Consolidated Financial Statements

Second Quarter 2012

June 30, 2012

3MV ENERGY

Consolidated Statements of Financial Position

As at:

(Canadian dollars) (unaudited)	Note	June 30, 2012 $	December 31, 2011 $
ASSETS			
Current assets			
Cash and cash equivalents		**732,017**	15,021
Accounts receivable		**410,706**	1,217,666
Prepaid expenses and deposits		**22,146**	37,406
		1,164,869	1,270,093
Non-current assets			
Property and equipment	5	**14,237,288**	11,742,149
Exploration and evaluation assets		**892,346**	314,780
		15,129,634	12,056,929
Total Assets		**16,294,503**	13,327,022
LIABILITIES			
Current liabilities			
Bank indebtedness		-	104,004
Accounts payable and accruals		**5,602,449**	5,691,567
Bank operating loans	6	**5,960,000**	1,530,000
		11,562,449	7,325,571
Non-current liabilities			
Flow through premium liability		**846**	112,122
Decommissioning liabilities		**1,907,674**	1,743,075
		1,908,520	1,855,197
SHAREHOLDERS' EQUITY			
Share capital	7	**20,271,115**	18,551,791
Contributed surplus	8	**804,357**	400,007
Warrants	7	**168,208**	168,208
Deficit		**(18,420,146)**	(14,973,752)
		2,823,534	4,146,254
Total Liabilities and Shareholders' Equity		**16,294,503**	13,327,022

Going Concern	2
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statements of Comprehensive Loss

(Canadian dollars) (unaudited)	Notes	Three months ended June 30, 2012 $	Three months ended July 31, 2011 $	Six months ended June 30, 2012 $	Six months ended July 31, 2011 $
Oil and natural gas revenues		**1,079,333**	1,197,100	**2,509,343**	2,497,225
Royalties		**(131,919)**	(126,599)	**(292,299)**	(280,620)
Total revenue		**947,414**	1,070,501	**2,217,044**	2,216,605
Production and operating		**506,635**	333,638	**1,016,915**	805,087
General and administrative		**1,141,798**	908,819	**1,767,075**	1,534,059
Depletion and depreciation		**484,852**	550,102	**1,046,355**	936,935
Transaction and share listing expense	4	-	-	**1,745,020**	-
Loss from operations		**(1,185,871)**	(722,058)	**(3,358,321)**	(1,059,476)
Interest and other income		**1,224**	1,127	**1,224**	1,663
Finance costs		**(153,128)**	(64,657)	**(192,574)**	(106,365)
Gain on asset swap		-	492,086	-	492,086
Loss before income tax		**(1,337,775)**	(293,502)	**(3,549,671)**	(672,092)
Income tax (expense) - current		**(8,000)**	(661,893)	**(8,000)**	(664,409)
Income tax (expense) recovery- deferred		**39,467**	-	**111,277**	(49,620)
Total income tax (expense) recovery		**31,467**	(661,893)	**103,277**	(714,029)
Total comprehensive loss		**(1,306,308)**	(955,395)	**(3,446,394)**	(1,386,121)
Loss per share					
Basic and diluted	11	**(0.09)**	(0.28)	**(0.28)**	(0.39)

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

Consolidated Statements of Changes in Shareholders' Equity

(Canadian dollars) (unaudited)	Note	Number of shares outstanding #	Share capital $	Warrants $	Contributed Surplus $	Deficit $	Total Shareholders' equity $
As at January 31, 2011 [(1)]		1,069,000	7,802,289	22,510	-	(598,567)	7,226,232
Cashless warrants exercised for shares		137,124	-	-	-	-	-
Expiration of warrants			22,510	(22,510)	-	-	-
Shares exchanged on reverse takeover		(1,206,124)	-	-	-	-	-
Existing shares of Seawall		929,430	-	-	-	-	-
Shares issued to shareholders of 3 Martini Ventures Inc. upon reverse takeover		3,662,255	4,173,002	-	-	-	4,173,002
Total comprehensive loss for the period		-	-	-	-	(1,386,121)	(1,386,121)
As at July 31, 2011 [(2)]		4,591,685	11,997,801	-	-	(1,984,688)	10,013,113
As at January 1, 2012 [(3)]		**6,553,920**	**18,551,791**	**168,208**	**400,007**	**(14,973,752)**	**4,146,254**
Shares exchanged on reverse takeover		(6,553,920)	-	-	-	-	-
Existing shares of Noravena Capital	7	6,500,010	-	-	-	-	-
Shares issued to shareholders of 3MV Energy Inc. upon reverse		132,848,050	1,619,324	-	-	-	1,619,324
takeover		132,848,050	1,619,324	-	-	-	1,619,324
Shares issued to Agents of Noravena upon reverse takeover	7	540,540	100,000	-	-	-	100,000
Ten for one share consolidation		(125,899,740)	-	-	-	-	
Share based payment	8	-	-	-	404,350	-	404,350
Total comprehensive loss for the period		-	-	-	-	**(3,446,394)**	**(3,446,394)**
As at June 30, 2012		**13,988,860**	**20,271,115**	**168,208**	**804,357**	**(18,420,146)**	**2,823,534**

(1) At January 31, 2011 3 Martini had 524,500 class A common shares and 544,500 class B preferred shares.
(2) At June 30, 2011 3 Martini had 593,062 class A common shares and 613,062 class B preferred shares.
(3) At January 1, 2012 and June 30, 2012 there were no preferred shares outstanding.

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

Consolidated Statements of Cash Flows

(Canadian dollars) (unaudited)	Note	Six months ended June 30, 2012 $	July 31, 2011 $
Cash provided by (used for) the following activities			
Operating activities			
Loss for the period		**(3,446,394)**	(1,386,121)
Add (deduct):			
Depletion and depreciation	5	**1,046,355**	936,935
Accretion		**21,756**	28,740
Share listing expense	4	**1,544,152**	-
Gain on sale of assets		**-**	(492,086)
Share-based payments	8	**404,350**	-
Deferred tax expense		**(111,277)**	1,173,991
Change in non-cash working capital	10	**595,530**	523,325
Cash from (used in) operating activities		**54,472**	784,784
Investing activities			
Purchase of property and equipment		**(3,344,737)**	(2,304,893)
Purchase of exploration and evaluation		**(631,480)**	-
Acquisition of Noravena or Seawall	4	**139,722**	934,373
Net change in non-cash working capital	10	**173,023**	(1,315,298)
Cash used in investing activities		**(3,663,472)**	(2,685,818)
Financing activities			
Proceeds from bank operating loans		**4,430,000**	3,380,000
Change in bank indebtedness		**(104,004)**	(614,149)
Cash from financing activities		**4,325,996**	2,765,851
Increase (decrease) in cash and cash equivalents		**716,996**	864,817
Cash and cash equivalents, beginning of period		**15,021**	59,710
Cash and cash equivalents, end of period		**732,017**	924,527

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

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ending June 30, 2012 and July 31, 2011

1. Reporting entity

Seawall Energy Management Corp., ("**Seawall**") was incorporated under the Business Corporations Act (Alberta) on March 4, 2010. Seawall was extra–provincially registered in British Columbia on March 29, 2010 under the assumed name "Seawall Oil & Gas Corporation" and extra-provincially registered in Saskatchewan on March 31, 2010. Seawall is based in Calgary and engaged in the exploration, development, production and acquisition of petroleum and natural gas reserves in Western Canada. On September 1, 2011 Seawall changed its legal name to 3MV Energy Inc. (the "**Corporation**"). The address of the registered office is #250, 305-10 Ave SE Calgary, Alberta T2G 0W2.

3 Martini Ventures Inc. ("**3 Martini**") was incorporated under the Business Corporations Act (Alberta) on March 31, 2008. 3 Martini is also extra–provincially registered in the province of Saskatchewan. 3 Martini owns and operates oil and gas properties in Saskatchewan. 3 Martini has a wholly owned subsidiary, Buckhorn Resources Ltd.

On June 30, 2011 Seawall and 3 Martini completed an Arrangement Agreement (the "**Arrangement**") in which each 3 Martini share was transferred to Seawall, and each holder thereof were entitled to receive from Seawall the consideration comprised of such number of Seawall shares as determined in accordance with the Exchange Ratio. The Exchange Ratio was 3.63 Seawall Shares for each 3 Martini Class A Share and 1.815 Seawall Shares for each 3 Martini Class B Share through which the 3 Martini shareholders acquired a majority share of Seawall. For accounting purposes, 3 Martini is considered the acquirer and Seawall the acquiree. In accordance with IFRS 3, the consolidated financial statements are in the name of 3MV Energy Inc. (formerly Seawall Energy Management Corp.), however are a continuation of the consolidated financial statements of 3 Martini Ventures Inc., the accounting acquirer.

On January 29, 2012 3MV Energy Inc. ("**3MV Inc.**") and Noravena Capital Corporation ("**Noravena**"), a capital pool company completed an Amalgamation Agreement (the "**Amalgamation**") in which each 3MV Inc. share was acquired by Noravena, and each holder thereof was entitled to receive from Noravena the consideration comprised of such number of Noravena shares as determined in accordance with the exchange ratio as agreed upon by both Noravena and 3MV Inc. ("**The Noravena Ratio**"). The Noravena Ratio was 20.27 Noravena shares for each 3MV Inc. share through which the 3MV Inc. shareholders acquired a majority share of Noravena. Immediately following the transaction was a ten for one share consolidation resulting in the final share exchange ratio of 2.027. 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 Inc. Additional information on the Arrangement is available in note 4.

The financial year end of the Corporation was changed from April 30 to December 31. Accordingly, the comparative figures for the interim consolidated statement of comprehensive loss, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and the related notes to the financial statements are for three and six month periods ended July 31, 2011.

2. Basis of preparation

Statement of compliance

These condensed interim consolidated financial statements for the three and six months ended June 30, 2012 are unaudited and have been prepared in accordance with International Accounting Standard ("**IAS**") 34 – "Interim Financial Reporting".

The condensed interim consolidated financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2011.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 27, 2012.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

2. Basis of preparation (continued)

Going concern

For the six months ended June 30, 2012 the Corporation reported a net loss of $3.4 million and has a working capital deficiency of $10.4 million at June 30, 2012. As at June 30, 2012 the Corporation had $3.96 million drawn on its operating loan of the $4.0 million available. In addition, the Corporation had $2 million in mezzanine financing outstanding as at June 30, 2012. The Corporation's lending arrangements in place are not sufficient to fund the exploration and development program for the next twelve months. At June 30, 2012, the Corporation was in violation of lenders financial covenants and forecasts continuing covenant violations. Subsequent to the end of the period, 3MV Energy received a notice that it was in default under its Senior Creditor Commitment from its senior lender contained in a Payment Blockage Notice to the Corporation and its subordinated mezzanine lender. These conditions create a material uncertainty that casts significant doubt about the Corporation's ability to continue as a going concern. Additional equity, debt and/or farm-out arrangements are needed to meet the Corporation's obligations as they become due. There are no guarantees that such additional capital funding will be available when needed.

3. Summary of significant accounting policies and disclosures

Accounting policies and disclosures.

In preparing these condensed interim consolidated financial statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the periods ended December 31, 2011 and April 30, 2011.

The following disclosures are incremental to those included with the annual audited consolidated financial statements. Certain disclosures that are normally required in the notes to the annual audited consolidated financial statements have been condensed or omitted. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the periods ended December 31, 2011 and April 30, 2011.

4. Reverse takeover

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 transaction was a ten for one share consolidation resulting in the final share exchange ratio of 2.027. Noravena has 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. Following the amalgamation, 3MV Energy Corp. resumed trading on the TSX Venture under the trading symbol TMV.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

4. Reverse takeover (continued)

The following summarizes the reverse takeover acquisition of Noravena by 3MV Inc. and the assets acquired and liabilities assumed:

Net assets acquired:	**$**
Cash	139,721
Accounts receivable	55,685
Accounts payable and accruals	(20,234)
	175,172
Consideration paid:	
Share Capital	1,719,324
Share listing expense	(1,544,152)
	175,172

The total share capital amount included as consideration paid following the reverse takeover transaction was determined as a function of the 20.27 share exchange ratio and the total shares issued in 3MV Energy Corp. upon amalgamation. Following the ten for one share consolidation, 13.9 million shares were issued and outstanding in the amalgamated company. Of the 13.9 million shares, Noravena's original shares accounted for 5% of the amalgamated total ("the Amalgamation Ratio"). The Amalgamation Ratio was then applied to the combined fair market value of the net assets of the resulting issuer in order to determine the value of share capital consideration provided.

Included in the share capital amount of $1,719,324 are 54,054 shares valued at $100,000 which were issued to the agents of Noravena upon closing of the transaction.

The purchase price allocation is considered finalized by taking into account all relevant information available at the time these interim consolidated financial statements were prepared. As the acquisition was not considered a business combination, the excess of the fair value of the consideration over the net assets of $1,544,152 is included as an expense on the statement of comprehensive loss. In addition, the Corporation incurred $200,868 in transaction costs relating to the reverse takeover transaction during the six month period ending June 30, 2012.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

5. Property and equipment

	Petroleum and natural gas assets $	Corporate assets $	Total $
Cost:			
Balance at April 30, 2011	13,320,638	-	13,320,638
Additions	14,301,579	192,849	14,494,428
Transfers from exploration and evaluation assets	107,828	-	107,828
Assets given up in asset swap	(1,902,861)	-	(1,902,861)
Assets received in asset swap (net of liabilities incurred)	2,521,069	-	2,521,069
Change in decommissioning provisions	253,615	-	253,615
Balance at December 31, 2011	28,601,868	192,849	28,794,717
Additions	3,390,187	97,393	3,487,580
Transfers from exploration and evaluation assets	53,914	-	53,914
Balance at June 30, 2012	32,045,969	290,242	32,336,211
Accumulated depletion and depreciation and impairment loss:			
Balance at April 30, 2011	(1,213,366)	-	(1,213,366)
Depletion and depreciation for the period	(1,685,061)	(37,327)	(1,722,388)
Impairment	(14,116,814)	-	(14,116,814)
Balance at December 31, 2011	(17,015,241)	(37,327)	(17,052,568)
Depletion and depreciation for period	(1,014,491)	(31,864)	(1,046,355)
Balance at June 30, 2012	(18,029,732)	(69,191)	(18,098,923)
Net book value:			
December 31, 2011	11,586,627	155,522	11,742,149
June 30, 2012	14,016,237	221,052	14,237,288

Future development costs on proved plus probable reserves totalling approximately $11,375,000 (December 31, 2011 - $11,375,000) are included in the depletion calculation.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

6. Bank operating loans

		Year of maturity	June 30, 2012 $	December 31, 2011 $
Operating loan facility	(a)	-	3,960,000	1,530,000
Credit facility	(b)	2013	2,000,000	-
			5,960,000	1,530,000

(a) Operating loan facility

As of June 30, 2012 the Corporation had drawn $3,960,000 on its operating loan facility bearing interest at prime plus 1.5%. Prime at June 30, 2012 was 3.00% (December 31, 2011 – 3.00%). The maximum principal amount on the facility is $4,000,000. The loan is a demand loan, secured by a general security agreement providing a security interest over all present and after acquired personal property and a floating charge on all lands. The Corporation is subject to a working capital ratio covenant calculated as: current assets plus undrawn availability under this facility divided by current liabilities, excluding any amount drawn under both facilities. As at June 30, 2012 the Corporation's working capital ratio was 0.2:1; which was in violation of the minimum 1.0:1 ratio required. Subsequent to the end of the period, the Corporation was issued a notice of default on the operating loan facility (see note 12). As a result, the notice of default constitutes a payment blockage to the Corporation's subordinated creditor. The next renewal date is scheduled to be completed on May 31, 2013.

(b) Credit facility

During the six months ended June 30, 2012 the Corporation obtained a credit facility in the amount of $2,000,000. Interest is payable at 15.00% per annum through maturity of May 31, 2013. Interest is due and calculated monthly. The credit facility is subordinated to the operating loan facility and is also secured by a general security agreement providing a security interest over all present and after acquired personal property and a floating charge on all lands. The Corporation is subject to a working capital ratio covenant calculated in the same manner as the operating loan. As at June 30, 2012 the Corporation's working capital ratio was 0.2:1; which was in violation of the minimum 1.0:1 ratio required. The loan also requires the Corporation to maintain a secured debt to equity ratio of less than 1.0:1.0 at all times. The secured debt to equity ratio is calculated as consolidated debt in accordance with IFRS excluding interest, deferred taxes, amortization and other noncash items over consolidated shareholder's equity. At June 30, 2012 the Corporation's secured debt to equity ratio was 2.1:1.0 which was in violation of the covenant. The Corporation is also subject to maintain a secured to debt to trailing cash flow ratio at or below 2.5:1.0 at all times. For the purposes of this covenant, trailing cash flow is defined as consolidated IFRS net income with deferred taxes, amortization, and other noncash charges added back. As at June 30, 2012 the Corporation had a secured debt to trailing cash flow ratio of (4.9):1.0 which was in violation of the covenant.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

7. Share capital

Authorized

Common shares

Class A, unlimited, voting, no par value, subject to priority rights of any other class of shares.

Issued

	Number of Shares	$
Balance at January 31, 2011	1,069,000	7,802,289
Cashless warrants exercised for shares	137,124	-
Expiration of unexercised warrants	-	22,510
Balance at April 30, 2011	**1,206,124**	**7,824,799**
Shares exchanged on reverse takeover (3 Martini)	(1,206,124)	-
Existing shares of Seawall	929,430	-
Class A Shares issued for 3 Martini Shares [a]	3,662,255	4,173,002
Class A Shares issued November 9, 2011 [b]	1,962,235	7,541,119
Flow through share premium [b]	-	(182,738)
Share issuance costs [b]	-	(636,183)
Fair value of warrants on private placement [b]	-	(168,208)
Balance at December 31, 2011	**6,553,920**	**18,551,791**
Shares exchanged on reverse takeover	(6,553,920)	-
Existing shares of Noravena Capital	6,500,010	-
Shares issued to shareholders of 3MV Energy Inc. upon reverse takeover [c]	132,848,050	1,619,324
Shares issued to Agents of Noravena upon reverse takeover [c]	540,540	100,000
Ten for one share consolidation [c]	(125,899,740)	-
Balance at June 30, 2012	**13,988,860**	**20,271,115**

(a) As consideration of the Arrangement Agreement between Seawall and 3 Martini dated June 30, 2011, the shareholders of 3 Martini received 3.63 common shares of Seawall for each 3 Martini class A share held and 1.815 common shares of Seawall for each 3 Martini class B share held, resulting in the issuance of 3,662,255 common shares of Seawall at a value of $4,173,002.

(b) On November 9, 2011, the Corporation closed the private placement of 1,231,285 Class A common shares issued at a price of $3.75 per share. In addition 730,950 Class A shares were issued on a "flow-through" basis with respect to Canadian exploration expenses at a price of $4.00 per share, for gross proceeds of approximately $2.9 million. $182,738 or $0.25 per share was determined to be the implied premium on the flow-through shares. Of the $2.9 million raised in flow-through, $2.9 million has been expended to June 30, 2012. In conjunction with the private placement the Corporation issued 97,078 broker warrants that were determined to have a fair value of $168,208. Share issuance costs relating to the private placement totaled $636,183.

(c) On January 29, 2012 the Corporation completed the amalgamation arrangement with Noravena Capital Corporation. As a result of the transaction, all outstanding 3MV Energy Inc. shares were exchanged for Noravena Capital Corporation shares in accordance with the share exchange ratio of 20.27 times 3MV's outstanding share amount as at January 29, 2012. In addition, 540,540 shares with a value of $100,000 were issued to Noravena's broker agents as a result of the transaction. Following the completion of the qualifying transaction, a ten for one share consolidation occurred reducing the outstanding shares by 125,899,740.

7. Share capital (continued)

Warrants

	# of Warrants	$
As at April 30, 2011	-	-
Warrants Issued [(a)]	97,078	168,208
As at December 31, 2011	97,078	168,208
Warrants Converted at a ratio 2.027		
As at December 31, 2011 and June 30, 2012	196,777	168,208

(a) Pursuant to the private placement on November 9, 2011 the Corporation issued 97,078 broker warrants. Each warrant entitles the holder to purchase one common share at a price of $3.75 per share for a period of two years vesting immediately. As result of the reverse takeover of Noravena, the outstanding warrants were converted at a ratio of 2.027 resulting in an amount of 196,777 outstanding and exercisable at a price of $1.85 as of June 30, 2012.

8. Share-based payments

On December 21, 2011, the Corporation introduced an employee stock option plan under which employees, directors and consultants are eligible to purchase common shares of the Corporation. Options were granted using an exercise price equal to the $3.75 share price from the November 9, 2011 private placement issuance. The options have a term of five years and vest over a two year period starting on the first anniversary date of the grant with one third of the total amount vesting immediately upon granting. Following the qualifying transaction with Noravena Capital Corporation, the options were exchanged at the final post share consolidation exchange ratio of 2.027. The number of options outstanding at June 30, 2012 totaled 924,312 (April 31, 2011 – nil) and the exercise price was converted to $1.85 per share.

In addition to the options issued by 3MV, 65,000 options were previously issued and outstanding to directors of Noravena Capital Corporation at the time of the amalgamation. These options vested immediately at time of the issuance and expire April 30, 2015. The exercise price is $2.00 per share.

On February 17, 2012, the Corporation granted options. The options have a term of five years and vest over a three year period starting on the first anniversary date of the grant at an exercise price of $1.90. As of June 30, 2012 there were 411,000 options issued and outstanding relating to the issuance. There were no options issued during the three month period ending June 30, 2012.

The fair value of the options was estimated using the Black-Scholes model with the following weighted average inputs:

		June 30, 2012
Fair value at grant date	$	1.28
Common share price	$	1.90
Exercise price	$	1.90
Volatility		86%
Option life		5 years
Dividends		0%
Risk-free interest rate		0.89%
Forfeiture rate		0%

This estimated forfeiture rate is adjusted to the actual forfeiture rate when each tranche vests. Share based compensation cost for the six month period of $404,350 (July 31, 2011 – $nil) was expensed during the six months ended June 30, 2012. Subsequent to the end of the period, the Corporation announced the Board of Directors cancelled their stock options. The Board of Directors held 207,930 options in the Corporation as of June 30, 2012 (see note 12).

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

9. Commitments

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

	June 30, 2012 $
2012	33,196
2013	66,392
2014	38,728

Capital Commitments

The Corporation has entered into "farm-in" agreements whereby the Corporation may earn working interests in oil and gas properties in exchange for undertaking capital spending programs to develop the properties. Per the current terms of the farm-in agreement, the Corporation must begin drilling two wells on the designated property by August 31, 2012 or will incur a penalty of $1,000,000. As at June 30, 2012 the Corporation is committed to fulfilling all of its farm-in obligations.

During the period ended December 31, 2011 the Corporation closed the private placement where Class A shares were issued on a "flow-through" basis with respect to Canadian exploration expenses for gross proceeds of approximately $2.92 million. Of the $2.92 million raised in flow-through, $2.91 million has been incurred to June 30, 2012. The Corporation has to incur $14 thousand of eligible expenses by December 31, 2012.

10. Supplemental cash flow information

Changes in non-cash working capital from operating activities is comprised of:

Six months ended	June 30, 2012 $	July 31, 2011 $
Source (use) of cash:		
Accounts receivables	**862,645**	698,353
Inventory	-	16,676
Prepaid expenses and deposits	**15,260**	(14,705)
Accounts payables and accruals	**(282,375)**	(170,008)
Income tax payable	-	(6,991)
Change in non-cash working capital	**595,530**	523,325

Changes in non-cash working capital from investing activities is comprised of:

Six months ended	June 30, 2012 $	July 31, 2011 $
Source (use) of cash:	-	-
Accounts payables and accruals	**173,023**	(1,315,298)
Change in non-cash working capital	**173,023**	(1,315,298)

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and six month periods ending June 30, 2012 and July 31, 2011

11. Earnings per share

Basic and diluted income (loss) per share

	Loss for the period $	Weighted average number of shares	Per share amount $
Three months ended June 30, 2012			
Basic and diluted	(1,306,308)	13,988,860	(0.09)
Six months ended June 30, 2012			
Basic and diluted	(3,446,394)	12,270,756	(0.28)
Three months ended July 31, 2011			
Basic and diluted	(955,395)	3,717,292	(0.26)
Six months ended July 31, 2011			
Basic and diluted	(1,386,121)	3,563,241	(0.39)

The effect of warrants and stock options outstanding on loss per share for the period ended June 30, 2012 is anti-dilutive.

12. Subsequent Events

Subsequent to the end of the quarter, 3MV announced it received a Notice of Default on its senior creditor commitment lender. The default was issued as a result of liens against certain assets of the Corporation as well as on a change of control default resulting from the resignation of the former Chief Executive Officer from his position. As a result, the notice of default constitutes a payment blockage to the Corporation's subordinated creditor. The payment blockage prohibits the Corporation from making any payments to the subordinated creditor until such time as the default notice is lifted. The Corporation is currently working closely with its lenders to resolve the situation.

The Corporation also announced the Board of Directors have cancelled all of their outstanding stock options to purchase shares of the Corporation. The Board of Directors previously held 207,930 options in the Corporation.

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