SUPER NOVA PETROLEUM CORP.

SUPER NOVA PETROLEUM CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
November 30, 2015
(Unaudited)

(Expressed in Canadian Dollars)

900-525 Seymour Street Vancouver BC Canada V6B 3H7
P. 604.221.8936 F. 604.336.1490

NOTICE OF NO AUDITORS' REVIEW OF CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

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

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SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Income Loss and Comprehensive Income Loss (unaudited)
[Expressed in Canadian dollars]

		Three months ended November 30		Six months ended November 30	
	Notes	**2015**	**2014**	**2015**	**2014**
Expenses					
Administrative fees	**5**	**$ 32,046**	$50,668	**$ 43,828**	$91,157
Consulting fees		**7,500**	14,702	**15,000**	25,150
Corporate communications		**-**	6,490	**1,129**	20,922
Filing fees and regulatory fees		**5,632**	9,127	**9,170**	13,775
Office		**6,178**	1,355	**9,508**	6,101
Professional fees	**5**	**9,125**	37,915	**20,125**	49,890
Rent		**2,296**	2,814	**6,642**	4,332
Travel and entertainment		**-**	1,100	**-**	3,570
		62,777	124,171	**105,402**	214,897
Other Items					
Foreign exchange loss		**11**	142	**11**	2,624
Gain on settlement of debt		**-**	-	**-**	(21,548)
Proceeds on property assignment	**3**	**(73,597)**	-	**(73,597)**	-
		(73,586)	142	**(73,586)**	(18,924)
(Income) Loss and comprehensive (income) loss		**$ (10,809)**	$124,313	**$ 31,816**	$195,973
(Income) Loss per share, basic and diluted		**$ (0.00)**	$ 0.00	**$ 0.00**	$ 0.00
Weighted average number of shares outstanding - basic and diluted		**44,591,667**	43,894,084	**46,444,126**	41,927,515

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

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SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Financial Position (unaudited)
[Expressed in Canadian dollars]

	Note	**November 30 2015**	May 31 2015 Restated – Note 1
ASSETS		**$**	$
Current assets			
Cash		**141**	1,331
Receivables and prepayments		**688**	1,200
		829	2,531
Non-current assets			
Exploration and evaluation assets	3	**8,846**	-
Total assets		**9,675**	2,531
LIABILITIES			
Provision for indemnity	8	**32,219**	32,219
Accounts payable and accrued liabilities		**302,752**	449,332
Convertible debentures	7	**27,272**	27,272
Short term loan	5	**15,000**	15,000
Due to related parties	5	**431,435**	215,895
		808,678	739,718
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	4	**2,951,053**	3,071,053
Reserves	4	**218,951**	218,951
Deficit		**(3,969,007)**	(4,027,191)
		(799,003)	(737,187)
Total liabilities and equity		**9,675**	2,531

Nature and continuance of operations (Note 1)
Events subsequent to the reporting period (Note 11)

Approved and authorized for issue by the board of directors on January 25, 2016 and signed on its behalf by:

/s/ Wolf Wiese
Wolf Wiese, Director

/s/ Dieter Benz
Dieter Benz, Director

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

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SUPER NOVA PETROLEUM 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 Restated – Note 1	Total Restated- Note 1
		$	$	$	$	$
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	3,342,094	172,355	(11,281)	-	-	161,074
Share subscriptions	-	-	55,000	-	-	55,000
Share issuance for debt	1,077,383	32,321	-	-	-	32,321
Loss for the period	-	-	-	-	(195,973)	(195,973)
Balance, November 30, 2014	46,491,667	3,060,053	55,000	218,951	(3,243,133)	90,871
Balance, May 31, 2015 (Restated – Note 1)	47,591,667	3,071,053	-	218,951	(4,027,191)	(737,187)
Receipt of treasury shares (Note 3)	(3,000,000)	(120,000)	-	-	90,000	(30,000)
Loss for the period	-	-	-	-	(31,816)	(31,816)
Balance, November 30, 2015	**44,591,667**	**2,951,053**	**-**	**218,951**	**(3,969,007)**	**(799,003)**

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

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SUPER NOVA PETROLEUM CORP.
Condensed Interim Statements of Cash Flows (unaudited)
[Expressed in Canadian dollars]

	Six months ended November 30	
	2015	2014
Cash flows from operating activities		
Loss for the period	**$ (31,816)**	$ (195,973)
Items not affecting cash:		
Unrealised foregin exchange on convertible debt	**-**	(21,548)
Proceeds from assigment of property	**(73,597)**	-
Changes in non-cash working capital items:		
Change in receivables and prepayments	**512**	5,954
Change in accounts payable and accrued liabilities	**(7,228)**	67,060
Change in due to related parties	**75,557**	(34,564)
Net cash flow used in operating activities	**(36,572)**	(179,071)
Cash flow used in investing activities		
Investment in exploration and evaluation assets	**(8,846)**	(153,133)
Net cash flows used in investing activities	**(8,846)**	(153,133)
Cash flow from financing activities		
Proceeds from issuance of shares, net of share issuance cost	**-**	281,074
Proceeds from short term loan	**-**	(3,400)
Proceeds from subscriptions received in advance	**-**	55,000
Due to related parties	**44,228**	-
Net cash flows from financing activities	**44,228**	332,674
Net increase (decrease) in cash	**(1,190)**	470
Cash, beginning of the period	**1,331**	1,065
Cash, end of the period	**$ 141**	$ 1,535

Supplement disclosure with respect to cash flow (Note 9)

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

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1. NATURE AND CONTINUANCE OF OPERATIONS

Super Nova Petroleum 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 were listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SNP". On October 21, 2013, the Company was 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, including comparatives have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*". These financial statements should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2015.

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.

c) Restatement

The Company has restated the comparative May 31, 2015 balances to correctly record the renunciation of tax benefit to subscribers of flow-through shares in December 2014.

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd…)

a) Restatement (cont'd…)

In October 2014, the Company closed a private placement of 1,100,000 flow-through units at a price of $0.05 per unit for gross proceeds of $55,000. A total of $44,000 in flow-through share premium liability was recorded as a result of the private placement. As of May 31, 2015, all $55,000 in qualified expenditures had been incurred and the tax benefits renounced to investors. As a result, the Company should have recognized the $44,000 of flow-through share premium liability into other income.

The effect on the statement of financial position as of May 30, 2105 is a reclassification of $44,000 between flow-through share premium liability and deficit. For the year ended May 31, 2015, net loss decreased by $44,000 from $1,024,031 to $980,031. There was no effect to cash flow from operations, investing or activities. There was also no impact on the current or comparative period for the three-month and six-month period ended November 30, 2015 and 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Financial Statements have been prepared using accounting policies consistent with those used in the Company's audited annual financial statements for the year ended May 31, 2015.

Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2015 reporting period. Management does not expect these standards will have a significant impact on the measurement or presentation of balances or transactions as reported in these financial statements.

(a) IAS 1 Presentation of Financial Statements

IAS 1 is amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment is effective for years beginning on or after January 1, 2016.

(b) IFRS 7 Financial Instruments: Disclosures

IFRS 7 is amended to (i) add specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, and (ii) clarify that the additional disclosure required by the amendments to IFRS 7, *Disclosure – Offsetting financial assets and financial liabilities*, is not specifically required for interim periods, unless required by IAS 34. The amendment is effective for years beginning on or after January 1, 2016.

(c) IAS 34, Interim Financial Reporting

IAS 34 is amended to clarify what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is effective for years beginning on or after January 1, 2016. The amendment is retrospective.

Expressed in Canadian Dollars, unless otherwise stated

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd…)

Accounting standards issued but not yet effective (cont'd…)

(d) IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets

IAS 16 and IAS 38 are amended to clarify that the use of a revenue-based depreciation and amortization method is not appropriate and provide a rebuttable presumption for intangible assets. The amendment is effective for years beginning on or after January 1, 2016.

(e) IFRS 15 Revenue from Contracts with Customers

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard is effective for years beginning on or after January 1, 2017.

(f) IFRS 9, Financial Instruments

The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking "expected loss" impairment model. The standard is mandatory for years beginning on or after January 1, 2018.

3. **EXPLORATION AND EVALUATION ASSETS**

	Iron Ridge	Bakken	
	(a)	(b)	Total
	$	$	$
Balance, May 31, 2014	344,367	185,070	529,437
Acquisition cost	-	199,896	199,896
Purchase and Farm-In received	-	(71,679)	(71,679)
Exploration expenditure	55,000	66,895	121,895
Writedown	(399,367)	(380,182)	(779,549)
Balance, May 31, 2015	-	-	-
Exploration expenditure	8,846	-	8,846
Balance, November 30, 2015	8,846	-	8,846

3. **EXPLORATION AND EVALUATION ASSETS** (cont'd…)

a) 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 Company agreed to pay $39,000 (paid) and issue 3,300,000 common shares (issued at a value of $230,000).

During the year ended May 31, 2015, due to a delay of exploration activity, the Company wrote off acquisition and exploration costs of $399,367 to the statement of loss and comprehensive loss.

During the six months ended November 30, 2015, the Company incurred $8,846 on sampling. The Company is yet to decide its operation strategy on this property.

b) Bakken Land, Montana, USA

On January 16, 2014, the Company and Norstra Energy Inc. (the "Farmor") entered into a Farmout Agreement whereby the Company can 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 June 6, 2014, the Company entered into a purchase and Farm-In agreement ("Letter Agreement") 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 (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

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

During the year ended May 31, 2015, the Company wrote off costs relating to the property of $380,182 to the statement of loss and comprehensive loss.

On September 21, 2015 by way of a Purchase and Sale Agreement the Company assigned its 20% working interest in an exploration well in the Bakken to BNV Energy. In consideration of the assignment the Company received back from the BNV Energy the 3,000,000 common shares (valued at $30,000) of Super Nova Petroleum Corp. which was issued pursuant to the Letter Agreement in October 2014. Also, in consideration BNV Energy cancels an outstanding invoice in the amount of $43,597 (US$35,054).

4. SHARE CAPITAL

Share Capital

Authorized - unlimited number of common shares without par value.
Outstanding - as of November 30, 2015, the Company has 47,591,667 shares issued and outstanding, of which 3,000,000 shares are held in treasury.

4. SHARE CAPITAL (cont'd…)

Treasury shares:

On September 21, 2015 by way of a Purchase and Sale Agreement the Company assigned its 20% working interest in an exploration well in the Bakken to BNV Energy. As part of the consideration, the Company received back from the BNV Energy the 3,000,000 common shares (valued at $30,000) of Super Nova Petroleum Corp. which was issued to BNV Energy in October 2014 pursuant to the Letter Agreement. As of November 30, 2015, the shares are still in treasury. (Note 3)

Share issuances:

There were no share issuances during the six months ended November 30, 2015.

During the year ended May 31, 2015:

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 unrelated parties 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.

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 and 999,974 units at a price of US$0.05 per unit for gross proceeds of US$49,998. 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 with a value of $120,000 to BNV Energy as described in the Letter Agreement (Note 3).

On November 12, 2014, the Company closed a private placement of 725,000 units at a price of $0.05 per unit 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.

Expressed in Canadian Dollars, unless otherwise stated

4. SHARE CAPITAL (cont'd…)

Share issuances (cont'd…)

In October 2014, the Company closed a private placement of 1,100,000 flow-through units at a price of $0.05 per unit 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.

Escrowed common shares

As at the period ended November 30, 2015, Nil (May 31, 2015 – 717,905) common shares were held in escrow.

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.

There was no stock option transactions during the year ended May 31, 2015 or the six month period ended November 30, 2015.

Information regarding stock options outstanding as at November 30, 2015 is as follows:

Number of options outstanding and exercisable		**Exercise price**	**Expiry date**
1,850,000	$	0.07	February 7, 2019
700,000		0.07	April 4, 2019
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, 2014	14,448,294		0.117
Issued	5,267,477		0.078
Expired	(2,913,328)		(0.18)
Balance at May 31, 2015	**16,802,443**	**$**	**0.09**
Expired	(835,000)		(0.10)
Balance at November 30, 2015	**15,967,443**	**$**	**0.12**

Expressed in Canadian Dollars, unless otherwise stated

4. SHARE CAPITAL (cont'd…)

Share purchase warrants (cont'd…)

Information regarding share purchase warrants outstanding as November 30, 2015 is as follows:

Number of warrants outstanding and exercisable	Exercise price	Expiry date
5,390,000	0.15	August 29, 2017
3,809,966	0.10	April 15, 2017
1,500,000	0.10	February 6, 2017
1,651,003	0.10	July 18, 2017
1,791,474	0.10	September 17, 2017
725,000	0.10	November 12, 2017
1,100,000	0.075	February 13, 2017
15,967,443		

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six month period ended November 30, 2015:

a) During the six months ended November 30, 2015, $30,000 of management fee was accrued in administration expenses to a company controlled by CEO. During the year ended May 31, 2015, the Company waived the accrued remuneration for key management. Management fees therefore were $nil for the year ended May 31, 2015. As at November 30, 2015, $83,490 (May 31, 2015 - $60,000) was payable or outstanding to key management.

b) 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 six month period ended November 30, 2015, the Company incurred $45,557(2014 - $47,375) payable to GOM for its services provided. As at November 30, 2015, a total of $332,192 (May 31, 2015 - $213,452) remained outstanding as due to GOM.

c) During the six month ended November 30, 2015, the Company paid $19,625 (2014 - $Nil) to the former CFO.

d) During the year ended May 31, 2015, the Company obtained $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. The balance remains unpaid as of November 30, 2015.

e) Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

6. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, short term loan, 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.

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:

6. FINANCIAL INSTRUMENTS (cont'd…)

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 loan, convertible debentures and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

7. 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.

The initial well drilled at the Milford Colony Prospect was determined to be a dry hole, resulting in the principal amount of $27,272 automatically converting into common shares of the Company at a price of $0.05 per share for a total of 545,440 common shares of the Company to be issued. In January 2016, the 545,440 common shares were issued.

8. PROVISION FOR INDEMNITY

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.

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the six months ended November 30, 2015:
1) pursuant to a Purchase and Sales Agreement entered on September 21, 2015, the Company received back from the BNV Energy the 3,000,000 common shares (valued at $30,000) of Super Nova Petroleum Corp. Also, in consideration BNV Energy cancels an outstanding invoice in the amount of $43,597 (US$35,054) (Note 3).

During the six months ended November 30, 2014:
1) the Company issued 1,077,383 common shares and 825,583 warrants as payment for $53,869 owed to the unrelated debt holders.

2) the Company issued 3,000,000 common shares valued at $120,000 for acquisition of exploration and evaluation assets.

10. 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 year ended May 31, 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.

11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

1) On December 21, 2015, the Company held its Annual General and Special Meeting of Shareholders, on which the shareholders approved of consolidating its issued and outstanding shares on the basis of up to one new commons share for every existing ten common shares, or on such other basis as the board of directors determines. On January 14, 2016, the 10:1 consolidation was in effect.

2) In January 2016, 545,440 common shares were issued to settle $27,272 of convertible debenture (Note 7).