Consolidated Financial Statements

Third Quarter 2012

September 30, 2012

3MV ENERGY

Consolidated Statements of Financial Position

As at:

Canadian Dollars *Unaudited*	Notes	September 30, 2012 $	December 31, 2011 $
ASSETS			
Current assets			
Cash and cash equivalents		**473,126**	15,021
Accounts receivable		**297,560**	1,217,666
Prepaid expenses and deposits		**40,669**	37,406
		811,355	1,270,093
Non-current assets			
Property and equipment	5	**13,561,559**	11,742,149
Exploration and evaluation assets		**935,183**	314,780
		14,496,742	12,056,929
Total Assets		**15,308,097**	13,327,022
LIABILITIES			
Current liabilities			
Bank indebtedness		**-**	104,004
Accounts payable and accruals		**5,686,392**	5,691,567
Bank operating loans	6	**6,000,000**	1,530,000
		11,686,392	7,325,571
Non-current liabilities			
Flow through premium liability		**-**	112,122
Decommissioning liabilities		**1,862,939**	1,743,075
		1,862,939	1,855,197
SHAREHOLDERS' EQUITY			
Share capital	7	**20,271,115**	18,551,791
Contributed surplus		**1,067,457**	400,007
Warrants	7	**168,208**	168,208
Deficit		**(19,748,014)**	(14,973,752)
		1,758,766	4,146,254
Total Liabilities and Shareholders' Equity		**15,308,097**	13,327,022

Going Concern	2
Commitments	9
Subsequent Events	13

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 September 30, 2012 $	Three months ended October 31, 2011 $	Nine months ended September 30, 2012 $	Nine months ended October 31, 2011 $
Oil and natural gas revenues		**832,753**	1,205,783	**3,342,096**	3,703,008
Royalties		**(84,402)**	(129,070)	**(376,701)**	(409,690)
Total revenue		**748,351**	1,076,713	**2,965,395**	3,293,318
Production and operating		**360,198**	561,870	**1,377,113**	1,366,957
General and administrative		**1,061,958**	297,267	**2,829,033**	1,831,326
Depletion and depreciation		**410,544**	559,430	**1,456,899**	1,496,365
Transaction and share listing expense	4	**-**	-	**1,745,020**	-
Loss on disposal of properties		**68,882**	-	**68,882**	-
Gain on asset swap		-	-	-	(492,086)
Loss from operations		**(1,153,231)**	(341,854)	**(4,511,552)**	(902,244)
Interest and other income		**81**	774	**1,305**	2,437
Finance costs		**(175,563)**	(83,139)	**(368,137)**	(189,504)
Loss before income tax		**(1,328,713)**	(424,219)	**(4,878,384)**	(1,096,311)
Income tax (expense) - current		**-**	120,966	**(8,000)**	(543,443)
Income tax (expense) recovery- deferred		**845**	-	**112,122**	(49,620)
Total income tax (expense) recovery		**845**	120,966	**104,122**	(593,063)
Total comprehensive loss		**(1,327,868)**	(303,253)	**(4,774,262)**	(1,689,374)
Loss per share					
Basic and diluted	11	**(0.09)**	(0.07)	**(0.37)**	(0.43)

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 3M Ventures Inc. upon reverse takeover		3,662,255	4,173,002	-	-	-	4,173,002
Total comprehensive loss for the period		-	-	-	-	(1,689,374)	(1,689,374)
As at October 31, 2011(2)		**4,591,685**	**11,997,801**	**-**	**-**	**(2,287,941)**	**9,709,860**
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 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	-	-	-	667,450	-	667,450
Total comprehensive loss for the period		-	-	-	-	(4,774,262)	(4,774,262)
As at September 30, 2012(3)		**13,988,860**	**20,271,115**	**168,208**	**1,067,457**	**(19,748,014)**	**1,758,766**

(1) At January 31, 2011 3M Ventures had 524,500 class A common shares and 544,500 class B preferred shares.

(2) At October 31, 2011 3M Ventures had 593,062 class A common shares and 613,062 class B preferred shares.

(3) At January 1, 2012 and September 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	Nine months ended September 30, 2012 $	October 31, 2011 $
Cash provided by (used for) the following activities			
Operating activities			
Loss for the period		**(4,774,262)**	(1,689,374)
Add (deduct):			
Depletion and depreciation	5	**1,456,899**	1,496,365
Accretion		**32,025**	39,393
Share listing expense	4	**1,544,152**	-
Loss on disposal of properties		**68,882**	-
Share-based payments	8	**667,450**	-
Gain on asset swap		**-**	(492,086)
Deferred tax expense (recovery)		**(112,122)**	1,048,209
Change in non-cash working capital	10	**1,163,455**	(312,182)
Cash from operating activities		**46,479**	90,325
Investing activities			
Purchase of property and equipment		**(3,393,439)**	(5,087,144)
Purchase of exploration and evaluation		**(674,317)**	(422,608)
Acquisition of Noravena or Seawall	4	**139,721**	934,373
Proceeds from disposition of properties		**190,000**	-
Change in non-cash working capital	10	**(216,335)**	1,068,389
Cash used in investing activities		**(3,954,370)**	(3,506,990)
Financing activities			
Proceeds from bank operating loans		**4,470,000**	3,180,000
Change in bank indebtedness		**(104,004)**	191,967
Cash from financing activities		**4,365,996**	3,371,967
Increase (decrease) in cash and cash equivalents		**458,105**	(44,698)
Cash and cash equivalents, beginning of period		**15,021**	59,710
Cash and cash equivalents, end of period		**473,126**	15,012

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 nine month periods ending September 30, 2012 and October 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. ("3M Ventures") was incorporated under the Business Corporations Act (Alberta) on March 31, 2008. 3M Ventures is also extra–provincially registered in the province of Saskatchewan. 3M Ventures owns and operates oil and gas properties in Saskatchewan. 3M Ventures has a wholly owned subsidiary, Buckhorn Resources Ltd.

On June 30, 2011 Seawall and 3M Ventures completed an Arrangement Agreement (the "Arrangement") in which each 3M Ventures 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 3M Ventures Class A Share and 1.815 Seawall Shares for each 3M Ventures Class B Share through which the 3M Ventures shareholders acquired a majority share of Seawall. For accounting purposes, 3M Ventures 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 3M 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 nine month periods ended October 31, 2011.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and nine month periods ending September 30, 2012 and October 31, 2011

2. Basis of preparation

Statement of compliance

These condensed interim consolidated financial statements for the nine months ended September 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 November 28, 2012.

Going concern

For the nine months ended September 30, 2012 the Corporation reported a net loss of $4.8 million and has a working capital deficiency of $10.9 million at September 30, 2012. During the nine months ended, the Corporation drew $2.47 million to fully draw on its bank operating loan and drew $2.0 million to fully draw on a new facility. At September 30, 2012, the Corporation was in violation of lenders financial covenants and forecasts continuing covenant violations. Subsequent to the end of the period, the Corporation's senior lender and its subordinated lender both issued demand of repayment. Also subsequent to the end of the period, the Corporation closed a $5 million non-brokered private placement and additionally the Corporation issued convertible debentures in the amount of $1 million. Together these cash inflows allowed the Corporation to fully repay both the senior and subordinated lenders and eliminate both facilities. The Corporation continues its efforts to raise equity and diminish accounts payable. These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Additional equity, debt and/or farm-out arrangements 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 judgments 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.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and nine month periods ending September 30, 2012 and October 31, 2011

3. Summary of significant accounting policies and disclosures (continued)

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.

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

4. Reverse takeover (continued)

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.

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 cash transaction costs relating to the reverse takeover transaction.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and nine month periods ending September 30, 2012 and October 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	3,425,430	98,212	3,523,642
Dispositions	(1,004,325)	(43,439)	(1,047,764)
Transfers from exploration and evaluation assets	53,914	-	53,914
Balance at September 30, 2012	31,076,887	247,622	31,324,509
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 of PPE	(14,116,814)	-	(14,116,814)
Balance at December 31, 2011	(17,015,241)	(37,327)	(17,052,568)
Depletion and depreciation for period	(1,416,228)	(40,671)	(1,456,899)
Dispositions	745,443	1,074	746,517
Balance at September 30, 2012	(17,686,026)	(76,924)	(17,762,950)
Net book value:			
December 31, 2011	11,586,627	155,522	11,742,149
September 30, 2012	**13,390,861**	**170,698**	**13,561,559**

Future development costs on proved plus probable reserves totaling approximately $10,960,000 (December 31, 2011 - $11,375,000) are included in the depletion calculation.

6. Bank operating loans

		Year of maturity	September 30, 2012 $	December 31, 2011 $
Operating loan facility	(a)	-	4,000,000	1,530,000
Credit facility	(b)	2013	2,000,000	-
			6,000,000	1,530,000

(a) Operating loan facility

As of September 30, 2012 the Corporation had drawn $4,000,000 on its operating loan facility bearing interest at prime plus 1.5%. Prime at September 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 September 30, 2012 the Corporation's working capital ratio was 0.1:1; which was in violation of the minimum 1.0:1 ratio required. Subsequent to the end of the period, the Corporation was issued a demand for repayment of all indebtedness under this facility (see note 13). The Corporation repaid its indebtedness under this facility in full on October 23, 2012.

(b) Credit facility

During the current fiscal period 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 September 30, 2012 the Corporation's working capital ratio was 0.1:1; 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 September 30, 2012 the Corporation's secured debt to equity ratio was 3.4:1.0 which was in violation of the covenant. The Corporation is also required 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 September 30, 2012 the Corporation had a secured debt to trailing cash flow ratio of (2.39):1.0 which was in violation of the covenant. As a result of the covenant violations, the credit facility was placed in default as of July 1, 2012 and the interest rate accrued on the loan was increased to 21% per annum.

6. Bank operating loans (continued)

(b) Credit facility

Subsequent to the end of the period, the Corporation was issued a demand for repayment of all indebtedness under this credit facility (see note 13). The Corporation repaid its indebtedness under this facility in full on November 14, 2012.

7. Share capital

(a) Authorized

Common shares

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

(b) 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 (3M Ventures)	(1,206,124)	-
Existing shares of Seawall	929,430	-
Class A Shares issued for 3M Ventures 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 September 30, 2012	**13,988,860**	**20,271,115**

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

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and nine month periods ending September 30, 2012 and October 31, 2011

7. Share capital (continued)

(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 September 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.

(c) 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 September 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 September 30, 2012.

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)

For the three and nine month periods ending September 30, 2012 and October 31, 2011

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.

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 411,000 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 July 23, 2012 the Corporation cancelled all outstanding stock options (165,865 options) issued to directors from both issuances. Additionally as a result of the resignation of an officer and directors, 268,425 options were forfeited during the 3 months ended September 30, 2012. The number of options outstanding as at September 30, 2012 totaled 966,024 (October 31, 2011 – nil). There were no options issued during the three month period ended September 30, 2012.

This estimated forfeiture rate is adjusted to the actual forfeiture rate when each tranche vests. Share based compensation cost of $667,450 (October 31, 2011 – $nil) was expensed during the nine months ended September 30, 2012.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and nine month periods ending September 30, 2012 and October 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:

	September 30, 2012 $
2012	16,598
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 the drilling of one new well on the designated property by December 1, 2012. As at September 30, 2012 the Corporation is committed to fulfilling all of its farm-in obligations.

10. Supplemental cash flow information

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

Nine months ended	September 30, 2012 $	October 31, 2011 $
Source (use) of cash:		
Trade and other receivables	975,791	395,082
Inventory	-	16,676
Prepaid expenses and deposits	(3,263)	(3,859)
Trade and other payables	190,926	(713,090)
Income tax payable	-	(6,991)
Change in non-cash working capital	1,163,454	(312,182)

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

Nine months ended	September 30, 2012 $	October 31, 2011 $
Source (use) of cash:		
Trade and other payables	(216,335)	1,068,389
Change in non-cash working capital	(216,335)	1,068,389

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)
For the three and nine month periods ending September 30, 2012 and October 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 September 30, 2012			
Basic and diluted	(1,327,868)	13,988,860	(0.09)
Nine months ended September 30, 2012			
Basic and diluted	(4,774,262)	12,849,751	(0.37)
Three months ended October 31, 2011			
Basic and diluted	(303,253)	4,591,685	(0.07)
Nine months ended October 31, 2011			
Basic and diluted	(1,689,374)	3,911,097	(0.43)

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

12. Related party transactions

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

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

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

During the period ended September 30, 2012, the Corporation incurred $264,491 in general and administrative expenses relating to legal fees ($nil for period ending October 31, 2011) paid to a firm which is controlled by a director of the Corporation.

Subsequent to the end of the period the Corporation closed a placement for gross proceeds of $5,000,000. A director of the Corporation is the sole subscriber to the private placement and following the closing of the offering will directly or indirectly, beneficially own or control 59.61% of the Corporation on a non-diluted basis and 74.57% on a fully diluted basis. This transaction is subject to shareholder approval. See note 13.

12. Related party transactions (continued)

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 Energy entered into a farm-out agreement with FarmCo to drill two wells on 3MV's property, with FarmCo funding 100% of costs to completion to earn a 75% interest subject to existing royalties.

FarmCo is a related party by way of common management and directors. As at September 30, 2012 FarmCo has not completed the two wells and has not earned a farm-in interest.

13. Subsequent Events

Debt Repayment

Subsequent to the end of the quarter, 3MV announced that both its lenders under its secured credit facility and secured subordinated credit facility made a demand on the Corporation for repayment of all indebtedness under such facility, which amounted to $6 million plus any unpaid accrued interest, by October 19, 2012. The demand came as a result of the Corporation being in breach of certain financial covenants under the facilities.

The Corporation repaid in full the indebtedness under the senior facility on October 23, 2012 and the Corporation repaid in full the indebtedness under its secured subordinated credit facility on November 14, 2012.

Financings

Prior to repayment of the Senior Lender, on October 19, 2012 the Corporation announced the initial closing of a non-brokered private placement of 20,000,000 units at a price of $0.25 per Unit for gross proceeds of $5,000,000. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Corporation at an exercise price of $0.50 per common share for a period of 18 months following the date of issuance. A director of the Corporation was the sole subscriber to the Offering and will become a new "Control Person" as defined in the TSX Venture Exchange ("TSXV") Corporate Finance Manual.

According to TSXV rules and applicable securities legislation, the securities issued pursuant to the Offering are subject to a four-month and one day hold period, commencing on the closing date and ending on February 20, 2013.

The TSXV requires that 3MV obtain disinterested shareholder approval for the creation of a new "Control Person." A special meeting of shareholders of 3MV has been scheduled for December 5, 2012 for the purpose of obtaining disinterested shareholder approval. Until approval is obtained, the subscriber is limited in the exercise of voting shares to a limit of no greater than 15% of the post offering number of outstanding 3MV Energy Shares.

13. Subsequent Events (continued)

On November 14, 2012 the Corporation announced the closing of a $1,000,000 non-brokered private placement financing of convertible debentures. A director of the Corporation is the sole subscriber to the private placement.

The convertible debenture is a secured, interest-bearing loan of $1,000,000. The interest rate will be 12% per annum, calculated and payable monthly. The term is for 2 years, with the Corporation having a right to prepayment upon thirty (30) days' notice. The loan is convertible at any time by the lender until maturity into common shares of the Corporation at a conversion price of $0.29 per share.

Additionally on November 14, 2012 and November 28, 2012, the Corporation issued 440,000 Units for gross proceeds of $110,000 and 1,200,000 Units for gross proceeds of $300,000, respectively, under its non-brokered private placement offering. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Corporation at an exercise price of $0.50 per common share for a period of 18 months following the date of issuance. The Company is continuing to offer up to an additional 20,000,000 Units for sale at a price of $0.25 per Unit for gross proceeds of up to an additional $5,000,000.

Operations

October 18, 2012 the Corporation announced it intends to exercise, subject to Board of Directors and regulatory approval, the right to exchange 3MV Energy shares and warrants for FarmCo shares and warrants thereby re-acquiring the 75% interest in the two wells, by issuing units at $0.25 per unit, each unit is comprised of a share and a warrant exercisable at $0.50 for 18 months. In total there are 3,600,000 shares and warrants in 1696704 Alberta Ltd. outstanding. These two wells are currently awaiting completion.

Subsequent to the period ended September 30, 2012, the Corporation announced the intention to settle trade debt by issuing units of the Corporation at a conversion price of $0.25 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one additional common share of the Corporation at an exercise price of $0.50 per common share for a period of 18 months following the date of issuance. Trade creditors considered to be a related party to the Corporation will not be entitled to the warrants. As of the date of release of the interim consolidated financial statements for the period ended September 30, 2012 the Corporation has agreed to convert $1,023,795 of trade and professional services into an aggregate of 4,755,186 common shares and 3,993,626 warrants. 3MV is continuing to solicit its creditors for conversion.

As of November 28, 2012 the Corporation has reduced its working capital deficiency by $7.1 million as detailed above. This was financed through a $5 million private placement and $1 million in convertible debentures. The Corporation currently has no debt facilities and will aim to further reduce the working capital deficiency in the fourth quarter of 2012.