Management's Discussion and Analysis

Year Ended

December 31, 2013

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, 2013 and December 31, 2012 and should be read in conjunction with the December 31, 2013, and December 31, 2012 audited consolidated financial statements and notes thereto. The audited financial statements for the year ended December 31, 2013 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 24, 2014.*

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 #1150, 444-5th Ave SW Calgary, Alberta T2P 2T8.

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, 2013 consolidated financial statements. The following MD&A compares the results of the three and twelve months ended December 31, 2013 to the three and twelve months ended December 31, 2012. The term "Q4 2013" or similar terms are used throughout this document and refer to the three month period ended December 31, 2013.

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:

$	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from operating activities	**561,119**	**(269,367)**
Transaction costs	**-**	**200,866**
Changes in non-cash working capital	**(560,401)**	**(1,436,931)**
Funds generated by operation (as defined above)	**718**	**(1,505,432)**

Fiscal 2013 highlights

- Financings
    - Closing of a $2,000,000 non-brokered private placement financing of convertible debentures on February 21, 2013. A director of the Corporation is the sole subscriber for the convertible debenture.
    - Conversion of $1,393,809 of accounts payable into 5,575,233 common shares and 5,575,233 warrants during 2013.
- Operations
    - The Corporation completed the acquisition of assets in its core Fiske area. The land acquired was subject to the previous farm-in agreement and includes 18 additional sections. Following the completion of the transaction, 3MV Energy owns a high working interest in over 31,000 acres 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.
    - The Corporation was able to increase operating netbacks per BOE by 41 percent for the year ended December 31, 2013 compared to the 2012
    - The Corporation increase total probable reserves 32 percent over 2012, while proved and probable reserves increased 13 percent over last year

Results of Operations

Production

	Three months ended December 31,			Year ended December 31,		
	2013	2012	*% change*	2013	2012	% change
Daily Production:						
Light crude oil (bbls/d)	**73.1**	80.1	(9%)	**82.7**	127.8	(35%)
Natural gas (Mcf/d)	**78.3**	140.3	(44%)	**109.2**	223.0	(51%)
Natural gas liquids (bbls/d)	**2.4**	5.0	52%	**3.3**	5.6	(41%)
Total boe/d (6:1)	**88.5**	108.5	(18%)	**104.2**	170.6	(39%)

Production in Q4 2013 was 88.5 boe/d which represents an 18 percent decrease over the 2012 fourth quarter, in which the Corporation produced 108.5 boe/d. Production for the year ended December 31, 2013 was 104.2 boe/d which represents a 39 percent decrease over 2012, in which the Corporation produced 170.6 boe/d. During 2013 the Corporation brought on to production 2 gross (2 net) wells that were drilled at the end of 2012. 3MV Energy drilled 3 gross (net) in total in 2012, one which has yet to be completed. The Corporation drilled 5 gross (5 net) wells in the Fiske play during the latter half of 2011 which increased the Corporation's production through the early stages of 2012. The decreased drilling has caused the production to naturally decline when comparing the 2013 and 2012 periods. In addition, winter conditions led to temporary production disruptions in late Q4 2013 causing a decrease over Q3 2013.

Production for the quarter ended December 31, 2013 was comprised of 75.5 bbls/d of light crude oil and natural gas liquids ("NGLs") and 78.3 thousand cubic feet per day ("Mcf/d") of natural gas. In the same period, the product volume mix was 85 percent oil and NGLs and 15 percent natural gas compared to 78 percent oil and NGLs and 15 percent natural gas during Q4 2012. Production for the year ended December 31, 2013 was comprised of 86.0 bbls/d of light crude oil and NGLs and 109.2 Mcf/d of natural gas. 3MV Energy's product volume mix during the year was 83 percent oil and NGLs and 17 percent natural gas compared to 78 percent oil and NGLs and 22 percent natural gas in 2012. The Corporation's product mix has remained fairly constant over the course of 2013.

Commodity Markets

3MV Energy's realized price for its light crude oil and NGLs in the fourth quarter of 2013 was $82.73/bbl (Q4 2012 – $75.70/bbl) compared to an Edmonton Light Sweet benchmark par price of $86.28/bbl (Q4 2012 – $83.99/bbl). For the 2013 year, the Corporation's realized price for its light crude oil and NGLs was $88.04/bbl compared to the 2012 realized price of $78.54/bbl.

The Corporation realized $89.54 /bbl on the sale of its light crude oil independently from the NGLs representing 96 percent of its benchmark, Edmonton Light Sweet, for the 2013 year. Over the year ended December 31, 2012 the Corporation realized $79.83/bbl or 93 percent of Edmonton Light Sweet benchmark. The Corporation changed purchasing companies for its crude during the 2013 year and experienced an increase on the realized price received.

During Q4 2013, the Corporations' benchmark crude oil price rose 3 percent from the same period last year. Over the course of the year ended December 31, 2013 the Corporations' benchmark crude oil price increased 8 percent over the year ending December 31, 2012. The increase to the Corporations' benchmark price was the result of a number of both domestic and international factors that are beyond the control of the Corporation. 3MV Energy's production is sold in Canada and is sensitive to world crude oil price variations.

3MV realized a gas price of $3.30/Mcf for Q4 2013 compared to $3.04/Mcf in the three month period ended December 31, 2012. In the current quarter the Corporation's realized gas price represented 89 percent of its benchmark price, AECO-C spot, which averaged $3.69/Mcf over the period. During the three months ended December 31, 2012 the Corporation saw realized gas prices of $3.04/Mcf or 99 percent of AECO-C. Over the course of the year ended December 31, 2013 realized gas prices improved to 92 percent of benchmark compared to 79 percent over the 12 month year ending December 31, 2012. The AECO natural gas price strengthened considerably in 2013 compared to 2012 due to abnormally cold weather, which resulted in the increase of natural gas prices. 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,			Year ended December 31,		
	2013	2012	*% change*	2013	2012	*% change*
Average Benchmark Prices						
Crude oil – Edm Light Sweet ($ per bbl)	**86.28**	83.99	3%	**92.92**	86.10	8%
Natural gas – AECO-C Spot ($ per mcf)	**3.69**	3.06	21%	**3.18**	2.36	35%
3MV`s Average Realized Prices						
Crude oil and natural gas liquids ($ per bbl)	**82.73**	75.70	9%	**88.04**	78.54	12%
Crude oil exclusive of natural gas liquids ($ per bbl)	**83.64**	77.19	8%	**89.54**	79.83	12%
Natural gas ($ per mcf)	**3.30**	3.04	9%	**2.92**	1.86	57%
Barrel of oil equivalent ($ per BOE)	**73.46**	63.31	16%	**75.73**	63.85	19%

Revenues

For the quarter ended December 31, 2013, 3MV Energy's revenues decreased 5 percent to $598 thousand from $632 thousand for the three months ended December 31, 2012. The decrease in revenue, period over period, is a result of a decrease in total production due to less drilling activity and natural decline curves offset by a higher realized price. For the year ended December 31, 2013, 3MV Energy's revenues decreased $1.1 million to $2.8 million when compared to the year ended December 31, 2012. The decrease is attributable to a 36 percent decrease in annual average production offset by an improved realized price received per BOE sold.

	Three months ended December 31,			Year ended December 31,		
$	2013	2012	*% change*	2013	2012	*% change*
Revenues by product						
Light crude oil	**562,252**	568,842	(1%)	**2,703,975**	3,722,792	(27%)
Natural gas	**23,786**	39,180	(39%)	**116,463**	151,273	(23%)
Natural gas liquids	**12,254**	24,133	(49%)	**59,380**	100,185	(41%)
Total revenues	**598,292**	632,155	(5%)	**2,879,818**	3,974,250	(28%)
Total revenues per boe	**73.46**	63.31	16%	**75.73**	63.85	19%

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, 2013, royalties incurred net of the Saskatchewan Resource Surcharge (SRS) accrual decreased 44 percent to $30 thousand from $53 thousand for the three month period ended December 31, 2012 due primarily to lower average production volumes for the period. The Corporation's average royalty rate for Q4 2013 was 5 percent of revenue compared to 8 percent for the three month period ended December 31, 2012. The principal cause for the large change in royalties as a percent of revenue was the Q1 2013 land and GORR acquisition explained in detail below.

The SRS is a royalty tax that is imposed based on a percent of sales. The Corporation accrued $53 thousand for the SRS in 2012 and determined a reversal of this accrual in the amount of $19 thousand was required in 2013. The annual SRS accrual is shown separately as it alters the quarterly actual royalty rate incurred.

For the year ended December 31, 2013, total royalties decreased 67 percent to $158 thousand from $482 thousand for the year ended December 31, 2012. The Corporation's total average royalty rate for the year ended December 31, 2013 was 6 percent of revenue compared to 12 percent for the year ended December 31, 2012. The decrease in total royalties as a percent of revenues was due to the acquisition of land in the Corporation's core Fiske area. The land acquired was subject to a previous farm-in agreement and following the completion of the transaction, 3MV Energy was able to eliminate a 6% overriding royalty on production and future drilling locations. In addition to this deal, a separate royalty holder began a take in kind royalty payment program at the end of fiscal 2012. These taken in kind royalties are no longer accounted for as a royalty expense.

Royalties (continued)

$	Three months ended December 31, 2013	2012	% change	Year ended December 31, 2013	2012	% change
Royalty expenses						
Net SRS Accrual	**29,552**	52,503	(44%)	**177,564**	429,204	(59%)
% of revenue	**4.94%**	8.31%	(41%)	**6.17%**	10.80%	(43%)
Saskatchewan Resource surcharge (SRS) accrual	**(19,250)**	52,758	(136%)	**(19,250)**	52,758	(136%)
Total royalties recorded	**10,302**	105,261	(90%)	**158,314**	481,962	(67%)
$ per boe	**1.26**	10.54	(88%)	**4.16**	7.74	(46%)
% of revenue	**1.72%**	16.65%	(90%)	**5.50%**	12.13%	(55%)

Operating and Transportation Expenses

Operating expenses totaled $327 thousand or $40.15/boe for the quarter ended December 31, 2013 as compared to $356 thousand or $35.66/boe for the three month period ended December 31, 2012, representing an 8 percent decrease per boe. The decrease in the operating cost from a total dollar standpoint is a result of the cost cutting initiative implemented by 3MV Energy throughout 2013. As production increases, the operating expenses per boe should fall within industry standards. The Corporation's lower production in 2013 compared to 2012 caused the operating costs per barrel to increase when in fact the total operating costs decreased.

Operating expenses totaled $1.2 million or $31.65/boe for the year ended December 31, 2013 as compared to $1.7 million or $27.84/boe for 2012. 3MV Energy was able to lower total operating costs incurred from 2012 by reducing the number of field operators used resulting in monthly cost savings. Trucking, hauling and gathering costs were also lowered as a result of the decrease in production. Additionally, 3MV Energy eliminated a portion of monthly equipment rental charges by purchasing some equipment in the beginning half of 2013. These cost reductions were offset slightly by an increase in property taxes and an increase in treating and processing charges.

With a continued focus on cost saving, the Corporation limited all non-essential operating costs during 2013. It is 3MV Energy's belief that continuing this strategy in conjunction with an increase in production will bring operating costs per barrel in line with industry averages.

$	Three months ended December 31, 2013	2012	% change	Year ended December 31, 2013	2012	% change
Operating & transportation expenses						
Total	**327,041**	356,048	(8%)	**1,203,603**	1,733,158	(31%)
Total operating costs per boe	**40.15**	35.66	13%	**31.65**	27.84	14%

General and Administrative ("G&A") Expenses

During Q4 2013, G&A totaled $214 thousand or $26.31/boe as compared to Q4 2012 where G&A expenses were $600 thousand or $60.06/boe. The decrease in G&A charges in the last 3 months of 2013 was due to the Corporation incurring $197 thousand in professional service charges during Q4 2012 compared to $54 thousand in Q4 2013 representing a 73 percent reduction. In Q4 2012 professional fees incurred related to transactions the Corporation undertook including the repayment of its senior and subordinated loans and the implementation of its share for debt conversions. In the fourth quarter of 2013, 3MV Energy did not perform any such transactions and the professional fees incurred where the result of normal business activities. The Corporation was also able to reduce employee payroll and compensation expense 44% in Q4 2013 compared to Q4 2012 as a result of head office staff reductions late in 2012 and resignations. The head office staff reductions also lead to a one time settlement charge of $194 thousand recorded in Q4 2012.

During the year ended December 31, 2013, G&A totaled $1.1 million or $29.61/boe as compared to year ended 2012 where G&A totaled $2.8 million or $44.36/boe. The decrease period over period can again be attributed to the head office staff reductions and decreased professional fees. The Corporation experienced a 59 percent decrease in employee expenses and translating to a savings of $719 thousand. Professional fees were reduced 64 percent or $581 thousand. As noted above the Corporation also incurred $194 in settlement charges in 2012 in which did not exist in 2013 contributing to the reduction. As 3MV Energy focuses on cost savings, the Corporation will continue its lean operations until operational growth necessitates a larger corporate group.

	Three months ended December 31,			Year ended December 31,		
$	2013	2012	*% change*	2013	2012	*% change*
General & administrative expenses						
Total	**214,256**	599,698	(64%)	**1,126,006**	2,761,282	(59%)
Total G&A expenses per boe	**26.31**	60.06	(56%)	**29.61**	44.36	(33%)

Share-Based Compensation

For the fourth quarter ended December 31, 2013, 3MV Energy expensed $99 thousand in share-based compensation related to outstanding stock options compared to $44 thousand for the three month period ended December 31, 2012. For the year ended December 31, 2013, 3MV Energy expensed $986 thousand in share-based compensation compared to $711 thousand for 2012. Share-based compensation increased in the current year as a result of options being issued to management and directors in the first and third quarters of 2013. A total of 6.25 million options were issued by the Corporation during the year. Of this amount, 5.25 million were issued to directors of the Corporation and vested immediately. As a result of the immediate vesting terms, 3MV Energy fully recognized the stock based compensation expense in the period the options were issued. This resulted in a non-recurring expense of $783 thousand to be recognized during the year. The remaining 1 million options were issued to management of the Corporation and vest over a three year period with the related expense being incurred over the same period.

As at December 31, 2013 and April 24, 2014 there were 6,170,262 stock options outstanding. There were no stock options granted, or exercised during the fourth quarter of 2013. During the rest of 2013 there were 637,640 stock options 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, and employees 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.

During 2013, the Corporation's board of directors approved a new 20% fixed number stock option plan. Pursuant to the new option plan 3MV Energy can grant up to 10,243,480 stock options. The Corporation will seek shareholder approval for the new option plan at its next annual shareholders meeting. Any options granted after the date hereof and prior to shareholder approval will also be subject to, and will not be exercisable until, shareholder approval.

Depletion and Depreciation

For the quarter ended December 31, 2013, depletion and depreciation expense was $235 thousand or $28.96/boe compared to the Q4 2012 expense of $304 thousand or $30.45/boe. The cause of the decrease in depletion in the fourth quarter of 2013 relates to the decrease in production over the same period year over year as well as an increase in the depletable base in 2013 which creates a smaller depletion rate and therefore smaller depletion expense. For the twelve months ended December 31, 2013, depletion and depreciation expense was $1.2 million or $32.78/boe as compared to the twelve months ended December 31, 2012 in which the expense was $1.8 million or $28.29/boe. The increase in depletion on a per boe basis for the year ended December 31, 2013, is the result of lower production for the period which skews the results as on total dollar basis the depletion expense decreased.

The depletion and depreciation rate will fluctuate from one period to the next depending on the amount and type of capital spending and the amount of reserves added. The depletion rate is calculated on proved and probable oil and natural gas reserves, taking into account the future development costs to produce the reserves.

	Three months ended December 31,			Year ended December 31,		
$	2013	2012	*% change*	2013	2013	*% change*
Depletion & Depreciation						
Total	**235,836**	304,060	(22%)	**1,246,618**	1,760,959	(29%)
Total Depletion & Depreciation costs per boe	**28.96**	30.45	(5%)	**32.78**	28.29	16%

Impairment / Impairment reversal

The net of impact of the impairment loss and impairment reversal for the Corporation's two CGUs totaled $918 thousand of impairment reversal and are comprised of the following:

An impairment reversal totaling $3.0 million was recognized in the year ended December 31, 2013. The partial impairment reversal was related to the Dodsland-Other Cash Generating Unit ("CGU"). In the 2011 fiscal period impairment arose as a result of reduced reserve values of certain properties. In the current fiscal year the reserve value assigned to the Dodsland-Other CGU increased. With the indication of an impairment reversal, the Corporation 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, $3.0 million was reversed in the year ended December 31, 2013 ($2.5 million – 2012) which represented the proved plus probable reserve value discounted with a 12.5% rate before tax, as calculated by the Corporation's external reserve evaluators.

Conversely, impairment indicators existed at the Corporation's Fiske CGU. Indicators included 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 Energy's management therefore completed an impairment calculation for the Fiske CGU and found the carrying amount to be greater than the estimated recoverable amount. This resulted in impairment recognition of $2.1 million ($1.4 million – 2012) to the Fiske CGU.

Exploration and Evaluation expense

For the year ended December 31, 2013 the exploration and evaluation expense was $230 thousand compared to $nil in 2012. This expense relates to upcoming land lease expiries.

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 2013 were $143 thousand compared to $174 thousand for Q4 2012. The decrease in the charges between the two periods is the result of the Corporation utilizing different financing over the two periods. During Q4 2013, 3MV Energy had $3 million in convertible debentures outstanding for the entire quarter. The convertible debentures incur interest at a rate of 12% per annum. In conjunction with convertible debentures, the Corporation had drawn $500 thousand on its credit facility for the full course of the quarter. Interest on the credit facility is calculated at an annual rate of 16%. Conversely, in Q4 2012 the Corporation maintained a $4 million bank loan as well as its 16% $2 million mezzanine loan both of which were repaid mid quarter. In late 2012 the Corporation also incurred some financing charges in conjunction with its share for debt conversion campaign.

Finance Costs (continued)

Over the twelve month period ended December 31, 2013 3MV Energy incurred $533 thousand of finance expenses compared to $540 thousand for the 2012 fiscal year. The amounts incurred remain fairly consistent despite the different financing tools employed by the Corporation over the two periods.

Included in finance costs is accretion expense. Accretion expense for the fourth quarter of 2013 was $33 thousand compared to $13 thousand for the fourth quarter of 2012. Accretion expense for the 2013 year was $115 thousand compared to $45 thousand for the twelve months ending December 31, 2012. The accretion expense represents the change in the time value of the underlying decommissioning provision and convertible debentures.

Included in the accretion expense for the year was $64 thousand ($3 thousand in 2012) relating to the convertible debenture financing issued by the Corporation in Q4 2012 and Q1 2013. 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, 2013, 3MV Energy recorded a net tax recovery of $56 thousand compared to a $117 thousand net tax recovery during the twelve months ended December 31, 2012.

As at December 31, 2013, 3MV Energy had approximately $13 million of available oil and gas tax pools and non-capital losses of $14 million to offset future taxable income. The following table details the tax pools for the periods ended December 31, 2013, December 31, 2012:

$	December 31, 2013	December 31, 2012
Canadian oil and gas tax pools	**13,204,750**	13,990,235
Non capital losses	**13,982,706**	10,727,354
Total tax pools	**27,187,456**	24,717,589

Funds Generated by Operations

For the Q4 2013, funds generated by operations increased 89 percent to a loss of $63 thousand or ($7.73)/boe compared to a loss of $589 thousand or ($59.02)/boe during the three months ended December 31, 2012. On a three month basis, this change can be attributed to higher realized revenues on a per barrel basis combined with a decreased in royalty charges per boe offset by an increase in operating cost expense incurred per barrel. The royalty charges decreased as a result of the SRS accrual reversal as well as the elimination of the 6 percent GORR from the land acquisition in early 2013. It should be noted that the decrease in production caused the per barrel number of the costs incurred during the period to increase – in particular operating costs. As production increases the costs per barrel will be more in line with industry standards.

For the twelve months ended December 31, 2013, 3MV Energy's operating netback increased 41 percent to $40 per boe from $28 per boe in 2012 as a result of stronger realized prices per boe sold and reduced royalty costs. As the Corporation continues to focus on reducing costs, the funds generated from operations are expected to increase. On a total basis, funds flow increased 100 percent to earnings of $718 or $0.02/boe compared to a loss of $1.5 million or ($24.19)/boe during the twelve months ended December 31, 2012. The change in the funds generated by operations can be attributed to a higher realized price per barrel aided by a sharp decrease in royalties per boe leading to a 41% increase in the Corporations operating netback. The gain was further widened by a sizeable decrease in general and administrative expenses. The large decrease in G&A costs are attributed to a reduction in professional fees and head office salaries and expenses. Income tax expense incurred decreased from a twelve month total of $117 thousand for the period ended December 31, 2012 to $56 thousand incurred at the end of December 31, 2013.

The following table summarizes the netbacks on a barrel of oil equivalent basis for the three and twelve month periods ended December 31, 2013 and the three and twelve month periods ended December 31, 2012. 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.

	Three months ended December 31,			Year ended December 31,		
$/boe	2013	2012	*% change*	2013	2012	*% change*
Petroleum & natural gas revenues	**73.46**	63.31	16%	**75.73**	63.85	19%
Royalties	**1.26**	10.54	(88%)	**4.16**	7.74	(46%)
Operating costs	**40.15**	35.66	13%	**31.65**	27.84	14%
Operating netback	**32.05**	17.11	87%	**39.92**	28.27	41%
General & admin. expenses	**26.31**	60.06	(56%)	**29.61**	44.36	(33%)
Interest expense	**(13.47)**	(16.07)	(16%)	**(11.00)**	(7.96)	38%
Income taxes – current	-	-	-	**0.71**	(0.13)	653%
Funds generated from operations	**(7.73)**	(59.02)	(87%)	**0.02**	(24.19)	100%
$						
Funds generated from operations	**(62,995)**	(589,324)	89%	**718**	(1,505,430)	100%

Earnings per share

Basic and diluted loss per share

	Loss for the period $	Weighted average number of shares	Per share amount $
Three months ended December 31, 2013 Basic and diluted	258,896	51,217,402	0.01
Twelve months ended December 31, 2013 Basic and diluted	(1,639,356)	50,454,759	(0.03)
Three months ended December 31, 2012 Basic and diluted	97,046	33,656,793	0.00
Twelve months ended December 31, 2012 Basic and diluted	(4,677,214)	18,040,381	(0.26)

The effect of warrants and stock options outstanding on loss per share for the periods ended December 31, 2013 and 2012 is anti-dilutive.

Summary of Quarterly Results

($, except per share and per boe amounts)	Three months ended Dec. 31 2013	Sept. 30 2013	Jun. 30 2013	Mar. 31 2013
Petroleum & natural gas revenues, before royalties	598,292	968,388	777,583	535,556
Funds flow from operations ($/boe)	(7.73)	24.19	1.03	(29.90)
Operating netback ($/boe)	32.05	53.49	42.76	23.72
Capital expenditures	-	27,209	60,978	2,704,302
Earnings (Loss)	258,896	(324,346)	(394,174)	(1,221,226)
Earnings (Loss) per share (Basic and Diluted)	0.01	(0.01)	(0.01)	(0.03)

($, except per share and per boe amounts)	Three months ended Dec. 31 2012	Sept. 30 2012	Jun. 30 2012	Mar. 31 2012
Petroleum & natural gas revenues, before royalties	632,154	832,753	1,079,333	1,430,010
Funds flow from operations	(59.02)	(38.62)	(36.73)	14.11
Operating netback	17.11	26.03	25.84	37.43
Capital expenditures	2,493,854	113,157	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)	0.00	(0.09)	(0.09)	(0.18)

During the year ended December 31, 2013 the Corporation experienced a decline in petroleum & natural gas revenues as a result of declining production offset slightly by an increase in realized price per BOE sold to market. This is evident above as the revenues decreased steadily each quarter during 2013.

Capital expenditures decreased throughout 2013 as the Corporation maintained a minimal capital budget in an effort to reduce expenditures and maximize cash flows.

The increase in the earnings realized in Q4 2013 can be attributed to the reversal of the impairment recorded on the Corporation’s Dodsland-Other CGU. The original recognition of the impairment was the cause for the large loss incurred during the eight months ended December 31, 2011. This is consistent with the 2012 fiscal year and a reversal of impairment recorded in that period.

Summary of Annual Results

($, except per share and per boe amounts)	Twelve months ended Dec. 31 2013	Twelve months ended Dec. 31 2012	Eight months ended Dec. 31 2011	Twelve months ended Apr. 30 2011
Petroleum & natural gas revenues, before royalties	**2,879,818**	3,974,250	3,686,742	4,105,732
Funds generated by operations (3)	**718**	(1,505,430)	(596,959)	1,382,077
-per share basic and diluted (2)	**0.00**	(0.08)	(1.27)	4.78
Cash flow from (used in) operations	**561,119**	(269,367)	1,014,742	1,256,115
-per share basic and diluted (2)	**0.01**	(0.01)	2.20	4.30
Net Earnings (Loss)	**(1,639,356)**	(4,677,214)	(13,944,459)	119,088
Net Earnings (Loss) per share (Basic and Diluted) (2)	**(0.03)**	(0.26)	(29.72)	0.41
Total Assets	**19,940,978**	18,869,231	13,327,022	13,958,493
Total Bank Debt(1)	**500,000**	500,000	1,530,000	2,720,000
Net Debt (working capital) (3)	**(4,176,547)**	(4,699,536)	(6,055,478)	(3,088,369)

Note:
1) Includes credit loan facilities
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 period ended December 31, 2012, the comparative periods have been adjusted accordingly.
3) See "Non-GAAP Measurements" at the beginning of the MD&A

Net Capital Expenditures

The following table details the capital additions relating to the Corporation's property and equipment for the three and twelve month year ended December 31, 2013 and three and twelve month year ended December 31, 2012:

	Three months ended December 31,			Year ended December 31,		
$	2013	2012	*% change*	2013	2012	*% change*
Capital expenditures and disposals						
Drilling and completions	**-**	**1,496,321**	(100%)	**648,631**	**2,935,379**	(78%)
Facilities and equipment	**-**	**582**	(100%)	**84,430**	**1,754,941**	95%
Land and seismic	**-**	**3,502**	(100%)	**2,059,428**	**813,465**	153%
Corporate assets	**-**	**-**	(100%)	**-**	**98,212**	(100%)
Total capital expenditures	**-**	**1,500,405**	(100%)	**2,792,489**	**5,601,997**	(50%)
Assets acquired	**-**	**993,449**	(100%)	**-**	**993,449**	(100%)
Other	**-**	**-**	-	**(157,702)**	**-**	(100%)
Disposals	**(4,292)**	**(154,370)**	(97%)	**(36,178)**	**(1,202,134)**	(97%)
Total net capital expenditures	**(4,292)**	**2,339,484**	(100%)	**2,598,609**	**5,393,312**	(52%)

Total capital expenditures for the quarter ended December 31, 2013 were $nil compared to $2.3 million for the three month period ended December 31, 2012. In Q4 2012 the Corporation acquired 1696704 Alberta Ltd. and their 75% joint interest in 2 wellbores for $993 thousand. In addition, the Corporation began the drilling of a third well at the end of the fourth quarter in the 3MV Energy's Fiske asset play. By comparison the Corporation did not drill or complete any wells in Q4 2013.

Total capital expenditures for the year ended December 31, 2013 was $2.8 million compared to $5.6 million for the year ended December 31, 2012. During fiscal 2013, 3MV Energy finished the drilling of one gross (one net) well that was commenced at the end of 2012. This well has yet to be completed. The Corporation was also able to successfully close the acquisition of land in its core Fiske area. The land acquired was subject to the previous farm-in agreement and includes 18 additional sections. In contrast, in 2012 the Corporation acquired, drilled and completed 3 gross (3 net) wells and began the drilling of a fourth well.

In 2013, 3MV Energy disposed of some corporate assets totaling $36 thousand. Conversely, during 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 2013 year ended December 31, 2012 totaled $2.1 million and relate Fiske land acquisition described above. The expenditures for the year ended December 31, 2012 totaled $813 thousand and was the result of the 3D seismic program shot in the Fiske area.

Capital Resources

Capital Resources and Credit Facility

As at December 31, 2013, the Corporation had fully drawn on a $500 thousand loan. The term of the loan facility was originally for one year expiring on December 21, 2013 and was extended subsequent to the end of the year to July 30, 2014 at an amount of $621 thousand. In exchange for providing the Facility, the Corporation shall provide security in favor of the Lender over all the real property of the Corporation. The Corporation is subject to a Debt to EBITDA ratio covenant (not to exceed 3.5:1). For the year ending

December 31, 2013 the Corporation's Debt to EBITDA ratio was 11.9:1 which is in violation of the allowable amount. The Corporation is also subject to an asset coverage ratio (total present value of assets to be a minimum of 1.65 times total debt). As at December 31, 2013 the Corporation's asset coverage ratio was 0.66:1; which is in violation of the allowable amount. Finally, the Corporation is subject to an interest coverage ratio (minimum EBITDA of 2.5 times Interest payable). For the year ended December 31, 2013 the Corporation's interest coverage ratio was 0.71:1; which is in violation of the covenant. Subsequent to the end of the year, the Corporation notified the lender of the covenant violations. The lender informed the Corporation it did not intend to issue a notice of default as a result of the breaches.

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

Future Operations and Liquidity Analysis

For the year ended December 31, 2013, the Corporation reported a net loss of $1.6 million and had a working capital deficiency of $4.2 million. In addition, the Corporation was in violation of specific loan covenants as at December 31, 2013. The Corporation plans to 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 close private placements totaling net proceeds of $42 thousand and converted $1.39 million of accounts payable into 5.6 million common shares and 5.6 million warrants in 2013. However, these actions and current credit facilities in place are not sufficient to correct the Corporation's working capital deficiency. As at December 31, 2013 the Corporation's working capital deficiency of $4.2 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 arrangements and/or operational developments 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.

Looking forward in 2014, 3MV will be focusing on solidifying a joint venture partner to further develop its Fiske asset. Fiske still remains a largely undeveloped area in which management believes holds prospective value. A joint venture partnership will provide the Corporation an opportunity to prove up the Fiske play and create shareholder value through the drill bit, while simultaneously diminishing its working capital deficiency. Management is currently exploring a variety of opportunities in relation to operational development and equity raises.

Financial Position

As mentioned above the Corporation had a working capital deficiency of $4.2 million as at December 31, 2013. In order to improve this position, the Corporation has continued its efforts to settle trade accounts payable by issuing securities. 3MV Energy is also working to improve its cash flow in by decreasing its operating and G&A expenses among other costs. The Corporation completed a purchase of 53 sections of land in its Fiske asset area in Q1 2013 which it believes will strengthen its asset base and create potential corporate opportunities in the future.

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, 2013 and April 24, 2014 a total of 51,217,402 common shares were issued and outstanding.

As at December 31, 2013 and April 24, 2014, the Corporation had 6,170,262 options to acquire common shares and 36,660,659 warrants outstanding.

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.

On February 20, 2013 the Corporation issued a $2,000,000 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 Convertible Loan Offering, the director will, directly or indirectly, beneficially own or control 22,059,996 common shares (46.8%) of the Corporation on a non-diluted basis and 54,715,833 common shares of the Corporation (60.6%) on a fully diluted basis.

On November 19, 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.

On October 19, 2012 the Corporation closed a private placement for gross proceeds of $5,000,000. A director of the Corporation was the sole subscriber to the private placement.

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 Energy'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 FarmCo, by issuing 3MV Energy 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 Energy 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, 2013 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:

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.

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, 2013 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 / Reversal of impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its FVLCTS and its VIU conversely reversal of impairment may exist if recovered value in a CGU that previous had impairment has increased above carrying value. The FVLCTS 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, FVLCTS 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 VIU 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 CGU 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.

Accounting standards changed during the year and future accounting pronouncements

Accounting standards adopted during the year

As of January 1, 2013 the Corporation adopted several new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Corporation's financial statements follows below:

a) IFRS 10 - 'Consolidated Financial Statements' replaces Standing Interpretations Committee 12, "Consolidation - Special Purpose Entities" and the consolidation requirements of IAS 27 "Consolidated and Separate Financial Statements". The new standard replaces the existing risk and rewards based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

b) IFRS 11 – 'Joint Arrangements' replaces IAS 31 "Interests in Joint Ventures". The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

c) IFRS 12 – 'Disclosure of Interest in Other Entities' provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose entities. The new disclosures are intended to assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

d) IFRS 13 - 'Fair Value Measurement' provides a common definition of fair value within IFRS. The new standard provides measurement and disclosure guidance and applies when another IFRS requires or permits an item to be measured at fair value, with limited exceptions.

e) IAS 32 – 'Financial Instruments: Presentation' clarify the current requirements for offsetting financial instruments. The amendments to IFRS 7 "Financial Instruments: Disclosures" develop common disclosure requirements for financial assets and financial liabilities that are offset in the financial statements, or that are subject to enforceable master netting arrangements or similar agreements. The Corporation adopted the amendments to both standards on January 1, 2013. The application of these amendments does not have any impact on the financial statements, other than increasing the level of disclosures provided in the notes to the financial statements.

The adoption of these standards did not have a material impact on the Corporation's financial statements.

Future accounting pronouncements

In May 2013, the International Accounting Standards Board ("IASB") issued IFRIC 21 "Levies", which was developed by the IFRS Interpretations Committee ("IFRIC"). IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. IFRIC 21 is required to be adopted retrospectively for fiscal years beginning January 1, 2014, with earlier adoption permitted. IFRIC 21 will be applied by the Corporation on January 1, 2014 and the adoption may have an impact on the Corporation's accounting for production and similar taxes, which do not meet the definition of an income tax in IAS 12 "Income Taxes." The Corporation is currently assessing and quantifying the effect 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, 2013 the Corporation had a working capital deficiency of $4.2 million which includes a short term loan entered into during the fourth quarter of 2012. The Corporation is currently not onside with its financial covenants and has notified its lender. 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 over the period, the Corporation proposed a Share for Debt arrangement in late 2012. The initiative was continued into 2013 whereby the Corporation's settled outstanding liabilities with equity shares in the Corporation. 3MV Energy successfully closed $1,393,809 of Shares for Debt agreements during the 2013 year 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, 2013 and December 31, 2012 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 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:

	$
2014	56,238
2015	85,469
2016	89,078
2017	7,423

Subsequent Events

Financings

Subsequent to the end of the year, the Corporation obtained a loan in the amount of $426,629 from a director and major shareholder of the Corporation. The loan is interest free, and does not currently have an expiry period.

Outlook

3MV Energy intends to focus its drilling and production efforts on its Fiske light oil discovery for 2014. As stated, in early 2013, the Corporation acquired a significant position 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 2014 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

($, except per share and per boe amounts)	Three months ended [1] Dec. 31, 2013	Dec. 31, 2012	Change %	Year ended Dec. 31, 2013	Dec. 31, 2012	Change %
Petroleum & natural gas revenues, before royalties	**598,292**	632,154	(5%)	**2,879,818**	**3,974,250**	(28%)
Net Earnings (Loss)	**258,896**	97,046	167%	**(1,639,356)**	**(4,677,214)**	65%
Net Earnings (Loss) per share (Basic and Diluted)	**0.01**	0.00	90%	**(0.03)**	**(0.26)**	(88%)
Production (boe/d)	**88.5**	108.5	(18%)	**104.2**	170.5	(39%)
Funds generated by operations [2]	**(62,995)**	(589,324)	89%	**717**	(1,505,432)	(100%)
-per share basic and diluted	**(0.00)**	(0.02)	(93%)	**0.00**	(0.08)	(100%)
Cash flow from (used in) operations	**(16,958)**	711,522	(102%)	**561,119**	(269,367)	(311%)
-per share basic and diluted	**(0.00)**	0.02	(102%)	**0.01**	(0.01)	(175%)
Total Assets	**19,940,978**	18,869,234	6%	**19,940,978**	18,869,234	6%
Total Bank Debt	**500,000**	500,000	-	**500,000**	500,000	-
Net Debt (working capital) [2]	**(4,176,547)**	(4,699,536)	(11%)	**(4,176,547)**	(4,699,536)	(11%)

Note:
1) Unaudited financial information
2) See “Non-GAAP Measurements” at the beginning of the MD&A