dropped all mineral claims comprising the Preissac Property and wrote off costs of $174,000 to the statement of loss and comprehensive loss.

d) Elk Hills Property

Pursuant to a series of agreements, the Company had entered into a farmout (the "Farmout Agreement") with Elk Hills Petroleum Canada Ltd. and Elk Hills Heavy Oil LLC (the "Farmors"). Under the terms of the agreement, the Company had a right to acquire a 50% working interest in both Morris Block and Cottonwood Creek Lease Projects within the Elk Hills Property, until the Farmors receive a total of US$3,000,000 in net revenue from oil production through their fully carried working interest and an 87.5% working interest thereafter, by completing a series of payments.

On April 29, 2014, the Company issued 650,000 common shares, valued at $29,250, to the farmors of the Elk Hills Project, as full and final settlement of any and all disputes among the parties and the farmout agreement previously entered into by the parties is now formally terminated. Accordingly all costs relating to the Elk Hills Project were written off.

e) Bakken Land, Montana, USA

On January 16, 2014, the Company and Norstra Energy Inc. (the "Farmor") entered into a Farmout Agreement with the Company to earn an optioned 80% working interest in approximately 10,000 acres of contiguous property located in the Bakken Formation in North-West Montana, USA (the "Farmout Lands"). The Farmout Lands have been divided into three separate blocks and the Company has an option to earn an 80% working interest in each block by drilling a vertical well at each Block.
The Company has committed to the following payments:

Initial Block: the Company will earn an 80% interest in the initial block of the Farmout Lands upon paying the Farmor $1,400,000 and successfully drilling an initial well, as a producer or dry hole, on the initial block lands.

The $1,400,000 will be applied as follows:

$385,000 – to reimburse the Farmor for costs incurred to date on the Farmout Lands (the "Commitment Funds").

Payment schedule of the Commitment Funds:

a) $25,000 within 30 days of execution of the agreement.
b) $15,000 to be paid monthly commencing 60 days after execution of the agreement, with the balance of all funds (after deducting all costs paid by the Company to drill the well) due later than 12 months from the date of the agreement.

$1,015,000 – being the balance of the estimated cost for the drilling of a 8,900 foot well on the initial block lands.

Second Block: Upon successful completion of the well on the initial block lands per the above terms, the Company will have the option, within 240 days from the date of rig release from the drilling of the initial block, to commence the drilling of an 8,900 foot vertical well on the second block to earn 80% working interest in the second block, subject to completion of a well on the second block as a producer or a dry hole.

Third Block: Upon successful completion of the well on the second block lands per the above terms, the Company will have the option, within 240 days from the date of rig release from the drilling of the second block, to commence the drilling of an 8,900 foot vertical well on the third block to earn an 80% working interest in the third block, subject to completion of a well on the third block as a producer or a dry hole.

The Farmout Lands are subject to royalty burdens totalling 16% and the initial block is subject to an additional royalty of 3.5%. The Farmor will retain a 20% carried working interest in all blocks.

As at May 31, 2014, the Company had paid US$25,890 to the Farmor pursuant to the Farmout agreement.

Subsequent to May 31, 2014, the Company and the Farmor reached new payment terms regarding the Farmout Lands:

1. Super Nova will pay Norstra $30,000 by August 15, 2014 (paid)
2. Super Nova will pay to Norstra an additional $11,704 by midnight September 6, 2014 (paid)
3. Norstra will allow Super Nova one month reprieve from the monthly payments, and next payment due will be $15,000 on September 15, 2014 (payment has not been made)
4. In the event of a Super Nova default, it is explicitly agreed that BNV Energy may continue its drilling operations for the initial well or any other wells already in progress unimpeded.

Subsequent to reaching new payment terms with the Farmor, the Company did not receive a default letter from the Farmor concerning the outstanding payment of $15,000 on the Farmout Lands.

Subsequent to May 31, 2014 and pursuant to the Farmout Agreement and new payment terms, the Company had paid a total of US$100,044 in cash to the Farmor.

On January 29, 2014, the Company entered a purchase agreement with Glen Landry, an individual, to purchase a 100% working interest or 80% net revenue interest in an oil and gas leases covering 6,000 acres of property located in the Bakken Formation in North-West Montana, USA in by issuing 1,500,000 common shares of the Company and 1,500,000 share purchase warrants to Glen Landry. Each share purchase warrant is exercisable into one common share of the Company at $0.075 per share during the first year, $0.10 per share during the second year and $0.125 per share during the third year of the exercise period. Further, in the event that commercially feasible oil and gas reserves are discovered on the Property, the Company will issue an additional 3,500,000 common shares to the Vendor.

On February 6, 2014, the 1,500,000 common shares and the 1,500,000 share purchase warrants were issued to Glen Landry. The estimated fair value of the common shares at the issuance was $60,000 and the estimated fair value of the share purchase warrants was $59,779 using the Black-Scholes option price model with an expected life of 3 years, volatility of 297%, a risk-free rate of 1.61% and a dividend rate of 0%.

Subsequent to May 31, 2014, the Company entered into a purchase and Farm-In agreement ("Letter Agreement") dated June 6, 2014 with BNV Energy Company LLC ("BNV Energy") and Norstra Energy Inc. ("Norstra") to sell approximately 2964 acres of its wholly owned Milford East Land for US$66,700 in cash, $35,000 (received) upon signing and $31,700 to be paid on July 16th, 2014 (received). This acreage is contiguous to the south of the Company's Milford Colony farm in lands in Lewis and Clark Country on the Albert Bakken Fairway in Northwest Montana. A 2% of 8/8ths overriding royalty in certain purchased lands, subject to maximum royalty interest and burdens on each section of 20%; and in consideration of cash payment helping the Company to become current on its Milford Colony obligations to Norstra and the value of the Company potentially generating commercial gas revenue to no additional cash investment, the Company agreed to:

1. On execution of the Letter Agreement, issue to BNV Energy 3,000,000 share purchase warrants ("the Warrants), each of which exercisable into a common share of the Company (the "warrant Shares") at a price of $0.10/Warrant Share for a period of 2 years from the date of issue of the Warrants;

2. On reaching total depth of the first gas well as more particularly described in the Letter Agreement, issue to BNV Energy 3,000,000 common shares of the Company (the "1st Tranche Shars"); and

3. On reaching total depth of the second gas well as more particularly described in the Letter Agreement, issue to BNV Energy $150,000 cash or issue that number of common shares of the Company (the "2nd Tranche Shares") as is equal to $150,000 calculated at a price per 2nd Tranche Share equal to the average of the prior 10 trading days' market close price, subject to a minimum price of $0.05/share.

f) McAfee Well, Frio County, Texas

On February 14, 2014, the Company entered an option agreement with Benlex, LLC ("Optionor") to acquire an optioned 90% pre-payout working interest (being a 67.5% net revenue interest) and 50% post-payout working interest (being a 37.5% net revenue interest) in an oil and gas lease (the "Lease") covering the McAfee Well located in Pearsall Field, Frio County, Texas by paying the following:

- US$20,000 on or before February 24, 2014, (the "One-Time Fee") (paid)
- Additional US$20,000 on or before March 31, 2014 – to reimburse costs incurred by the Optionor to date on the Lease.
- Additional US$630,000 on or before May 30, 2014 – being the balance of the estimated cost for the drilling of a horizontal extension to the McAfee Well.

Upon payment of the US$670,000 set out above, the Company will have earned a 90% pre-payout working interest in the Lease until such time as the Company has recovered all costs actually incurred to complete the drilling of the horizontal extension to the McAfee Well, including the full US$670,000 reference above. Thereafter, the Company's interest will be reduced to a 50% working interest (37.5% net revenue interest) in the Lease.

The Company is currently in default on the Option agreement.

As at May 31, 2014, the Company has written off costs relating to the property of $22,530 to the statement of loss and comprehensive loss.

The Company received an NI 51-101 report on the McAfee Well in March 2014 (refer to the Company's news release of March 13, 2014.)

SELECTED ANNUAL FINANCIAL DATA

The following selected financial information is derived from the audited financial statements and notes thereto. The information has been prepared in accordance with IFRS.

	As at May 31,		
	2014	2013	2012
Current assets	**$ 20,612**	$ 22,244	$ 178,141
Exploration and evaluation assets	**529,437**	1,502,417	703,661
Total assets	**550,049**	1,524,661	881,802
Current liabilities	**631,600**	322,458	117,888
Long term liabilities	**-**	-	14,240
Shareholders' equity	**(81,551)**	1,202,203	749,674
Total liabilities and equity	**$ 550,049**	$ 1,524,661	$ 881,802
Working capital (deficiency)	**$ (610,988)**	$ (300,214)	$ 60,253

	Years ended May 31,		
	2014	2013	2012
Revenue	**$ -**	$ -	$ -
Expenses and other items	**1,883,577**	738,428	182,961
Net loss and comprehensive loss	**$ 1,883,577**	$ 738,428	$ 182,961
Basic and diluted net loss per share	**$ 0.06**	$ 0.04	$ 0.02
Weighted average number of shares outstanding	**32,505,784**	18,781,869	11,328,694
Dividends per share	**$ -**	**$ -**	**$ -**

As Super Nova is in the exploration stage, none of the Company's current properties are in production. Therefore, mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses related to the operation of the Company's business. Consequently, the Company's loss and comprehensive loss for the year is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral and oil and gas properties. By acquiring and exploring projects of superior technical merit, the Company increases its chance of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and sale of commodities from its mineral interests, Company will report an annual loss and will rely on its ability to obtain equity or debt financing to fund ongoing operations.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operation results for the past eight quarters:

As at	**May 31, 2014**	Feb-28 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012	Aug 31, 2012
Current assets	**$ 20,612**	$ 3,607	$ 3,446	$ 6,744	$ 22,244	$ 10,274	$ 37,010	$ 167,989
Exploration and evaluation assets	**529,437**	822,642	1,533,917	1,527,417	1,502,417	943,417	891,417	716,417
Total assets	**550,049**	826,249	1,537,363	1,534,161	1,524,661	953,691	928,427	884,406
Current liabilities	**631,600**	526,476	430,842	340,511	322,458	249,642	270,808	200,982
Long term liabilities	**-**	-	-	-	-	-	-	14,240
Shareholders' equity	**(81,551)**	299,773	1,106,521	1,193,650	1,202,203	704,049	657,619	669,184
Total liabilities and equity	**$ 550,049**	$ 826,249	$ 1,537,363	$ 1,534,161	$ 1,524,661	$ 953,691	$ 928,427	$ 884,406
Working capital (deficiency)	**$ (610,988)**	$ (522,869)	$ (427,396)	$ (333,767)	$ (300,214)	$ (239,368)	$ (233,798)	$ (32,993)

	Quarters ended							
	May 31, 2014	Feb-28 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012	Aug 31, 2012
Revenue	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	**670,558**	1,025,519	99,629	87,871	119,651	158,577	304,210	155,990
Loss and comprehensive loss for the year	**$ 670,558**	$ 1,025,519	$ 99,629	$ 87,871	$ 119,651	$ 158,577	$ 304,210	$ 155,990
Basic and diluted loss per share	**$ 0.02**	$ 0.03	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.02	$ 0.01
Weighted average number of common shares outstanding	**36,778,294**	33,947,835	32,741,784	26,979,410	18,781,869	18,619,402	15,588,126	14,607,289
Dividends per share	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -

RESULTS OF OPERATIONS

Year ended May 31, 2014 compared to Year ended May 31, 2013

Net loss and comprehensive loss for the year ended May 31, 2014 was $1,883,577 (loss per share - $0.06) compared to $738,428 (loss per share - $0.01) for the year ended May 31, 2013. The increase in loss of $1,145,149 was mainly due to the write downs of exploration and evaluation assets of $1,251,723 (2013 - $nil).

An increase of $84,534 in administrative fees from $46,594 in 2013 to $131,128 in 2014 due to increase of management fee charged to the Company.

A decrease of $128,314 in consulting fees from $173,228 in 2013 to $44,914 in 2014 mainly due to decreased investor relations activities carried out by the Company.

An increase of $52,989 in corporate Communication from $99,105 in 2013 to $152,094 in 2014, due to the Company increasing its efforts to raise the public awareness of the Company and communicating with potential and existing shareholders of the Company in the current weak capital market conditions.

A decrease of $11,057 in filing fees and regulatory fees from $25,548 in 2013 to $14,491 in 2014 mainly due to less investor and financing activities as a result of weak market conditions.

A decrease of $189,407 in listing fees from $189,407 in 2013 to $nil in 2014 mainly due to the fair value of shares issued to the former shareholders of the 519 BC and costs associated with the amalgamation with 519 BC in 2013.

A decrease of $37,493 in professional fees from $110,918 in 2013 to $73,425 in 2014 mainly due to less legal fees associated with the listing of the common shares of the Company**.**

An increase of $154,991 in stock-based compensation from $nil in 2013 to $154,991 in 2014 due to stock options being granted in 2014.

Other items: The Company recorded a loss on a write down of exploration and evaluation assets of $1,251,723 (2013 - $nil). The loss increase was partially offset by increased gain on exchange of $2,122 (2013 - $nil), gain on settlement of debt of $20,334 (2013 - $nil) and flow through share recovery premium of $12,577 (2013 $1,663).

Fourth Quarter ended May 31, 2014 ("Q4 2014") compared to Fourth Quarter ended May 31, 2013 ("Q4 2013")

During the fourth quarter ended May 31, 2014, the Company incurred a loss of $670,558 compared to a loss of $119,651 for the comparative period. The increase in net loss of $550,907 was mainly due to a write down of exploration and evaluation assets of $397,690 (2013 - $nil).

Significant movements in operating expenses for the period ended May 31, 2014 include administrative fees of $62,993 (2013 - $12,073), corporate communications $119,392 (2013 – recovery of $57,673), stock based compensation $56,000 (2013 - $nil). This increase was partially offset by decreased of following activities: consulting fees of $3,496 (2013 - $96,728), listing fees of $nil (2013 - $5,470), professional fees of $19,820 (2013 - $40,084), rent of $3,531 (2013 - $8,928) and travel and entertainment of $2,301 (2013 - $5,890).

Other items: The Company recorded a loss on a write down of exploration and evaluation assets for $397,690 (2013 $nil). The loss was partially offset by increased gain on exchange of $2,122 (2013 $nil), gain on settlement of debt of $20,334 (2013 $nil) and increase flow through share recovery premium $14,240 (2013 - $1,663).

LIQUIDITY AND CAPITAL RESOURCES

The Company is in the exploration stage and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placement. On October 22, 2012, the common shares of the Company were listing on the CNSX (now "CSE"). Although public listing could increase the liquidity, the Company's ability to raise cash mainly depends on capital market conditions, commodities price, and the results of ongoing exploration programs. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activity.

The mining industry is capital intensive and there can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to explore and develop any acquisitions. There is no assurance that the Company will be successful in obtaining the funds it may require for its program or that the terms of any financing obtained will be acceptable.

The Company has no commitments for capital expenditures and financing arrangements which have been arranged but not yet used as at May 31, 2014.

<u>Liquidity</u>

The Company's working capital and deficit positions at May 31, 2014 and May 31, 2013 were as follows:

	May 31, 2014	May 31, 2013
Working capital (deficit)	**$ (610,988)**	$ (300,214)
Deficit	**$ (3,047,160)**	$ (1,163,583)

The balance of cash available at May 31, 2014 was $1,065, with a working capital deficit of $610,988.

Capital Resources

At May 31, 2014, there was a balance in share capital of $2,735,377 (May 31, 2013 - $2,336,536) representing 39,072,190 (May 31, 2013 - 26,448,880) common shares and a deficit of $3,047,160 (May 31 2013 - $1,163,583), resulting in a shareholder's equity (deficiency) of $(81,551) (May 31, 2013 - $1,202,203).

RELATED PARTY TRANSACTIONS

All related transactions balances are unsecured, interest-free, and repayable on demand. Related party transactions not disclosed elsewhere include the following:

a) Key management personnel compensation

1) The Company considers senior officers and directors to be key management. During the year ended May 31, 2014 the remuneration for key management was $60,000 (May 31, 2013 - $101,280). As at May 31, 2014, a total of $107,732 (May 31, 2013 - $47,948) payable to key management remained outstanding.

2) Stock based payments are the fair value of options granted to employees, directors, officers, and consultants of the Company, which vested 100% upon grant, during the year ended May 31, 2014 was $59,989 (May 31, 2013 - $nil).

b) Other related party transactions

Golden Dawn Minerals Inc. ("GOM"), a public traded company with common directors and officers of the Company, provides office space and administration services to the Company. During the year ended May 31, 2014, the Company incurred $109,685 (May 31, 2013 - $70,311) payable to GOM for its services provided. As at May 31, 2014, a total of $163,740 (May 31, 2013 - $64,382) remained outstanding as due to "GOM".

c) Loans received from related party

As at May 31 2014, the Company had obtained a $19,000 unsecured loan from an officer and director of the Company, which is payable on demand with no interest accruing thereon. The issuer also obtained a $15,000 unsecured loan from a relative of an officer and director, which is payable on demand with a fixed rate of $1,000 in interest accruing thereon.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied in preparation of the financial statements for the current period are consistent with those applied and disclosed in the Company's audited financial statements for the year ended May 31, 2014, with the exception of the application of certain new and amended IFRSs issued by the ISAB, which were effective for annual periods beginning on and after June 1, 2013. The Company has applied the following new and revised IFRSs in these unaudited condensed interim financial statements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended May 31, 2014 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending May 31, 2015 or later:

IFRS 9 – Financial Instruments

Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The amendments are effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements ("IFRS 10"), replaces the guidance on control and consolidation in lAS 27, Consolidated and Separate Financial Statements ("lAS 27"), and SIC-12, Consolidation- Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with lAS 27. The Company assessed its consolidation conclusions on June 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries.

IFRS 11 - Joint Arrangements

Replaces IAS 31 "Interests in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately and joint ventures to be equity accounted. The Company assessed its consolidation conclusions on June 1, 2013 and determined that the adoption of IFRS 11 did not result in any change in the consolidation status of any of its subsidiaries.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for the consolidated financial statements, unless significant events and transactions in the period require that they are provided. Accordingly, the disclosure requirements are not applicable as there were no significant events and transactions in the period relating to the Company's interests in its subsidiaries. The Company assessed its consolidation conclusions on June 1, 2013 and determined that the adoption of IFRS 12 did not result in any change in the consolidation status of any of its subsidiaries.

IFRS 13 Fair Value Measurement

IFRS 13, Fair value measurement ("IFRS 13"), provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on June 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at June 1, 2013.

IAS 1 Amendment, presentation of items of other comprehensive income

The Company has adopted the amendments to lAS I effective June 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. The Company has no items within other comprehensive income that will not be subsequently reclassified to profit or loss. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, short term loans, convertible debentures and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of Goods and Services Tax ("GST") receivable from the Canadian government and are considered low risk.

Currency risk

The Company operates primarily in Canadian dollar. There is foreign exchange risk to the Company as some of its exploration and evaluation property interests and resulting commitments are located in the United States. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they are currently held in large financial institutions.

Fair value measurements of financial assets and liabilities

Disclosure about significance of inputs used in making fair value measurements is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of receivables, due from related parties and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

OTHER RISKS AND UNCERTAINTIES

The Company's principal activity is mineral and oil and gas exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Company has taken steps to verify the title to mineral and oil and gas properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing mines.

Exploration of the Company's mineral and oil and gas exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Trends, commitments, events or uncertainties presently known or identifiable to management that are reasonably expected to have a material effect on the Company's business, financial position, or results of operations, are as follows*:*

- Current market volatility and general share price decline in the financial sector, including the Exchange, may impact the Company's ability to raise further capital and fund ongoing operations.

- To maintain operational expenses going forward, the Company will require non flow through funds either through a private placement financing, the exercise of stock options or warrants, or the sale of unproven mineral interests.

OUTSTANDING SHARE DATA

The Company's authorized capital is an unlimited number of common shares without par value. As at date of this report:

	Number outstanding	Exercise Price first year	Exercise Price second year	Exercise Price third year	Exercise Price fourth year	Expiry Date
Common shares	42,766,667					
Common shares issuable on exercise:						
Warrants	1,146,662	0.150	0.200			January 18, 2015
Warrants	1,766,666	0.125	0.175			February 25, 2015
Warrants	835,000	0.060	0.100			October 24, 2015
Warrants	1,500,000	0.075	0.100	0.125		February 6, 2017
Warrants	5,390,000	0.050	0.100	0.150	0.200	August 29, 2017
Warrants	3,809,966	0.075	0.100	0.125		April 15, 2017
Warrants	825,620	0.075	0.100	0.125		July 18, 2017
Warrants	825,383	0.075	0.100	0.125		July 18, 2017
Warrants	1,791,474	0.075	0.100	0.125		September 17, 2014
Share options	1,850,000	0.070				February 7, 2019
Share options	700,000	0.070				April 4, 2019

OFF-BALANCE SHEET ARRANGEMENTS

There are no off balance sheet items.

PROPOSED TRANSACTIONS

During the year ended May 31, 2014, the Company granted $27,272 in debenture units with a maturity date of May 31, 2015 and an interest rate of 10% payable in advance with shares of the Company. The holders of the units have the following options to conversion available to them:

- The right to convert the principal into common shares at $0.15 per share.
- The right to convert each $13,636 unit into a 1% net revenue interest in the Company's initial well drilled at the Milford Colony Prospect (Bakken Land property) within 30 days following receipt of the Company's notice of successful completion of the well.

If the initial well drilled at the Milford Colony Prospect is determined to be a dry hole, the principal shall convert automatically into common shares of the Company at a price of $0.05 per share.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

(a) Capitalized or expensed exploration and development cost

The required disclosure is presented in Note 5 to the financial statements for the year ended May 31, 2014.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward- looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the

Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Additional information relating to the Company can be obtained from SEDAR at www.sedar.com.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.