Management's Discussion and Analysis

Year Ended

December 31, 2012

3MV ENERGY

*The following Management's Discussion and Analysis ("**MD&A**") as provided by the management of 3MV Energy Corp. ("**3MV Energy**", or the "**Corporation**") formerly Noravena Capital Corporation ("**Noravena**") reports on the financial condition and the results of operations for the three and twelve month periods ended December 31, 2012 and the two and eight month periods ended December 31, 2011 and should be read in conjunction with the December 31, 2012, December 31, 2011 and April 30, 2011 audited consolidated financial statements and notes thereto. The audited financial statements for the period ended December 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial measures are expressed in Canadian dollars unless otherwise indicated. This commentary is based on the information available as at and is dated April 26, 2013.*

Description of the Company

3MV Energy Corp. ("3MV Energy") is the corporation resulting from the 3-cornered amalgamation (the "Amalgamation") of 3MV Energy Inc., Noravena Capital Corporation ("Noravena"), a capital pool company listed on the TSX Venture Exchange and Noravena's wholly owned subsidiary Noravena Acquisition Corporation, completed on January 29, 2012. Noravena issued 20.27 shares for each 3MV Energy Inc. share then consolidated its shares one for ten (1:10) and changed its name to "3MV Energy Corp." 3MV Energy is based in Calgary and engaged in the exploration, development, production and acquisition of petroleum and natural gas reserves in Western Canada primarily Saskatchewan. The address of the registered office is #250, 305-10 Ave SE Calgary, Alberta T2G 0W2.

3MV Energy Inc. was a corporation resulting from the prior merger of Seawall Energy Management Corp. ("Seawall") and 3 Martini Ventures Inc. ("3M Ventures"). Seawall was incorporated under the Business Corporation Act (Alberta) on March 4, 2010. On September 1, 2011 Seawall changed its name to "3MV Energy Inc." 3M Ventures was incorporated under the Business Corporations Act (Alberta) on March 31, 2008. 3M Ventures had a wholly owned subsidiary, Buckhorn Resources Ltd. On June 30, 2011 Seawall and 3M Ventures completed a Plan of Arrangement (the "Arrangement") in which each 3M Ventures share was transferred to Seawall, and each holder received 3.63 Seawall Shares for each 3M Ventures Class A Share and 1.815 Seawall shares for each 3M Ventures Class B Share. 3M Ventures shareholders acquired a majority share of Seawall. For accounting purposes, 3M Ventures was considered the acquirer and Seawall the acquiree. In accordance with IFRS 3, the consolidated financial statements in the name of 3MV Energy Inc. (formerly Seawall Energy Management Corp.), are however a continuation of the consolidated financial statements of 3M Ventures, the accounting acquirer.

As noted above, on January 29, 2012 3MV Energy Inc. and Noravena completed the Amalgamation in which each 3MV Energy Inc. share was acquired by Noravena, and each holder received Noravena shares for 3MV Energy Inc. shares. 3MV Energy Inc. shareholders acquired a majority share of Noravena. The consolidated financial statements are in the name of 3MV Energy Corp. (formerly Noravena), and are a continuation of the consolidated financial statements of 3MV Energy Inc.

Basis of Presentation

On February 23, 2012, 3MV Energy filed notice as required to change its yearend. As such the Corporation's year-end has been changed from April 30 to December 31 in order to be consistent with peer companies. Notice of this change can be viewed on the SEDAR web site at www.sedar.com. The consolidated financial statements and comparative information have been prepared in accordance with IFRS. For a summary of the Corporation's detailed accounting policies, refer to notes 3 and 4 of the Corporation's December 31, 2012 consolidated financial statements. The following MD&A compares the results of the three and twelve months ended December 31, 2012 to the two and eight months ended December 31, 2011. The term "Q4 2012" or similar terms are used throughout this document and refer to the three month period ended December 31, 2012.

Forward-Looking Information

This document contains forward-looking statements. More particularly, this document contains statements concerning the anticipated exploration and development activities of the Corporation.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning the application of regulatory regimes, prevailing commodity prices and exchange rates, availability and cost of labour and services, the timing and receipt of regulatory approvals, the performance of existing wells, the success obtained in drilling new wells, the performance of new wells and the sufficiency of budgeted capital expenditures in carrying out planned activities.

Although 3MV Energy believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements as the Corporation can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks.

Such factors include, but are not limited to: the risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health and safety and environmental risks; commodity price and exchange rate fluctuations; uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; regulatory risks including royalty regimes; and financial liquidity risks).

Forward-looking statements contained in this document are made as of the date hereof and 3MV Energy undertakes no obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

BOE Conversion

Where amounts are expressed on a barrel of oil equivalent (“boe”) basis, natural gas volumes have been converted to boe using a ratio of six thousand cubic feet (“Mcf”) of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an industry standard energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Boe figures may be misleading, particularly if used in isolation.

Non-IFRS Measurements

Certain financial measures referred to in this MD&A, such as funds generated from operations, are not prescribed by IFRS. Funds generated from operations is calculated based on cash flows from operating activities before changes in non-cash working capital, transaction costs and decommissioning provision expenditures incurred. 3MV Energy uses funds generated from operations to analyze operating performance and leverage, and considers funds generated from operations to be a key measure as it demonstrates the Corporation’s ability to generate cash necessary to fund future capital investments and repay debt.

This MD&A also contains other industry benchmarks and terms, such as working capital (deficiency) (calculated as current assets less current liabilities) and operating netbacks (calculated on a per unit basis as oil, gas and natural gas liquids revenues, less royalties, transportation and operating costs), which are not recognized measures under IFRS. Management believes that in addition to net income and cash flow from operating activities, working capital, and operating netbacks are useful supplemental measures as they provide an indication of 3MV Energy’s operating performance, leverage and liquidity. Investors should be cautioned, however, that these measures should not be construed as an alternative to both net income and cash flow from operating activities, which are determined in accordance with IFRS, as indicators of 3MV Energy’s performance.

The following table reconciles funds generated from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	Twelve months ended December 31, 2012	Eight months ended December 31, 2011
Cash flows from operating activities	**(269,367)**	1,014,742
Share-based payments	**(711,080)**	(400,007)
Transaction costs	**200,866**	-
Changes in non-cash working capital	**(1,436,931)**	(1,211,694)
Funds generated by operation (as defined above)	**(2,216,512)**	(596,959)

2012 highlights

- Debt Repayment
    - Total repayment which amounted to $6 million plus any accrued interest. The Corporation repaid in full the indebtedness under the operating loan facility on October 23, 2012 and its secured subordinated credit facility on November 14, 2012.

- Financings
    - Closing of a non-brokered private placement of 20,000,000 units at a price of $0.25 per Unit for gross proceeds of $5,000,000 on October 19, 2012. A director of the Corporation was the sole subscriber to the Offering and became a new "Control Person" as defined in the TSX Venture Exchange.
    - Closing of a $1,000,000 non-brokered private placement financing of convertible debentures on November 14, 2012. A director of the Corporation is the sole subscriber for the convertible debenture.
    - Closing of a series of non-brokered private placements issuances of 1,940,000 Units for gross proceeds of $485,000 during the fourth quarter of 2012. Included in the private placements were 300,000 shares issued on a “flow through” basis with respect to Canadian exploration expenses.
    - Conversion of $1,477,550 in trade debt relating to trade and professional services into 5,910,209 common shares and 5,148,641 warrants in Q4 2012.
    - Obtaining of a loan facility of up to $1,000,000 on December 21, 2012. An initial drawdown of $500,000 was made at year end.

- Operations
    - Closing of the amalgamation between 3MV Energy Inc. and Noravena Capital Corporation. Noravena has changed its name to “3MV Energy Corp.” on January 29, 2012 and following the amalgamation, 3MV Energy Corp. resumed trading on the TSX Venture under the trading symbol TMV.
    - Exchange of 3MV Energy shares and warrants for 1696704 Alberta Ltd. shares and warrants thereby re-acquiring a 75% working interest in two wells drilled by 1696704 Alberta Ltd. on December 19, 2012.
    - Work began on completion of the two wells drilled by 1696704 Alberta Ltd in the Corporation’s Fiske asset play in the fourth quarter of 2012.
    - Drilling of an in-fill well in the Fiske area at the end of December 2012. The well is still awaiting completion.
    - Subsequent to December 31, 2012 the Corporation completed the acquisition of assets in its core Fiske area. The land acquired is subject to the current farm-in agreement and includes 18 additional sections. Following the completion of the transaction, 3MV owns a high working interest in 53 sections of land in the Fiske play of west central Saskatchewan. The acquisition is funded through a $2,000,000 non-brokered private placement financing of convertible debentures.

Results of Operations

Production

Production in Q4 2012 was 108.5 boe/d which represents an 58 percent decrease over the two month period ended December 31, 2011, in which the Corporation produced 260.0 boe/d. Production in the twelve month period ended December 31, 2012 was 170.5 boe/d which represents a 15 percent decrease over the eight month period ended December 31, 2011, in which the Corporation produced 201.6 boe/d. During 2012 the Corporation drilled 3 gross (3 net) wells with 1 of the wells coming into production subsequent to year end. Of these wells 2 relate to the joint venture with 1696704 Alberta Ltd, in which the Corporation acquired 100% of the interest in Q4, 2012. The Corporation drilled 5 gross (5 net) wells in the Fiske play during the latter half of 2011 which increased the Corporation's production. The decreased drilling has caused the production to naturally trend downwards when comparing 12 months ended December 31, 2012 to eight months ended December 31, 2011. Additionally, for the three months ended December 31, 2012, major weather challenges created pipeline shut-ins and sales meter congestion at crucial times causing production and sales disruption for the period.

Production for the quarter ended December 31, 2012 was comprised of 85.1 bbls/d of light crude oil and natural gas liquids ("NGLs") and 140.3 thousand cubic feet per day ("Mcf/d") of natural gas. 3MV Energy's product volume mix during the quarter ended December 31, 2012 was 78 percent oil and NGLs and 22 percent natural gas compared to 82 percent oil and NGLs and 18 percent natural gas during the two month period ended December 31, 2011. Production in the twelve month period ended December 31, 2012 was comprised of 133.4 bbls/d of light crude oil and NGLs and 223 Mcf/d of natural gas. 3MV Energy's product volume mix during the twelve month period ended December 31, 2012 was 78 percent oil and NGLs and 22 percent natural gas compared to 76 percent oil and NGLs and 24 percent natural gas in the eight month period ended December 31, 2011. The Corporation's product mix has remained fairly constant over the course of 2012.

	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Daily Production:						
Light crude oil (bbls/d)	**80.1**	207.0	(61.3%)	**127.8**	147.0	(13.1%)
Natural gas (Mcf/d)	**140.3**	281.9	(50.2%)	**223.0**	293.4	(24.0%)
Natural gas liquids (bbls/d)	**5.0**	6.1	(17.1%)	**5.6**	5.7	(1.9%)
Total boe/d (6:1)	**108.5**	260.0	(58.3%)	**170.5**	201.6	(15.4%)

Commodity Markets

3MV's realized price for its light crude oil and NGLs in the fourth quarter of 2012 was $75.70/bbl (two month period ended December 31, 2011 – $95.03/bbl) compared to an Edmonton Light Sweet benchmark par price of $83.99/bbl (two month period ended December 31, 2011 – $99.47/bbl). For the 2012 year, the Corporation's realized price for its light crude oil and NGLs was $78.54/bbl compared to the 2011 realized price of $87.83/bbl.

The Corporation realized $77.19 /bbl on the sale of its light crude oil independently from the NGLs representing 92% of its benchmark, Edmonton Light Sweet, for the period. Over the two months ending December 31, 2011 the Corporation realized $95.63/bbl or 96% of Edmonton Light Sweet. Capacity constraints at the Corporation's usual purchaser terminal were one of the causes for the decrease in the realized price in the fourth quarter of 2012. As a result, the Corporation had to ship its oil to a different terminal where it received a discounted price.

During the three-month period ended December 31, 2012, the Corporations' benchmark crude oil price fell 16% from the same period last year. Over the course of the year ended December 31, 2012 the Corporations' benchmark crude oil price fell 10% over the 8 month period ending December 31, 2011. The Corporation experienced a reduction in its realized price for light crude oil over the course of fiscal year due to widening crude oil differentials caused by capacity constraints in the refining market due to increased supply in the area. 3MV Energy's production is sold in Canada and is sensitive to world crude oil price variations.

3MV realized a gas price of $3.04/Mcf for Q4 2012 compared to $2.84/Mcf in the two month period ended December 31, 2011. In the current quarter the Corporation's realized gas price represented 99% of its benchmark price, AECO-C spot, which averaged $3.06/Mcf over the period. During the two months ended December 31, 2011 the Corporation saw realized gas prices of $3.37/Mcf or 84% of AECO-C. Over the course of a year ended December 31, 2012 realized gas prices fell to 78% of benchmark compared to 90% over the 8 month period ending December 31, 2011. It should be noted the gas revenue currently earned is minimal in relation to the total revenues of the Corporation. The Corporation's current natural gas production is associated gas from oil production.

	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Average Benchmark Prices						
Crude oil – Edmonton Light Sweet ($ per bbl)	**83.99**	99.47	(16%)	**86.10**	95.72	(10%)
Natural gas – AECO-C Spot ($ per Mcf)	**3.06**	3.37	(9%)	**2.40**	3.64	(34%)
3MV`s Average Realized Prices						
Crude oil and natural gas liquids ($ per bbl)	**75.70**	95.03	(20%)	**78.54**	87.83	(11%)
Natural gas ($ per Mcf)	**3.04**	2.84	7%	**1.86**	3.29	(44%)

Revenues

For the quarter ended December 31, 2012, 3MV Energy's revenues decreased 51 percent to $0.6 million from $1.3 million for the two months ended December 31, 2011. The decrease in revenue, period over period, is a result of a 58 percent decrease in total production due to less drilling activity in concert with a lower realized price. For the year ended December 31, 2012, 3MV Energy's revenues increased slightly to $4.0 million when compared to the eight month period ended December 31, 2011. The reason for the slight increase is due to the difference between the comparable periods (12 months in 2012 versus 8 months in 2011).

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Revenues by product						
Light crude oil	**568,842**	1,207,368	(53%)	**3,722,792**	3,370,644	10%
Natural gas	**39,179**	48,905	(20%)	**151,273**	225,174	(33%)
Natural gas liquids	**24,133**	27,586	(13%)	**100,185**	90,924	10%
Total revenues	**632,154**	1,283,859	(51%)	**3,974,250**	3,686,742	8%
Total revenues per boe	**63.31**	80.94	(22%)	**63.85**	74.70	(15%)

Royalties

Royalty payments are made to the owners of the mineral rights on leases, which include provincial governments and freehold landowners, as well as to other third parties by way of contractual overriding royalties. Overriding royalties are generally paid to third parties where 3MV Energy has entered into agreements to earn an interest in their mineral rights by investing capital in their property.

For the quarter ended December 31, 2012, royalties incurred net of the Saskatchewan resource surcharge (SRS) accrual decreased 71 percent to $53 thousand from $181 thousand for the two month period ended December 31, 2011 due primarily to lower average production volumes for the period. The Corporation's average royalty rate for Q4 2012 was 8 percent of revenue compared to 14 percent for the two month period ended December 31, 2011. The principal cause for the large change in royalties as a percent of revenue was the Corporation's production exceeded sales for the 2 months ended December 31, 2011 whereas the opposite was true for the Q4 2012.

The Saskatchewan resource surcharge (SRS) is a royalty tax that is imposed based on a percent of sales. The Corporation accrued for SRS in 2012 and 2011. The annual SRS accrual is shown separately as it alters the quarterly actual royalty rate incurred.

For the year ended December 31, 2012, total royalties decreased 3 percent to $482 thousand from $499 thousand for the eight month period ended December 31, 2011. The Corporation's total average royalty rate for the year ended December 31, 2012 was 12 percent of revenue compared to 13 percent for the eight month period ended December 31, 2011. The decrease can be attributed to the disposal of 2 higher royalty rate wells during 2012. In addition, the Corporation generated more production from lower royalty wells in 2012 than in 2011.

Royalties (continued)

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Royalty expenses						
Net SRS Accrual	**52,503**	180,779	(71%)	**429,204**	436,448	(2%)
% of revenue	**8.31%**	14.08%	(56%)	**10.80%**	11.84%	(9%)
Saskatchewan Resource surcharge (SRS) accrual	**52,758**	62,675	(16%)	**52,758**	62,675	(16%)
Total royalties recorded	**105,261**	243,454	(57%)	**481,962**	499,123	(3%)
$ per boe	**10.54**	15.35	(22%)	**7.74**	10.11	(23%)
% of revenue	**16.65%**	18.96%	(12%)	**12.13%**	13.54%	(10%)

Operating and Transportation Expenses

Operating expenses totaled $356 thousand or $35.66/boe for the quarter ended December 31, 2012 as compared to $429 thousand or $27.06/boe for the two month period ended December 31, 2011, representing a 32 percent increase per boe. The increase in the operating cost per boe is largely the result of decreased production over the period. As production increases, the operating expenses per boe will be within industry standards.

Operating expenses totaled $1.7 million or $27.84/boe for the twelve months ended December 31, 2012 as compared to $1.3 million or $27.49/boe for the eight months ended December 31, 2011. While on a per boe basis the increase was fairly small, the Corporation did see an increase in equipment rental charges, fuel and power and property taxes in 2012 when compared to 2011 due to additional wells producing on an annual average. In addition, trucking costs increased as greater amounts of product was getting trucked from its Fiske locations than in 2011 when the majority of production came from the Dodsland area. This was offset by a reduction in condensate and repair charges incurred over the year.

The total amount of operating expenses incurred decreased over the three month period ended December 31, 2012 compared to the two month period ended December 31, 2011 as the Corporation gained experience in the Fiske area resulting in operating efficiencies. Further reduction of operating expenses in 2013 are anticipated as rental equipment is removed in the first half of the year, and depending on capital available, the completion of the Fiske battery that was started in late 2011.

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Operating & transportation expenses						
Total	**356,048**	429,208	(17%)	**1,733,160**	1,324,716	31%
Total operating costs per boe	**35.66**	27.06	32%	**27.84**	26.84	4%

General and Administrative ("G&A") Expenses

During the quarter ended December 31, 2012, G&A totaled $643 thousand or $64.43/boe as compared to the two months ended December 31, 2011 where G&A expenses were $1.1 million or $68.82/boe. The decrease in general and administrative charges in the last 3 months of 2012 was due to the Corporation incurring $197 thousand in professional service charges during Q4 2012 compared to $463 thousand during the two months ended December 2011. In the closing two months of 2011 the professional charges incurred were significant due to the plan of arrangement between 3MV Energy and 3 Martini Ventures Inc and the amalgamation between 3MV and Noravena. In Q4 2012, professional fees related largely to transactions the Corporation undertook including the repayment of its senior and subordinated loans and share for debt transactions. This reduction was offset by $194 thousand in severance charges incurred by the Corporation in Q4 2012 relating to the reduction of head office staff late in the year. Of the amount expensed, $146 thousand was settled via non-cash share issuance subsequent to year end. Also included in G&A expenses for the quarter is $44 thousand in share based compensation expense that relates to stock options issued to employees and directors of the Corporation compared to $400 thousand in the 2 months ending December 31, 2011.

During the twelve month period ended December 31, 2012, G&A totaled $3.5 million or $55.78/boe as compared to the eight month period ended December 31, 2011 where G&A totaled $2.3 million or $46.56/boe. The increase period over period can be attributed to the comparison of the twelve month period to the eight month period, however more specifically, the Corporation incurred $711 of share base expense in the twelve month period ended December 31, 2012 compared to only $318 thousand in the eight month period ended December 31, 2011. As noted above the Corporation incurred $194 in severance charges in 2012 in which did not exist in 2011. Other general and administrative expenses remained fairly constant on a monthly basis between the twelve months period ended December 31, 2012 and eight month period ended December 31, 2011. The Corporation did see an increase in the amount of payroll and consulting fees incurred per month during 2012 when compared to 2011. However with the head office staff reductions that occurred in August 2012, the Corporation expects G&A to decrease in 2013.

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
General & administrative expenses						
Total	**643,328**	1,091,636	(41%)	**3,472,362**	2,297,722	51%
Total G&A costs per boe	**64,43**	68.82	(6%)	**55.78**	46.56	20%

Share-Based Compensation

For the fourth quarter ended December 31, 2012, 3MV Energy expensed $44 thousand in share-based compensation related to outstanding stock options compared to $400 thousand for the two month period ended December 31, 2011. For the twelve months ended December 31, 2012, 3MV Energy expensed $711 thousand in share-based compensation compared to $400 thousand for the eight month period ended December 31, 2011. Share-based compensation increased due to options being issued to management and directors at the end of 2011 and in Q1 2012. In Q3 2012, the board of directors moved to cancel all existing director options, which resulted in an acceleration of the share based expense, thus leading to a higher amount expensed compared to prior quarters. The cancellation of the director's options in Q3 2012 resulted in less options being outstanding during Q4 and a lower amount of share-based compensation expense was recognized for the period. As at December 31, 2012, there were 557,902 stock options outstanding. There were no stock options granted, or exercised during the fourth quarter of 2012. As of twelve months ended December 31, 2012, 165,865 options were cancelled and 268,425 options were forfeited.

Share-based compensation is a non-cash calculation, utilizing the Black-Scholes model, or the estimated cost associated with options granted to purchase common shares of the Corporation. The share-based compensation expense reflects the value ascribed to the non-cash compensation provided by 3MV Energy to directors, officers, employees and consultants of the Corporation. This expense may not represent actual cash compensation realized by the recipients of the options upon the eventual exercise and disposition of these options.

Depletion and Depreciation

For the quarter ended December 31, 2012, depletion and depreciation expense was $304 thousand or $30.45/boe compared to the two months ended December 31, 2011 expense of $560 thousand or $35.29/boe. The cause of the decrease in depletion in the fourth quarter of 2012 relates to the decrease in production over that period. For the twelve months ended December 31, 2012, depletion and depreciation expense was $1.8 million or $28.29/boe as compared to the eight months ended December 31, 2011 in which the expense was $1.7 million or $34.90/boe. The decrease in depletion on a per boe basis for the twelve month period ended December 31, 2012, is the result of lower production for the period slightly offset by an increase in net book value of Corporation's assets. The net book value of 3MV Energy's petroleum and natural gas assets at December 31, 2012 was $17.2 million compared to $11.6 million as at December 31, 2011. The increase in net book value period over period is due to capital spending during the year offset by subsequent depletion. An impairment reversal was also recognized by the Corporation in the period ended December 31, 2012 totaling $1.5 million.

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Depletion & Depreciation						
Total	**304,060**	559,758	(46%)	**1,760,959**	1,722,388	2%
Total Depletion & Depreciation costs per boe	**30.45**	35.29	(14%)	**28.29**	34.90	(19%)

Impairment

An impairment reversal totaling $1.1 million was recognized in the year ended December 31, 2012. The partial impairment reversal was relating to the Dodsland-Other Cash Generating Unit (“CGU”). In the prior fiscal year impairment arose as a result of reduced reserve values of certain properties. In the year ended December 31, 2012 the reserve value assigned to the Dodsland-Other CGU increased. With the indication of an impairment reversal, 3MV tested the CGU’s recoverable amount and found a reversal for previously impaired assets was warranted. Of the total $13.8 million impairment loss recognized in 2011, $2.5 million was reversed in the year ended December 31, 2012 which represented the proved plus probable reserve value discounted between 10% and 15% before tax depending on the reserve value classification, as calculated by the Corporation’s external reserve evaluators.

Conversely, impairment indicators existed at the Company’s Fiske CGU. Indicators included declined forecasted future commodity prices, an increase in capital expenditures for the area which resulted in a reduction in proved plus probable reserve value as estimated by the external reserve engineers. 3MV management therefore completed an impairment calculation for the Fiske CGU and found the carry amount to be greater than the estimated recoverable amount. This resulted in impairment recognition of $1.4 million to the Fiske CGU.

The net of impact of the impairment loss and impairment reversal for the two CGUs totaled $1.1 million of impairment reversal.

Transaction and Share Listing Expense

On January 29, 2012, the Corporation closed the amalgamation between 3MV Inc. and Noravena. All of the issued and outstanding shares of 3MV Inc. were acquired on the basis of 20.27 pre-consolidation common shares of Noravena for each one common share of 3MV Inc. Following the amalgamation Noravena changed its name to "3MV Energy Corp." and consolidated its common shares on the basis of one post-consolidation common share for each ten pre-consolidation common shares (1:10). Following the amalgamation, 3MV Energy Corp. resumed trading on the TSX Venture under the trading symbol TMV.

Under the rules of IFRS, a capital pool corporation does not meet the definition of a business. As a result, the excess of the fair value of the consideration given over the net assets of the capital pool corporation is recorded as a share listing expense on the statement of comprehensive loss. As this was a non cash transaction, the amount is added back to the cash flow from operating activities on the consolidated statement of cash flows. Of the Corporation’s $5.7 million loss for the year ended December 31, 2012, $1.5 million related to the share listing expense.

Finance Costs

Finance costs include both interest and bank charges incurred in the quarter as well as accretion expense.

Interest and bank charges for Q4 2012 were $174 thousand compared to $17 thousand for the two month period ended December 31, 2011. The increase in the charges between the two periods is the result of a $2 million subordinated loan facility being fully drawn for a portion of Q4 2012 whereas a $1 million subordinated loan was repaid in the early stages of the two months ended December 31, 2011 period. In addition, the amount of the senior operating loan outstanding was higher in Q4 2012 when compared to the two month period ending December 31, 2011 before being repaid in full on October 23, 2012. During the fourth quarter of 2012, the Corporation issued $1 million in convertible debentures and drew down $500 thousand on a new loan. The related interest charges on these facilities were included in Q4 2012.

On a twelve month basis, finance costs rose to $540 thousand for the year ended December 31, 2012 compared to $170 thousand for the eight month period ended December 31, 2011. The increase period over period can be attributed to the increase in the interest rate on the subordinated loan as of July 1, 2012 as a result of the Corporation being in default of financial covenants. In addition, the amount drawn on the senior operating loan was higher on average for the 2012 fiscal year when compared to the eight month period ended December 31, 2011.

Finance Costs (continued)

Included in finance costs is accretion expense. Accretion expense for the fourth quarter of 2012 was $13 thousand compared to $7 thousand for the last 2 months of 2011. Accretion expense for the 2012 year was $45 thousand compared to $28 thousand for the eight months ending December 31, 2011. The accretion expense represents the change in the time value of the underlying decommissioning provision. Accretion expense on decommissioning provisions increased for the year ended December 31, 2012 due to the new wells and facilities added as a result of the Company's capital additions during 2012.

Included in the accretion expense for the year was $3 thousand ($nil in 2011) relating to the convertible debenture financing issued by the Corporation in Q4 2012. The debentures, net of the equity component and issue costs are accreted using the effective interest rate method over the two year term of debentures.

Income Taxes

For the year ended December 31, 2012, 3MV recorded a net tax recovery of $117 thousand compared to a $2.0 million net tax recovery during the eight months ended December 31, 2011.

As at December 31, 2012, 3MV Energy had approximately $15,633,000 of available oil and gas tax pools and non-capital losses of $8,064,722 to offset future taxable income. The following table details the tax pools for the periods ended December 31, 2012, December 31, 2012:

$	December 31, 2012	December 31, 2011
Canadian oil and gas tax pools	15,633,000	12,913,452
Non capital losses	8,064,722	2,266,122
Total tax pools	**23,697,722**	15,179,574

Funds Generated by Operations

For the quarter ended December 31, 2012, funds generated by operations increased 40 percent to a loss of $633 thousand or ($63.39)/boe compared to a loss of $1 million or $(68.63)/boe during the two months ended December 31, 2011. On a three month basis, this change can be attributed to lower realized revenues on a per barrel basis combined with an increased operating cost per boe offset by a slight reduction in G&A expense incurred per barrel. The large change in the two periods can be attributed to a large decrease in current taxes per boe. In addition, it should be noted that the decrease in production caused the per barrel number of the costs incurred during the period to increase. As production increases the costs per barrel will be more in line with industry standards.

For the twelve months ended December 31, 2012, funds generated by operations decreased 249 percent to a loss of $2.2 million or ($35.61)/boe compared to a loss of $597 thousand or ($12.10)/boe during the eight months ended December 31, 2011. The change in the loss generated by operations can be attributed to a lower realized price per barrel offset by a slight decrease in royalties per boe leading to a 24% decrease in the Corporations operating netback. The loss was further widened by an increase in general and administrative expenses and interest charges. The large increase in G&A costs are attributed to the reverse takeover of Noravena in Q1 2012 as well a significant amount of professional expenses incurred in conjunction with corporate restructuring. Income tax expense incurred decreased from an eight month total of $19 thousand for the period ended December 31, 2011 to $8 thousand incurred at the end of December 31, 2012.

The following table summarizes the netbacks on a barrel of oil equivalent basis for the three and twelve month periods ended December 31, 2012 and the two and eight month periods ended December 31, 2011. These figures are determined by taking the revenue and expense amounts from the financial statements divided by total production for the period. Note that the interest expense amount is net of accretion.

$/boe	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Petroleum & natural gas revenues	**63.31**	80.94	(22%)	**63.85**	74.70	(15%)
Royalties	**10.54**	15.35	(31%)	**7.74**	10.11	(23%)
Operating costs	**35.66**	27.06	32%	**27.84**	26.84	4%
Operating netback	**17.11**	38.53	(56%)	**28.26**	37.75	(25%)
General & admin. expenses	**64.43**	68.82	(6%)	**55.78**	46.56	20%
Interest expense	**16.07**	0.63	1467%	**7.96**	2.89	175%
Income taxes – current	**-**	(35.30)	(100%)	**0.13**	0.39	(67%)
Funds generated from operations	**(63.39)**	(66.22)	(4%)	**(35.61)**	(12.10)	194%

Earnings per share

Basic and diluted loss per share

	Loss for the period $	Weighted average number of shares	Per share amount $
Twelve months ended December 31, 2012			
Basic and diluted	(4,677,214)	18,040,381	(0.26)
Three months ended December 31, 2012			
Basic and diluted	97,046	33,656,793	0.00
Two months ended December 31, 2011			
Basic and diluted	(12,685,811)	642,941	(19.73)
Eight months ended December 31, 2011			
Basic and diluted	(13,994,459)	469,176	(29.72)

The effect of warrants and stock options outstanding on loss per share for the periods ended December 31, 2012 and 2011 is anti-dilutive.

In accordance with IFRS, the Corporation revised the amount of weighted average shares outstanding during the eight months ended December 31, 2011 and the twelve months ended April 30, 2011. As there was a ten to one share consolidation in the current period, the comparative periods have been adjusted accordingly.

Summary of Quarterly Results

	Three months ended			
	Dec. 31 2012	Sept. 30 2012	Jun. 30 2012	Mar. 31 2012
Petroleum & natural gas revenues, before royalties (1)	**632,154**	832,753	1,079,333	1,430,010
Funds generated by operations ($/boe)(1)	**(63.39)**	(56.26)	(49.19)	5.19
Operating netback ($/boe) (1)	**17.11**	26.03	25.84	37.43
Net Capital expenditures (1)	**2,339,484**	(934,608)	827,408	3,161,026
Earnings (Loss)	**97,046**	(1,327,868)	(1,306,308)	(2,139,110)
Earnings (Loss) per share (Basic and Diluted) (1)	**0.00**	(0.09)	(0.09)	(0.18)

	Two months ended	Three months ended		
	Dec. 31 2011	Oct. 31 2011	Jul. 31 2011	Apr. 30 2011
Petroleum & natural gas revenues, before royalties (1)	1,283,859	1,205,784	1,197,099	1,300,125
Funds generated by operations ($/boe) (1)	(66.22)	1.33	(47.46)	1.40
Operating netback (1)	38.53	28.15	48.47	38.67
Capital expenditures (1)	4,660,838	3,204,855	1,393,927	428,842
Earnings (Loss)	(12,685,811)	(303,253)	(955,395)	(430,726)
Earnings (Loss) per share (Basic and Diluted) (1) (2)	(27.6)	(0.7)	(2.80)	(1.40)

Note:

1) This financial information has been extracted from 3MV's unaudited quarterly financial statements and previously disclosed amounts included in management discussion and analysis. The Corporation was private as at December 31, 2011 and quarterly information for previous periods is disclosed as was available.
2) In accordance with IFRS, the Corporation revised the amount of weighted average shares outstanding during the eight months ended December 31, 2011 and the twelve months ended April 30, 2011. As there was a ten to one share consolidation in the current period, the comparative periods have been adjusted accordingly.

During the year ended December 31, 2012 the Corporation experienced a decline in petroleum & natural gas revenues as a result of both declining production and a decreased realized price per BOE sold to market. This is evident above as the revenues decreased steadily each quarter during 2012.

Net capital expenditures decreased in the third quarter of 2012 as a result of assets disposed by the Corporation.

The large increase in the earnings realized in Q4 2012 can be attributed to the reversal of the impairment recorded on the Company's Dodsland-Other CGU. The original recognition of the impairment was the cause for the large loss incurred during the two months ended December 31, 2011.

Summary of Annual Results

	Twelve months ended Dec. 31 2012	Eight months ended Dec. 31 2011	Twelve months ended Apr. 30 2011	Twelve months ended Apr. 30 2010
Petroleum & natural gas revenues, before royalties (1)	**3,974,250**	3,686,742	4,105,732	1,297,657
Funds generated by operations(1)	**(2,216,512)**	(596,959)	1,382,077	395,063
-per share basic and diluted (3)	**(0.12)**	(1.27)	4.80	3.80
Cash flow from (used in) operations ($/boe) (1)	**(266,370)**	1,014,742	1,256,115	751,415
-per share basic and diluted (3)	**(0.01)**	2.20	4.30	7.20
Net Earnings (Loss)	**(4,677,214)**	(13,944,459)	119,088	(63,316)
Net Earnings (Loss) per share (Basic and Diluted) (1) (3)	**(0.26)**	(29.72)	0.41	(0.60)
Total Assets	**18,869,231**	13,327,022	13,958,493	9,749,784
Total Bank Debt(2)	**500,000**	1,530,000	2,720,000	-
Net Debt (working capital)	**(4,699,536)**	(6,055,478)	(3,088,369)	2,177,104

Note:
1) This financial information has been extracted from 3MV's unaudited quarterly financial statements and previously disclosed amounts included in management discussion and analysis. The Corporation was private as at December 31, 2011 and quarterly information for previous periods is disclosed as was available.
2) Includes credit loan facilities
3) In accordance with IFRS, the Corporation revised the amount of weighted average shares outstanding during the eight months ended December 31, 2011 and the twelve months ended April 30, 2011. As there was a ten to one share consolidation in the current period, the comparative periods have been adjusted accordingly.

Net Capital Expenditures

The following table details the capital additions relating to the Corporation's property and equipment for the three and twelve month periods ended December 31, 2012 and two and eight month period ended December 31, 2011:

$	Three months ended December 31, 2012	Two months ended December 31, 2011	Change %	Twelve months ended December 31, 2012	Eight months ended December 31, 2011	Change %
Capital expenditures and disposals						
Drilling and completions	**1,496,321**	4,073,515	(63%)	**2,935,379**	7,173,899	(59%)
Facilities and equipment	**582**	472,237	(100%)	**1,754,941**	993,615	77%
Land and seismic	**3,502**	89,432	(96%)	**813,465**	899,260	(10%)
Corporate assets	**-**	25,654	(100%)	**98,212**	192,846	(49%)
Total capital expenditures	**1,500,405**	4,660,838	(67%)	**5,601,997**	9,259,620	(40%)
Assets acquired	**993,449**	-	100%	**993,449**	-	100%
Disposals	**(154,370)**	-	100%	**(1,202,134)**	-	100%
Total net capital expenditures	**2,339,484**	4,660,838	(50%)	**5,393,312**	9,259,620	(42%)

Total capital expenditures for the quarter ended December 31, 2012 were $2.3 million compared to $4.7 million for the two month period ended December 31, 2011. The Corporation acquired 1696704 Alberta Ltd. and their 75% joint interest in 2 wellbores in which 3MV previously owned the other 25% interest and began completion during the fourth quarter of 2012 through the issuance of units in 3MV Energy. The assets acquired from the acquisition of 1696704 Alberta Ltd for the units issued totaled $993 thousand. In addition, the drilling of a third well commenced at the end of the fourth quarter in the Corporations Fiske asset play. The last well has yet to be completed. This is a reduction from the two months ending December 31, 2011 where the Corporation drilled four gross wells (four net) and began work on a battery in the Fiske area. In addition, the Corporation disposed of some non-core assets in the Q4 2012 period. The Corporation disposed of $154 thousand in well-site facility equipment in exchange for the settlement of outstanding trade debt. A loss of $11 thousand was recorded on the sale.

Total capital expenditures for the year ended December 31, 2012 were $5.6 million compared to $9.3 million for the eight month period ended December 31, 2011. During fiscal 2012 the Corporation acquired, drilled and completed 3 gross (3 net) wells and began the drilling of a fourth well. During the 8 month period ended December 31, 2011 the Corporation drilled 8 gross (8 net) wells.

During fiscal 2012 the Corporation disposed of $1 million in producing assets offset by a reduction in accumulated depletion and impairment of $745 thousand and received cash proceeds in the amount of $200 thousand. A loss of $69 thousand was recorded on the transaction.

E&E Expenditures

Land and seismic expenditures for the quarter ended December 31, 2012 totaled $4 thousand compared to $89 thousand for the two months ended December 31, 2011. Land and seismic expenditures for the year ended December 31, 2012 totaled $813 thousand compared to $899 thousand for the eight months ended December 31, 2011. The expenditures for the three and twelve months ended December 31, 2012 is the result of the 3D seismic program shot in the Fiske area in 2012.

Capital Resources

Capital Resources and Credit Facility

As at December 31, 2012, the Corporation had $500 thousand available in respect to a loan facility of which $500 thousand was drawn. The term of the loan facility is for one year expiring on December 21, 2013. In exchange for providing the Facility, the Corporation shall provide security in favor of the Lender over all the real and personal property of the Corporation. Subsequent to the end of the period, the Corporation has informed the lender that it does not intend to make further draws on the facility. The Corporation is bound by financial covenants that will take effective on June 30, 2013. Financial covenants include a Debt to EBITDA Ratio (not to exceed 3.5:1), an Asset coverage ratio (total present value of assets to be a minimum of 1.65 times total debt) and an Interest coverage ratio (minimum EBITDA of 2.5 times Interest payable).

During the period, the Corporation was issued a demand for repayment of all indebtedness under its Senior lending facility as a result of the Corporation being in breach of certain covenants. The Corporation repaid in full the indebtedness under the senior facility on October 23, 2012. This facility no longer exists as of December 31, 2012.

Additionally, the Corporation had also drawn a $2.0 million mezzanine loan. The loan was subordinated in nature and interest was payable at 15% per annum through maturity of May 31, 2013. The Corporation's working capital ratio was in violation of the minimum 1.0:1.0 ratio required. As a result of the covenant violations, the credit facility was placed in default, and during the period, the Corporation was issued a demand for repayment of all indebtedness under this credit facility. The Corporation successfully repaid its indebtedness under this facility in full on November 14, 2012 and is released from all liability to the lenders. This facility no longer exists as of December 31, 2012.

In order to successfully repay the loans noted above, the Corporation closed a private placement for gross proceeds of $5 million in Q4 2012. The Corporation also issued convertible debentures for gross proceeds of $1 million. Subsequent to the end of the year the Corporation closed a financing for an additional $2 million of convertible debentures. The proceeds of this issuance were used to finance the purchase of a land acquisition in the Corporation's Fiske asset play.

The Corporation plans to fund its future capital program from a combination of equity financing, debt instruments as available and cash flow generated from operations.

Future Operations and Liquidity Analysis

For the twelve months ended December 31, 2012, the Corporation reported a net loss of $5.7 million and had a working capital deficiency of $4.7 million. The Corporation plans on building off of Q4 2012 and further reduce its debt load by exploring financing opportunities, and maintaining its operational cost cutting focus to strengthen and improve cash flow margins. The Corporation was able to able to close private placements totaling gross proceeds of $485,000 and converted $1,477,550 of accounts payable into 5,910,209 common shares and 5,148,641 warrants in Q4 2012. Additionally the Corporation obtained debt financing in the amount of $1.0 million, of which $500 thousand was drawn by December 31, 2012. However the amount obtained was not sufficient to correct the Corporation's working capital deficiency. As at December 31, 2012 the Corporation's working capital deficiency of $4.7 million remains in excess of its current available lending facility. The Corporation's banking arrangements in place are not sufficient to fund the exploration and development program for the next twelve months. These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Additional equity, debt and/or farm-out arrangements will be required to meet the Corporation's obligations as they become due and there are no guarantees that such additional capital funding will be available when needed.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business and does not reflect adjustments that would otherwise be necessary if the going concern assumption was not valid. Management believes that the going concern assumption is appropriate for these financial statements. If this assumption were not appropriate, adjustments to the carrying amounts of assets and liabilities, and expenses and the statement of financial position classifications used may be necessary which could be material.

Financial Position

As mentioned above the Corporation had a working capital deficiency of $4.7 million as at December 31, 2012. This deficiency has been improved subsequent to the end of the period as the Corporation converted a further $1.3 million of trade payable debt to equity units (shares and warrants). Also subsequent to the period, the Corporation issued convertible debentures in the amount of $2 million in order to finance the purchase of 53 sections of land in its Fiske asset area. Together with the debt for share transactions, these actions enabled the Corporation to reduce its working capital deficiency and strengthen its asset base.

Outstanding Share Data

Common Shares

3MV Energy is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. Holders of common shares are entitled to one vote per share at meetings of shareholders of 3MV Energy.

As at December 31, 2012 a total of 45,439,169 common shares were issued and outstanding. As at April 26, 2013, a total of 50,837,486 common shares were issued and outstanding in conjunction with subsequent period private placements and shares for debt conversions as detailed in the subsequent event section.

As at December 31, 2012, the Corporation had 30,885,426 options to acquire common shares. As at April 26, 2013, the Corporation has 4,818,902 options to acquire common shares and 36,280,692 warrants outstanding in conjunction with subsequent period private placements and shares for debt conversions as detailed below.

Related party transactions

The consolidated financial statements include the financial statements of 3MV Energy Corp. and its subsidiaries, listed in the following table:

		% ownership interest		
Name	Country of incorporation	December 31, 2012	December 31, 2011	April 30, 2011
3MV Energy Operations Inc.	Canada	100%	-	-
1696704 Alberta Ltd.	Canada	100%	-	-
3 Martini Ventures Inc.	Canada	100%	-	-
Buckhorn Resource Ltd.	Canada	100%	100%	100%

Balances and transactions between 3MV Energy Corp. and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the year ended December 31, 2012, the Corporation incurred $426,791 in general and administrative expenses relating to legal fees ($nil for periods ended December 31, 2011 and April 30, 2011) paid to a firm which is controlled by a director of the Corporation. Of this amount, $161,390 was settled via the issuance of shares in the Corporation for debt. See note 17 of the audited annual consolidated financial statements. The Corporation also incurred $31,772 in geological expenses relating to work done on wells drilled in 2012 ($nil for periods ended December 31, 2011 and April 30, 2011) paid to a firm which is controlled by a director of the Corporation. The full amount was capitalized in the period.

The Corporation closed a private placement for gross proceeds of $5,000,000 during the fourth quarter of 2012. A director of the Corporation was the sole subscriber to the private placement and following the closing of the offering directly or indirectly, beneficially owned or controlled 59.61% of the Corporation on a non-diluted basis and 74.57% on a fully diluted basis.

During the period ended December 31, 2012, the Corporation closed a $1,000,000 non-brokered private placement financing of convertible debentures to a director and major shareholder of the Corporation. The term of the debenture is two years and incurs annual interest of 12% with the Corporation having the privilege to re-pay all or any part of the principal amount without penalty upon giving thirty days' notice of repayment. Following the closing of the offering, the Directory, directly or indirectly, beneficially owned or controlled 20,259,996 common shares (54.49%) of the Corporation on a non-diluted basis and 43,708,272 common shares of the Company (69.80%) on a fully diluted basis.

On August 24, 2012, 1696704 Alberta Ltd ("FarmCo") was created with the single purpose to raise $2 million in order to finance two lease preserving wells on the Fiske property. 3MV entered into a farm-out agreement with FarmCo to drill two wells on 3MV's property, with FarmCo funding 100% of costs to completion to earn a 75% interest subject to existing royalties. On December 19, 2012 the Corporation acquired all issued and outstanding securities of 1696704 Alberta Ltd ("FarmCo"), by issuing 3MV units at $0.25 with each unit comprised of a common share and a warrant exercisable at $0.50 for 18 months. In total the Corporation issued 3,600,100 common shares and 3,600,000 warrants to FarmCo. security-holders. As a result of the acquisition 3MV owns 100% interest in the two wells drilled.

Off-Balance Sheet Arrangements

The Corporation does not have any special purpose entities nor is it a party to any off-balance sheet arrangements.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are disclosed in note 4 of the December 31, 2012 audited consolidated financial statements.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Critical Judgments:

Identification of cash generating units

Cash generating units are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The classification of assets into cash generating units requires significant judgment and interpretations with respect to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

Critical Estimates:

Share-based payment transaction

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the share option.

Decommissioning liabilities
Decommissioning liabilities consist of asset retirement obligations that are based, in part, on estimates of future costs to settle the obligation, in addition to estimates of the useful life of the underlying assets, the rate of inflation and the risk-free interest rate.

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Assessment of commercial reserves
Management is required to assess the level of the Corporation's commercial reserves together with the future expenditures to access those reserves, which are utilized in determining the depletion charge for the period, assessing whether any impairment charge is required against producing and developed, and the determination of the deferred tax liability. By their nature, these estimates of discovered and probable crude oil and natural gas reserves, including the estimates of future prices, costs, related future cash flows and the selection of a pre-tax risked discount rate relevant to the asset in question are subject to measurement uncertainty. The Corporation employs an independent reserves specialist who periodically assesses the Corporation's level of commercial reserves in compliance with NI51-101 by reference to data sets including geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Corporation's assets. Significant judgment is involved when determining whether there have been any significant changes in the Corporation's crude oil and natural gas reserves.

Recoverable amounts of CGUs.
The recoverable amount of a CGU used in the assessment of impairment is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCTS").

VIU is determined by estimating the present value of the future net cash flows from the continued use of the CGU, and is subject to the risks associated with estimating the value of reserves. FVLCTS refers to the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

At December 31, 2012 the recoverable amounts of the Corporation's CGUs were based on their estimated FVLCTS. The key assumptions and estimates of the value of oil and gas reserves and the existing and potential markets for the Corporation's oil and gas assets are valid at the time of reserves estimation and market assessment and are subject to change as new information becomes available. Changes in international and regional factors including supply and demand of commodities, inventory levels, drilling activity, currency exchange rates, weather, geopolitical and general economic environment factors may result in significant changes to the estimated recoverable amounts of CGUs.

Taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Future Accounting Pronouncements

Standards that are issued but not yet effective and that the Corporation reasonably expects to be applicable at a future date are listed below:

a) IFRS 9, 'Financial Instruments' as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and de-recognition.

b) IFRS 10, 'Consolidated Financial Statements' requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The standard is effective for annual periods beginning on or after January 1, 2013.

c) IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The standard is effective for annual periods beginning on or after January 1, 2013.

d) IFRS 13, 'Fair Value Measurement' IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosure about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurement, except in specified circumstances. The standard is effective for annual periods beginning on or after January 1, 2013.

e) IFRS 12, 'Disclosure of Interests in Other Entities' IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. This standard is effective for annual period beginning on or after January 1, 2013.

The Corporation is still determining what the impact of the above standards will have on its financial statements.

Business Risks

Financial risks

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (foreign exchange, interest rates and commodity prices). The Corporation manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Credit risk is primarily related to the Corporation's receivables from oil and natural gas marketers and joint interest partners and the risk of financial loss if a customer, partner or counterparty to a financial instrument fails to meet its contractual obligations. Receivables from oil and natural gas marketers are normally collected on the 25th day of the month following production. To mitigate credit risk associated with the sale of its production to petroleum and natural gas marketers, the Corporation maintains a policy transacting with large credit-worthy purchasers. The Corporation historically has not experienced any collection issues with its oil and natural gas marketers. Joint interest receivables are typically collected within one to three- months of the joint interest bill being issued to the partner. The Corporation attempts to mitigate the risk from joint interest receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Corporation does not typically obtain collateral from joint interest partners; however, in certain circumstances, it may cash-call a partner in advance of the work and as well the Corporation has the ability in most cases to withhold production from joint interest partners in the event of non-payment.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

As at December 31, 2012 the Corporation had a working capital deficiency of $4.7 million which includes a short term loan entered into during the fourth quarter of 2012. During 2012 the Corporation had its operating and credit demand facilities called and repaid with funds stemming from private placements and issued debentures. At this time the Corporation is not subject to financial covenants nor does the Corporation have operational commitments to meet. From time to time the Corporation will require additional financing in order to carry out its exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties.

Given the modest production results, corresponding revenues and the market conditions effect on junior oil and gas producers in the period, the Corporation proposed a Share for Debt arrangement with vendors to settle outstanding liabilities with equity shares in the Corporation. 3MV successfully closed $1,477,570 of Shares for Debt agreements as of December 31, 2012 to satisfy a portion of current liabilities. The Corporation will continue to market equity arrangements, manage its cash flows and vendor relations to ensure current liabilities are addressed.

The Corporation would ideally fund its capital expenditure program from internally generated cash flow, debt, farm ins, farm outs and additional equity or other funding if available on favorable terms. The Corporation has from time to time disposed of assets that are deemed non-core if accretive. Please refer to note 2 within the Consolidated Financial Statements for details on the Corporation's going concern assumption.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Corporation's net earnings or the value of financial instruments.

Foreign exchange risk

Foreign exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Corporation's oil and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for oil and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollar. As at December 31, 2012, December 31, 2011, and April 30, 2011 the Corporation had no monetary assets or liabilities denominated in foreign currency.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by the local, national and international economy and other events that dictate the levels of supply and demand. The Corporation has not attempted to mitigate commodity price risk through the use of financial derivative contracts. The Corporation will continue to focus on internal cost cutting measures to mitigate and offset the effect of Commodity price fluctuations on operating cash flows.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rates. The Corporation is not currently exposed to significant interest rate risk with the repayment of its operating loan facility on October 23, 2012 however will continue to monitor market interest rates on potential future banking arrangements.

Contractual Obligations and Commitments

The Corporation has operating lease commitments for office premises that expire in 2014. The future minimum lease payments are as follows:

	$
2013	66,392
2014	38,728

Subsequent Events

Financings

On February 21, 2013, the Corporation closed a $2,000,000 non-brokered private placement financing of convertible debentures to a director and control person of 3MV. The convertible loan offering consists of a convertible secured, interest-bearing debenture loan of $2,000,000. The term of the debenture is two years and incurs annual interest of 12%, payable monthly, with the Corporation having the privilege to re-pay all or any part of the principal amount without penalty upon giving thirty days' notice of repayment. The loan is convertible at any time until maturity into common shares of the Corporation at a conversion price of $0.27 per share.

Operations

The Corporation has closed an additional $1,298,829 of accounts payable for shares subsequent to year end, into 5,195,317 common shares and 5,195,317 warrants which brings a grand total of $2,776,399 of accounts payable settled though the share for debt initiative into an aggregate of 11,105,526 common shares and 10,343,966 warrants.

On February 21, 2013 the Corporation completed an acquisition agreement with a private company to acquire certain assets in its core Fiske area. The purchase includes the private company's gross overriding royalty ("GORR"), land that was subject to its main farm-in agreement and 18 additional sections, for the purchase price of $2,000,000 in cash. Following the completion of the transaction, the Corporation owns a high working interest in 53 sections of land in the Fiske play of west central Saskatchewan. The majority of the transaction was funded from the gross proceeds of the convertible loan offering.

A total of 4,300,000 stock options to purchase common shares of the Corporation were granted to officers, directors and employees on February 28, 2013.

Outlook

3MV Energy intends to focus its drilling and production efforts on its highly productive Fiske light oil discovery for 2013. In early 2013, the Corporation acquired 53 sections of land in the area which has solidified its asset base and creates potential for further growth and expansion through the drill bit. The Corporation will continue to explore financing opportunities, debt arrangements and joint ventures in 2013 to build on shareholder value. The Corporation will also continue its focus on cost reductions to optimize operational margins and cash flow.

Other Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

Summary Financial and Operating Results

	Three months ended Dec. 31 2012	Two months ended Dec. 31 2011	Change %	Twelve months ended Dec. 31 2012	Eight months ended Dec. 31 2011	Change %
Petroleum & natural gas revenues, before royalties (1)	**632,154**	1,283,859	(50.8%)	**3,974,250**	3,686,742	7.8%
Net Earnings (Loss)	**97,046**	(12,685,811)	100.8%	**(4,677,214)**	(13,944,459)	66.4%
Net Earnings (Loss) per share (Basic and Diluted) (1) (2)	**0.00**	(19.73)	100%	**(0.26)**	(29.72)	99.1%
Production (boe/d)	**108.5**	260.0	(58.3%)	170.5	201.5	(15.4%)
Funds generated by operations(1)	**(632,954)**	(1,050,428)	40%	**(2,216,512)**	(596,959)	(271%)
-per share basic and diluted (2)	**(0.02)**	(1.63)	(98%)	**(0.12)**	(1.27)	(91%)
Cash flow from (used in) operations ($/boe) (1)	**711,522**	N/A		**(266,370)**	1,014,742	(250%)
-per share basic and diluted (2)	**0.02**	N/A		**(0.01)**	2.20	(100%)
Total Assets	**18,869,254**	13,327,022	41.6%	**18,869,254**	13,327,022	41.6%
Total Bank Debt	**500,000**	1,530,000	(67.3%)	**500,000**	1,530,000	(67.3%)
Net Debt (working capital)	**(4,699,536)**	(6,055,478)	(22.4%)	**(4,699,536)**	(6,055,478)	(22.4%)

Note:

1) This financial information has been extracted from 3MV's unaudited quarterly financial statements and previously disclosed amounts included in management discussion and analysis. The Corporation was private as at December 31, 2011 and quarterly information for previous periods is disclosed as was available.
2) In accordance with IFRS, the Corporation revised the amount of weighted average shares outstanding during the eight months ended December 31, 2011 and the twelve months ended April 30, 2011. As there was a ten to one share consolidation in the current period, the comparative periods have been adjusted accordingly.