SUPER NOVA PETROLEUM CORP.
(Formerly Super Nova Minerals Corp.)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED
February 28, 2015

(Expressed in Canadian Dollars)
(Unaudited)

NOTES TO READER

These unaudited condensed interim financial statements of Super Nova Petroleum Corp. (the "Company"), for the nine months ended February 28, 2015 have been prepared by management of the Company and have not been reviewed by the Company's independent auditors, and therefore, they should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2014 which are available at SEDAR website at www.sedar.com.

SUPER NOVA PETROLEUM CORP.
(Formerly Super Nova Minerals Corp.)
Condensed interim statements of Comprehensive Loss
[Unaudited - Expressed in Canadian dollars]

	For the three months ended February 28		For the Nine months ended February 28	
	2015	2014	2015	2014
Expenses	$	$	$	$
Administrative fees	**48,543**	17,479	**139,700**	83,135
Consulting fees	**8,800**	18,000	**33,950**	26,418
Corporate communications	**3,000**	915	**23,922**	34,202
Filing fees and regulatory fees	**3,317**	3,411	**17,092**	10,958
Office	**3,617**	16,750	**9,718**	25,033
Professional fees	**710**	12,502	**50,600**	53,605
Stock-based compensation	**-**	98,991	**-**	98,991
Rent	**3,207**	1,644	**7,539**	19,402
Travel and Entertainment	**536**	131	**4,106**	5,579
	71,730	169,823	**286,627**	357,323
Other Items				
Flow through share premium	**-**	1,663	**-**	1,663
Foreign exchange loss	**-**	-	**2,624**	-
Write down of exploration and evaluation	**-**	854,033	**-**	854,033
Gain on settlement of debt	**-**	-	**(21,548)**	-
Loss and comprehensive loss	**71,730**	1,025,519	**267,703**	1,213,019
Loss per share, basic and diluted	**0.00**	0.03	**0.01**	0.04
Weighted average number of shares outstanding - basic and diluted	**46,675,000**	33,947,835	**43,492,620**	31,065,964

(The accompanying notes are an integral part of these condensed interim financial statements)

SUPER NOVA PETROLEUM CORP.
(Formerly Super Nova Minerals Corp.)
Condensed interim statements of financial position
[Expressed in Canadian dollars]

	Note	**February 28 2015 (Unaudited)**	May 31 2014
ASSETS		**$**	$
Current assets			
Cash		**52,110**	1,065
Receivables and prepayments	3	**4,975**	19,547
		57,085	20,612
Non-current assets			
Exploration and evaluation assets	4	**735,952**	529,437
Total assets		**793,037**	550,049
LIABILITIES			
Provision for indemnity	10	**32,219**	32,219
Accounts payable and accrued liabilities		**329,611**	266,637
Convertible debentures	11	**27,272**	27,272
Short term loan	6	**21,231**	34,000
Due to related parties	6	**363,563**	271,472
Flow through share premium liabilities	5	**44,000**	-
		817,896	631,600
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	**3,071,053**	2,735,377
Share subscription received in advance	5	**-**	11,281
Reserves	5	**218,951**	218,951
Deficit		**(3,314,863)**	(3,047,160)
		(24,859)	(81,551)
Total liabilities and equity (deficiency)		**793,037**	550,049

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the board of directors on **April 29, 2015** and signed on its behalf by:

/s/ Wolf Wiese
Wolf Wiese, Director

/s/ Frank Wright
Frank Wright, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

SUPER NOVA PETROLEUM CORP.
(Formerly Super Nova Minerals Corp.)
Condensed interim statements of changes in equity
[Unaudited - Expressed in Canadian dollars]

	Share Capital					
	Number of Shares	Amount	Share subscription received in advance	Reserves	Deficit	Total
		$	$	$	$	$
Balance, May 31, 2013	26,448,880	2,336,536	29,250	-	(1,163,583)	1,202,203
Property option payment	1,500,000	60,000	-	-	-	60,000
Private placement	6,225,000	95,650	-	-	-	95,650
Share based payment	-	158,771	-	-	-	158,771
Share issuance for debt	508,344	25,418	-	-	-	25,418
Share subscriptions	-	-	(29,250)	-	-	(29,250)
Loss for the period	-	-	-	-	(1,213,019)	(1,213,019)
Balance, February 28, 2014	34,682,224	2,676,375	-	-	(2,376,602)	299,773
Balance, May 31, 2014	39,072,190	2,735,377	11,281	218,951	(3,047,160)	(81,551)
Property option payment	3,000,000	120,000	-	-	-	120,000
Private placements	4,442,094	227,355	(11,281)	-	-	216,074
Flow through share premium liabilities	-	(44,000)	-	-	-	(44,000)
Share issuance for debt	1,077,383	32,321	-	-	-	32,321
Loss for the period	-	-	-	-	(267,703)	(267,703)
Balance, February 28, 2015	47,591,667	3,071,054	-	218,951	(3,314,863)	(24,859)

(The accompanying notes are an integral part of these condensed interim financial statements)

SUPER NOVA PETROLEUM CORP.
(Formerly Super Nova Minerals Corp.)
Condensed interim statements of cash flows
[Unaudited - Expressed in Canadian dollars]

	Three months ended February 28		Nine months ended February 28	
	2015	2014	2015	2014
	$	$	$	$
Cash flows from operating activities				
Loss for the period	**(71,730)**	(1,025,519)	**(267,703)**	(1,213,019)
Items not affecting cash:				
Flow through shares premium	**-**	1,663	**-**	1,663
Stock base payment	**-**	98,990	**-**	98,990
Write down of exploration and evaluation assets	**-**	854,033	**-**	854,033
Unrealised foreign exchange on convertible debt		-	**(21,548)**	-
	(71,730)	(70,833)	**(289,251)**	(258,333)
Non-Cash Working capital adjustments				
Change in receivables and prepayments	**8,618**	495	**14,572**	17,810
Change in accounts payable and accrued liabilities	**(105,768)**	(29,453)	**(38,708)**	(8,250)
Change in amount due to related parties	**126,655**	88,023	**92,091**	166,288
Net cash flows provided by (used in) operating activities	**(42,225)**	(11,768)	**(221,296)**	(82,485)
Cash flow in investing activities				
Investment in exploration and evaluation assets	**102,169**	2,424	**69,036**	(29,742)
Net cash flows provided by (used in) investing activities	**102,169**	2,424	**69,036**	(29,742)
Cash flow from financing activities				
Proceeds from issuance of shares, net of share issuance cost	**55,000**	-	**216,074**	95,650
Proceeds from short term loan	**(9,369)**	10,000	**(12,769)**	45,000
Proceeds from subscription	**(55,000)**	-	**-**	(29,250)
Net cash flows from financing activities	**(9,369)**	10,000	**203,305**	111,400
Net (decrease) in cash	**50,575**	656	**51,045**	(827)
Cash, beginning of the period	**1,535**	39	**1,065**	1,522
Cash, ending	**52,110**	695	**52,110**	695

Supplement disclosures with respect to cash flows (Note 8)
(The accompanying notes are an integral part of these financial statements)

1. NATURE AND CONTINUANCE OF OPERATIONS

Super Nova Petroleum Corp., formerly Super Nova Minerals Corp. (the "Company") was incorporated on January 21, 2005, under the British Columbia Business Corporations Act. The current registered office of the Company is located at Suite 1100, 736 Granville Street, Vancouver, British Columbia, V6Z 1G3 while the current corporate office is located at Suite 900, 525 Seymour Street, Vancouver, British Columbia, V6B 3H7. On October 2, 2012, Super Nova Minerals Corp. was amalgamated with 0922519 B.C. Ltd., and the resulting company continued under the name of Super Nova Minerals Corp. In April 2014, the Company changed its name to Super Nova Petroleum Corp. from Super Nova Minerals Corp.

The principal activity of the Company is the acquisition, exploration and development of mineral properties in British Columbia, Canada and oil and gas properties in Montana, United States. On October 22, 2012, the Company's common shares are listed for trading on the Canada National Stock Exchange ("CNSX") (now CSE) under the symbol "SNP". On October 21, 2013, the Company has been approved to trade on the O.T.C. Pinksheets under the symbol "SNOVF".

The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

The Company is a junior exploration company and has incurred losses and negative cash flows from operations since inception, and therefore, ongoing operations of the Company are dependent upon its ability to receive continued financial support, equity or debt financings. Management is actively targeting sources of additional financing which would assure the continuation of the Company's operations and exploration programs. To the extent financing is not available, rental payments, and other payments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

a) Statement of Compliance

These unaudited condensed interim financial statements ("Financial Statements") for the nine months ended February 28, 2015 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended May 31, 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar.

2. ACCOUNTING POLICIES

These Interim Financial Statement have been prepared using accounting policies consistent with those used in the Company's audited annual financial statements for the year ended May 31, 2014, with the exception of the

Unaudited - Expressed in Canadian Dollars, unless otherwise stated

2. ACCOUNTING POLICIES (cont'd…)

application of a new IFRS standard issued by the ISAB, which is applicable to the Company effective on June 1, 2014 and is described below:

Changes in accounting policies

The Company has applied IFRIC 21, Levies ("IFRIC 21"), effective June 1, 2014. IFRIC 21 provides guidance on the accounting for a liability to pay a levy, if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Levies are imposed by governments in accordance with legislation and do not include income taxes, which are accounted for under IAS 12, Income Taxes or fines or other penalties imposed for breaches of legislation. The interpretation was issued to address diversity in practice around when the liability to pay a levy is recognized. An example of a common levy is property taxes.

IFRIC 21 defines an obligating event as the activity that triggers the payment of the levy, as identified by legislation. A liability to pay a levy is recognized at the date of the obligating event, which may be at a point in time or over a period of time. The fact that an entity is economically compelled to continue to operate in the future, or prepares its financial statements on a going concern basis, does not create an obligation to pay a levy that will arise in a future period as a result of continuing to operate.

The adoption of IFRIC 21 did not affect our financial results or disclosures as our analysis determined that no changes were required to our existing accounting treatment of levies.

3. RECEIVABLES AND PREPAYMENTS

Receivables and prepayments are comprised of the following:

As at	February 28, 2015	May 31, 2014
GST Receivables	$ 975	$ 7,755
Prepayment	4,000	11,792
Receivables and prepayments	$ 4,975	$ 19,547

Unaudited - Expressed in Canadian Dollars, unless otherwise stated

4. EXPLORATION AND EVALUATION ASSETS

	Marbridge	Iron Ridge	Preissac	Elk Hills	Bakken	McAfee Well	
	(a)	(b)	(c)	(d)	(e)	(f)	Total
	$	$	$	$	$	$	$
Balance, May 31, 2013	342,495	344,367	174,000	641,555	-	-	1,502,417
Acquisition cost	-	-	-	67,728	164,670	22,530	254,928
Exploration expenditure	-	-	-	3,415	20,400	-	23,815
Write down	(342,495)	-	(174,000)	(712,698)	-	(22,530)	(1,251,723)
Balance, May 31, 2014	-	344,367	-	-	185,070	-	529,437
Acquisition cost	-	-	-	-	223,194	-	223,194
Purchase and Farm-In received	-	-	-	-	(71,679)	-	(71,679)
Exploration expenditure	-	55,000	-	-	-	-	55,000
Balance, February 28, 2015	-	399,367	-	-	336,585	-	735,952

Title to exploration and evaluation assets

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral and oil and gas properties. The Company has investigated title to all of its properties and, to the best of its knowledge; these titles are in good standing. However, this should not be construed as a guarantee of title. The mineral properties may be subject to prior claims, arguments or transfers and rights of ownership may be affected by undetected defects.

a) Marbridge Property, Quebec

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 Property, 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.

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

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

b) Iron Ridge Property, British Columbia (cont'd…)

During the nine months ended February 28, 2015, the Company incurred $55,000 in exploration expenditures.

c) Preissac Property, 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

During the year ended May 31, 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 no 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

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

e) Bakken Land, Montana, USA (cont'd…)

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 November 30, 2014, the Company had paid a total of US$100,040 in cash to the Farmor to pursuant to the Farmout Agreement and new payment terms.

On November 26, 2014, the Company and Farmor signed a substitute marketing agreement to extinguish and replace the prior agreement; The Company did not commence required drilling and did not make all the payments required by the agreements.

In the substitute marketing agreement, the Company retains the option to fund through its own funds or through its marketing efforts the development of the Farmout lands with the Farmor receiving a 20% carried working interest for the first well in each of seven earning tracts. Earning of each earning tract with no further obligations will be to the maximum true vertical depth of a well on that tract. All depths of a tract are earned by drilling to the bottom of the Bakken formation. Super Nova or its funding partners shall have the exclusive right for 90 days after rig-release or after continuous operations, to earn further depths, within an earned Earning Tract, in the case that not all depths are earned. No ongoing property payments are required.

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

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

e) Bakken Land, Montana, USA (cont'd…)

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 Shares"); 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.

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 by issuing 7,000,000 common shares and 5,000,000 common share purchase warrants exercisable at $0.10/share for the first year and $0.15/share for the second year.

On September 6, 2014, the Company and BNV Energy Company LLC ("BNV Energy") joint venture partner, commenced the drilling operations on the Eagle #1. The well was cased and cemented on September 12, 2014. Total depth reach was 3,134 feet measured depth. The well was drilled on Super Nova's Milford Colony lands on the Bakken Fairway in North – West Montana (see the news release of September 3, 2014). Preliminary results indicate the presence of hydrocarbons that were detected in both drill cuttings and mud gas log readings. For further details of this initial test results, please see the news release of September 22, 2014.

On October 21, 2014, the Company issued 3 million shares value $120,000 to BNV Energy as described in the Letter Agreement.

f) McAfee Well, Frio County, Texas

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.

1. SHARE CAPITAL

Common shares

Authorized: An unlimited number of common shares without par value.

On July 19, 2013, the Company issued 508,334 common shares at a value of $5,083 in settlement of debt in the amount of $25,417 with an unrelated party realizing a gain on settlement debt of $20,334.

5. **SHARE CAPITAL** (cont'd…)

Common shares (cont'd…)

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 February 6, 2014, pursuant to a property purchase agreement dated January 29, 2014 (re: Bakken Formation 6,000 acres), the Company issued 1,500,000 units at a fair value of $60,000 per share to vendor. The warrants were valued pursuant to Note 5.

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 April 29, 2014, the Company issued 650,000 common shares pursuant to the settlement of outstanding claims by Elk Hills Project in the amount of $29,250 under a farm-out agreement the entered into with the Company dated August 12, 2013, as amended (Note 5).

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.

On July 18, 2014, the Company issued 825,383 common shares at a value of $24,761 in settlement of debt in the amount of $41,269 with an unrelated party realizing a gain on settlement debt of $16,508. 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.

On July 18, 2014, the Company issued 252,000 common shares at a value of 7,560 in settlement of debt in the amount of $12,600 with an unrelated party realizing a gain on settlement debt of $5,040.

5. SHARE CAPITAL (cont'd…)

Common shares (cont'd…)

On September 18, 2014, the Company closed a private placement of 791,500 units at a price of $0.05 per unit for gross proceeds of $39,575, of which a total of $27,050 in subscriptions were received prior to August 31, 2014 and 999,974 units at a price of US$0.05 per unit for gross proceeds of US$49,998 was received prior to August 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.

On October 21, 2014, the Company issued 3 million shares value $120,000 to BNV Energy as described in the Letter Agreement.

On November 12, 2014, the Company closed a private placement of 725,000 units at a price of $0.05 each for gross proceeds of $36,250. 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.

On February 13, 2015, the Company closed a private placement of 1,100,000 flow-through units at a price of $0.05 each for gross proceeds of $55,000. Each unit is comprised of one common share and one transferable common share purchases warrant. Each share purchase warrant is exercisable for a period of two years at an exercise price of $0.075 per share during the first year, $0.10 per share during the second year. A total of $44,000 in flow-through share premium liability was recorded as a result of the private placement.

Escrowed common shares

At the nine months ended February 28, 2015, 1,435,813 (May 31, 2014 - 2,153,721) common shares were held in escrow and were due to be released in stages up to November 30, 2015.

Stock options

The Company grants stock options to employees, directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the "Plan").

Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 10% of the number of issued and outstanding common shares of the Company at the time of granting of options.

On February 7, 2014, the Company granted 2,475,000 stock options, which vested 100% upon grant, to management, employees, and directors exercisable for a period of five years at $0.07 per option.

The fair value per option is $0.04 and was calculated using a Black-Scholes model, which includes assumptions for risk-free interest rates 1.59%, volatility of 354.88%, and an expected option life of 5 years.

On April 4, 2014, the Company granted 700,000 stock options, which vested 100% upon grant, to a consultant of the Company, exercisable for a period of five years at $0.07 per option.

Unaudited - Expressed in Canadian Dollars, unless otherwise stated

5. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

The fair value per option is $0.07 and was calculated using a Black-Scholes model, which includes a assumptions for risk-free interest rates 1.75%, volatility of 395.75%, and an expected option life of 5 years.

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

	Number of Options	Weighted average price
At May 31 2013	-	$ -
Granted	3,175,000	0.07
Forfeited	(625,000)	0.07
Stock Options outstanding at May 31, 2014 February 28, 2015	**2,550,000**	**$ 0.07**

Information regarding options outstanding as February 28, 2015 is as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date	Remaining contractual life (years)
1,850,000	$ 0.07	February 7, 2019	3.95
700,000	0.07	April 4, 2019	4.10
2,550,000	$ 0.07		

Share purchase warrants

The following table summarizes the warrants activity:

	Number of warrants	Weighted average price
Balance at May 31, 2013	2,913,328	$ 0.185
Issued	11,534,966	$ 0.100
Balance at May 31, 2014	14,448,294	0.117
Issued	5,267,477	0.078
Expired	(2,913,328)	(0.18)
Balance at February 28, 2015	**16,802,443**	**$ 0.11**

Unaudited - Expressed in Canadian Dollars, unless otherwise stated

5. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

Information regarding share purchase warrants outstanding as February 28, 2015 is as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date	Remaining contractual life (years)
835,000	0.100	October 24, 2015	0.7
5,390,000	0.100	August 29, 2017	2.5
3,809,966	0.100	April 15, 2017	2.1
1,500,000	0.100	February 6, 2017	1.9
1,651,003	0.075	July 18, 2017	2.4
1,791.474	0.075	September 17, 2017	2.6
725,000	0.075	November 12, 2017	2.7
1,100,000	0.075	February 13, 2017	2.0
16,802,443			

As at February 28, 2015, the weighted-average remaining contractual life of warrants was 2.24 years.

6. 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

The Company considers senior officers and directors to be key management. During the three months ended and nine months ended February 28, 2015, the Company accrued remuneration for key management was $30,000 and $85,000 respectively (same period last year - $12,100 and $45,000). As at February 28, 2015, a total of $155,093 (May 31, 2014 - $107,732) payable to key management remained outstanding.

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 three months and nine month ended February 28, 2015, the Company incurred $23,971 and $71,347 respectively (same period last year - $23,702 and $85,215) payable to GOM for its services provided. As at February 28, 2015, a total of $214,703 (May 31, 2014 - $163,740) remained outstanding as due to "GOM".

6. RELATED PARTY TRANSACTIONS (cont'd…)

c) Loans received from related party

As at February 28, 2015, the Company had obtained a $6,232 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.

7. 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 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.

7. FINANCIAL INSTRUMENTS (cont'd…)

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 would be 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 to related parties, short term loans, convertible debentures and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

- During the nine months ended February 28, 2015, the Company issued 1,077,383 common shares and 825,583 warrants (November 30, 2013 - 508,344 and nil warrant) as payment for $32,321 (February 28, 2015 - $25,418) owed to the unrelated debt holders.
- During the nine months ended February 28, 2015, the Company issued 3 million common shares, valued at $120,000 as per Letter Agreement (same period last year issued 1.5 million common shares, valued at $60,000) were issued for option payment.
- As at February 28, 2015, a total of $142,019 (same period last year - $68,739) in exploration and evaluation assets were accrued through accounts payable and accrued liabilities.

9. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management since the nine months ended February 28, 2015. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placements or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

10. COMMITMENTS

Flow-Through Exploration Expenditures

During the year ended May 31, 2013, the Company raised a total of $85,440 in flow-through funds, which the Company is committed to use in exploration activities on its active projects. The Company allocated $14,240 of the proceeds to the flow through share premium liability and the remaining proceeds of $71,200 to share capital. As at May 31, 2014, the Company did not incur eligible exploration expenses which resulted in a penalty and accrued interest totaling approximately $32,219 recognised as indemnity expense in the statement of loss and compressive loss. The remaining premium liability of $12,577 was realized through profit and loss as a result.

11. CONVERTIBLE DEBENTURES

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.