Management's Discussion and Analysis

Year Ended

December 31, 2014

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**") reports on the financial condition and the results of operations for the three and twelve month periods ended December 31, 2014 and December 31, 2013 and should be read in conjunction with the December 31, 2014, and December 31, 2013 audited consolidated financial statements and notes thereto. The audited financial statements for the year ended December 31, 2014 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 27, 2015.*

Description of the Company

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.

Basis of Presentation

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, 2014 consolidated financial statements. The following MD&A compares the results of the three and twelve months ended December 31, 2014 to the three and twelve months ended December 31, 2013. The term "Q4 2014" or similar terms are used throughout this document and refer to the three month period ended December 31, 2014.

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, 2014	Year ended December 31, 2013
Cash flows from (used in) operating activities	**(548,890)**	**561,119**
Changes in non-cash working capital	**453,335**	**(560,401)**
Funds generated by (used in) operation (as defined above)	**(95,555)**	**718**

Fiscal 2014 highlights

- Related Party Loan
  - During the fiscal 2014 year, 3MV Energy obtained a secured draw down facility term loan in the amount of $2 million from a corporation controlled by the Interim CEO, a director and control person of 3MV Energy. The loan has an annual interest rate of 8% and includes a provision whereby accrued interest will be settled quarterly through the issuance of common shares allowing the Corporation to preserve cash flow. As of December 31, 2014 a total of $1,987,372 was drawn on the facility recorded as both debt and share contribution due to the below market interest rate. The proceeds of the loan were used to fund the Corporation's capital spending during the period as well as for general corporate purposes.
- Joint Operating Arrangement
  - On August 5, 2014 the Corporation announced that it entered into a Joint Venture ("JV") agreement with an arm's length private company to form a joint venture to drill, develop and exploit its Fiske area property in south west Saskatchewan. The JV partner agreed to spend $5 million on the property in order to earn a 50% working interest in the Fiske. The JV allows the Corporation to de-risk the Fiske play with less corporate exposure and provides the Corporation with access to an experienced technical team who will aide in exploiting the assets. During Q4 2014, the joint venture partner successfully earned their working interest after expending $5 million on the Fiske property.
- Asset Sale
  - On August 15, 2014 the Corporation announced that it completed the disposition of a land package in its Dodsland area with corresponding production, related inventory and equipment within the property for a purchase price of $4.35 million less customary adjustments. The net proceeds from the sale were applied to reduce 3MV Energy's corporate liabilities, as well as for joint venture capital drilling. The sale of these assets advances the Corporation's strategic goal of reducing its debt load and further focuses its development strategy on its Fiske area Viking property in west central Saskatchewan.
- Operations

  In the last half of 2014, through its joint venture partner, 3MV participated in the drilling of 15 oil wells and the completion and tie-in of a previously drilled 16th oil well. The drilling operations were performed in two phases. Phase one drilling took place between Q3 and Q4 of 2014 and comprised the drilling of six horizontal oil wells. The program had a 100% success rate and garnered successful production results. Phase two drilling took place in late November 2014 and was comprised of eight horizontal oil wells and one vertical oil well. The program was focused on step out exploratory locations which rendered varying results. The results of phase 2 are currently being analyzed to identify its future drilling strategy.
- Debt Facility
  - On October 8, 2014 the Corporation announced that it has entered into a secured loan facility whereby it may borrow up to $10,000,000 made available in two advances. On November 5, 2014 the Corporation announced that that it had drawn down $6,000,000 of the facility and issued the warrants associated with the first tranche of the loan. As part of the use for these funds, the $622 thousand credit facility was repaid in full. The Corporation used funds from the Facility to fund phase 2 of the joint venture capital spending.
- Land
  - During December 2014 and into early 2015, the Corporation, along with its JV partner acquired further prospective land locations at its Fiske play. 3MV Energy now holds over 65 gross contiguous sections of land in its Fiske core area.

Results of Operations

Production

	Three months ended December 31,			Year ended December 31,		
	2014	2013	% change	2014	2013	% change
Daily Production:						
Light crude oil (bbls/d)	**141.7**	73.1	94%	**87.0**	82.7	5%
Natural gas (Mcf/d)	**22.2**	78.3	(72%)	**48.7**	109.2	(55%)
Natural gas liquids (bbls/d)	**0.6**	2.4	(73%)	**0.9**	3.3	(71%)
Total boe/d (6:1)	**146.0**	88.5	65%	**96.0**	104.2	(8%)

Production in Q4 2014 was 146.0 boe/d which represents a 65 percent increase over the 2013 fourth quarter in which the Corporation produced 88.5 boe/d. Production for the year ended December 31, 2014 was 96.0 boe/d which represents an 8 percent decrease over 2013, in which the Corporation produced 104.2 boe/d. During the fourth quarter of 2014, the Corporation commenced joint venture drilling and completion activities at its Fiske property in 2 phases. As part of Phase 1, the Corporation drilled and completed 6 gross (3 net) horizontal Viking wells. The first phase was completed in early November. Phase 2 drilling began at the end of November 2014 and the Corporation participated in the drilling of 8 gross (4 net) horizontal wells and 1 gross (0.5 net) vertical well. Of these wells, 6 gross (3 net) horizontals were completed late in December 2014 with the remaining horizontal and vertical well completed in 2015. As a result of this drilling activity, 3MV Energy saw a rise in oil production late in 2014. By comparison, during 2013 the Corporation only brought on to production 2 gross (2 net) wells that were drilled at the end of 2012 however it maintained a 100% working interest in both of those wells.

Also in 2014, the Corporation disposed of various producing assets in the Kerrobert, Dodsland and Forgan areas of Saskatchewan which attributed to a decrease in production at the tail end of the 3rd quarter of 2014. This was offset by the completion and equipping of a Fiske well in that was drilled in 2012 but not completed until September of 2014. Completion work was performed by the Corporation's working interest partner and earned 3MV Energy 1 gross (0.5 net) wells.

Production for the quarter ended December 31, 2014 was comprised of 142.3 bbls/d of light crude oil and natural gas liquids ("NGLs") and 22.2 thousand cubic feet per day ("Mcf/d") of natural gas. In the same period, the product volume mix was 97% percent oil and NGLs and 3% percent natural gas compared to 85 percent oil and NGLs and 15 percent natural gas during Q4 2013. Production for the year ended December 31, 2014 was comprised of 87.9 bbls/d of light crude oil and NGLs and 48.7 Mcf/d of natural gas. 3MV Energy's product volume mix during the year was 92 percent oil and NGLs and 8 percent natural gas compared to 83 percent oil and NGLs and 17 percent natural gas in 2013. The cause for the variance in production mix period over period relates to the disposal of the Kerrobert and Dodsland assets and focus on Fiske drilling in late 2014. The assets disposed of by 3MV Energy in 2014 contributed to both its natural gas and NGL production whereas the Fiske area currently produces 100% oil.

Commodity Markets

3MV Energy's realized price for its light crude oil and NGLs in the fourth quarter of 2014 was $65.96/bbl (Q4 2013 – $82.73/bbl) compared to an Edmonton Light Sweet benchmark par price of $73.16/bbl (Q4 2013 – $86.28/bbl). For the 2014 year, the Corporation's realized price for its light crude oil and NGLs was $83.59/bbl compared to the 2013 realized price of $93.38/bbl. The Corporation's realized price compared to its benchmark decreased slightly when compared to prior periods for both the three and twelve months ending December 31, 2014. This was caused largely by a negative quality correction that was dealt to all producers the Corporation area as a result of a quality imbalance.

During Q4 2014, the Corporations' benchmark crude oil price dropped 15 percent from the same period last year. Over the course of the year ended December 31, 2014 the Corporations' benchmark crude oil price remained consistent when compared to the year ending December 31, 2013. Although the annual benchmark price remained steady, the realized price late in 2014 eroded away dramatically. A slowing of global demand coupled with an increase in North American oil production lead to a large and rapid retreat in the global price of oil. 3MV Energy's production is sold in Canada and is sensitive to world crude oil price variations subject to both domestic and international factors that are beyond the control of the Corporation.

3MV realized a gas price of $3.31/Mcf for Q4 2014 compared to $3.30/Mcf in the three month period ended December 31, 2013. In the current quarter the Corporation's realized gas price represented 92 percent of its benchmark price, AECO-C spot, which averaged $3.61/Mcf over the period. During the three months ended December 31, 2013 the Corporation saw realized gas prices of $3.69/Mcf or 89 percent of AECO-C. Over the course of the year ended December 31, 2014 realized gas prices improved to 101 percent of benchmark compared to 92 percent over the 12 month year ending December 31, 2013. Cold weather related demand kept gas prices strong through the first quarter of 2014, reducing gas volumes in storage to normal levels and allowing for robust storage injections through the summer. In the fourth quarter of 2014 a lack of cold weather demand and strong supply caused gas prices to decline. 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,		
	2014	2013	*% change*	2014	2013	*% change*
Average Benchmark Prices						
Crude oil – Edm Light Sweet ($ per bbl)	**73.16**	86.28	(15%)	**93.38**	92.92	0%
Natural gas – AECO-C Spot ($ per mcf)	**3.61**	3.69	(2%)	**4.53**	3.18	42%
3MV`s Average Realized Prices						
Crude oil and natural gas liquids ($ per bbl)	**65.92**	82.73	(20%)	**83.59**	88.04	(5%)
Natural gas ($ per mcf)	**3.31**	3.30	0%	**4.55**	2.92	56%
Barrel of oil equivalent ($ per BOE)	**64.79**	73.46	(12%)	**78.83**	75.73	4%

Revenues

For the quarter ended December 31, 2014, 3MV Energy's revenues increased 45 percent to $870 thousand from $598 thousand for the three months ended December 31, 2013. Quarter over quarter, the decrease of the Corporation's benchmark prices led to a $230 thousand drop in revenues offset by an increase of $502 thousand driven by higher production levels. On an annual basis, declining prices led to a $149 thousand drop in revenues offset by an increase of $32 thousand resulting from higher production. As mentioned above the production rise largely came as a result of the joint venture capital drilling program which commenced in Q4 2014.

	Three months ended December 31,			Year ended December 31,		
$	2014	2013	% change	2014	2013	% change
Revenues by product						
Light crude oil	**861,648**	562,252	53%	**2,663,613**	2,703,975	(1%)
Natural gas	**6,764**	23,786	(72%)	**80,936**	116,463	(31%)
Natural gas liquids	**1,995**	12,254	(84%)	**18,726**	59,380	(68%)
Total revenues	**870,406**	598,292	45%	**2,763,275**	2,879,818	(4%)
Total revenues per boe	**64.79**	73.46	(12%)	**78.83**	75.73	4%

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, 2014, royalties incurred net of an adjustment and the Saskatchewan Resource Surcharge (SRS) accrual from 2013 increased 144 percent to $72 thousand from $30 thousand for the three month period ended December 31, 2013 due primarily to higher average production volumes for the period from the new drill activity that occurred at the Corporation's Fiske play. The Corporation's gross average royalty rate for Q4 2014 was 8 percent of revenue compared to 5 percent for the three month period ended December 31, 2013. The principal cause for the change in royalties as a percent of revenue was the phase 1 Fiske new drilling leading to higher crown royalties than in Q4 2013. In addition, some of the wells drilled in 2014 were subject to leases that were not taken in kind. Taken in kind royalties are no longer accounted for as a royalty expense.

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. No revision to the estimate has been recorded in 2014. The annual SRS accrual is shown separately as it alters the quarterly actual royalty rate incurred.

In the current period, the Corporation recorded an adjustment resulting from a change in the interpretation of a royalty lease. This is a onetime adjustment and the amount was collected from the royalty holder in Q1 2015.

Royalties (continued)

For the year ended December 31, 2014, total royalties decreased 18 percent to $129 thousand from $158 thousand for the year ended December 31, 2013. The Corporation's total average royalty rate for the year ended December 31, 2014 was 5 percent of revenue compared to 6 percent for the year ended December 31, 2013. The decrease in total royalties as a percent of revenues was largely driven by the larger royalty adjustment in the current year.

	Three months ended December 31,			Year ended December 31,		
$	2014	2013	*% change*	2014	2013	*% change*
Royalty expenses						
Net SRS Accrual, other	**71,982**	29,552	144%	**166,323**	177,564	(6%)
% of revenue	**8.27%**	4.94%	67%	**6.02%**	6.17%	(2%)
Saskatchewan Resource surcharge (SRS) accrual	**-**	(19,250)	(100%)	**-**	(19,250)	(100%)
Other	**(36,785)**	-	(100%)	**(36,785)**	-	(100%)
Total royalties recorded	**35,197**	10,302	242%	**129,538**	158,314	(18%)
$ per boe	**2.62**	1.26	107%	**3.70**	4.16	(11%)
% of revenue	**4.04%**	1.72%	135%	**4.69%**	5.50%	(15%)

Operating and Transportation Expenses

Operating expenses totaled $318 thousand or $23.69/boe for the quarter ended December 31, 2014 as compared to $327 thousand or $40.15/boe for the three month period ended December 31, 2013, representing a 3 percent decrease per boe. The decrease in the operating cost from a dollar standpoint is a result of the joint venture partnership entered into late in 2014. As a result of the joint venture the Corporation turned over operatorship of Fiske to its partner. As such it was able to reduce costs on contract operator charges etc. On a per BOE basis the Corporation saw a reduction as production levels rose quickly at the end of the year.

Operating expenses totaled $1.2 million or $34.06/boe for the year ended December 31, 2014 as compared to $1.2 million or $31.65/boe for 2013. Total operating costs remained fairly consistent through 2014, even with the change in operatorship. On a per BOE basis, the Corporation experienced a rise in operating charges a result of lower total production for the year.

	Three months ended December 31,			Year ended December 31,		
$	2014	2013	*% change*	2014	2013	*% change*
Operating & transportation expenses						
Total	**318,201**	327,041	(3%)	**1,193,828**	1,203,603	(1%)
Total operating costs per boe	**23.69**	40.15	(41%)	**34.06**	31.65	8%

General and Administrative ("G&A") Expenses

During Q4 2014, G&A totaled $309 thousand or $23.00/boe as compared to Q4 2013 where G&A expenses were $214 thousand or $26.31/boe. The increase in G&A charges in the last 3 months of 2014 was due to a rise in legal fees incurred by the Corporation in Q4 2014. The increase in legal fees was the result of work done on the joint venture partnership and charges incurred in conjunction with the new credit facility entered into in November 2014. The Corporation also converted accounting systems in the current period leading to additional charges over Q4 2013.

During the year ended December 31, 2014, G&A totaled $893 thousand or $25.48/boe as compared to the year ended 2013 where G&A totaled $1.1 million or $29.61/boe. The Corporation reduced its total administrative charges by reducing corporate head office payroll expense 26% year over year. Professional fees were also reduced by 16% in the current year. The Corporation has been working hard to reduce administrative charges in prior periods and maintained this cost discipline throughout 2014. Through the recently announced joint venture partnership, the Corporation will strive to grow production while maintaining a lean head office.

	Three months ended December 31,			Year ended December 31,		
$	2014	2013	*% change*	2014	2013	*% change*
General & administrative expenses						
Total	**308,951**	214,256	44%	**893,230**	1,126,006	(21%)
Total G&A expenses per boe	**23.00**	26.31	(13%)	**25.48**	29.61	(14%)

Share-Based Compensation

For the fourth quarter ended December 31, 2014, 3MV Energy expensed $8 thousand in share-based compensation related to outstanding stock options compared to $99 thousand for the three month period ended December 31, 2013. For the year ended December 31, 2014, 3MV Energy expensed $13 thousand in share-based compensation compared to $986 thousand for 2013. During the year, the Corporation issued 1,050,000 stock options to directors of the Corporation at an exercise price of $0.15 per share expiring on September 2, 2019 with immediate vesting terms and accounting for $106 thousand of the annual expense. This amount was offset by a reduction as a result of the Corporation retracting conditional options previously granted to directors during Q2 2014. The retracting of these 1,500,000 options issued with immediate vesting terms resulted in a reversal of $151,842 in share based payments costs incurred in 2013. By comparison, these 1.5 million options were contingently issued in Q3 2013 resulting in an expense of $152 thousand during that period. In addition, during Q1 2013 the Corporation issued 3.75 million options to directors of the Corporation with immediate vesting terms leading to a $631 thousand expense in 2013.

As at December 31, 2014 and April 27, 2015 there were 5,120,262 stock options outstanding. There were no stock options granted, or exercised during the fourth quarter of 2014. During the fiscal period of 2014 there were 1,050,000 option issued, 600,000 stock options forfeited and 1,500,000 options retracted. No options were exercised in 2014.

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.

Depletion and Depreciation

For the quarter ended December 31, 2014, depletion and depreciation expense was $678 thousand or $50.50/boe compared to the Q4 2013 expense of $235 thousand or $28.96/boe. The cause of the increase in depletion in the fourth quarter of 2014 relates to the increase in production over the same period year over year. This was furthered by a reduction in the reserve base from the disposal of 50% of the Corporation's Fiske assets through the joint venture arrangement creating a higher depletion rate and therefore larger depletion expense. For the twelve months ended December 31, 2014, depletion and depreciation expense was $1.38 million or $39.29/boe as compared to the twelve months ended December 31, 2013 in which the expense was $1.2 million or $32.78/boe. The increase in depletion on a per boe basis for the year ended December 31, 2013, is the result of the spike in depletion amount recorded in the fourth quarter from the joint venture changes noted above.

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,		
$	2014	2013	*% change*	2014	2013	*% change*
Depletion & Depreciation						
Total	**678,358**	235,836	188%	**1,377,356**	1,246,618	10%
Total Depletion & Depreciation costs per boe	**50.50**	28.96	74%	**39.29**	32.78	20%

Impairment / Impairment reversal

The Corporation assesses the recoverability of the carrying values of its oil and gas properties on a CGU basis. During Q2 2014, management assessed the Corporation's CGU's (Dodsland-Other) as having indicators of impairment as a result of the Corporation entering into a purchase and sale agreement to dispose of assets included in the Dodsland-Other CGU in July 2014. Accordingly, the Corporation tested the Dodsland-Other CGU for impairment. Management used the carrying value of the assets and related abandonment costs less decommissioning liabilities compared to the sale price or fair market value. The Corporation determined that the aggregate carrying value of the Dodsland-Other CGU was $4.3 million higher than the recoverable amount and therefore impairment was recorded.

At December 31, 2014 management determined the Corporation's two CGU's had indicator of impairment as a result of declining forward commodity prices for oil and gas as compared to December 31, 2013 and management assessed the Corporation's two CGUs (Dodsland-Other and Fiske) for indicators of impairment and/or impairment reversal. Accordingly, the Corporation tested both the Dodsland-Other and the Fiske CGUs for impairment. Management used a pre-tax discount rate dependent on reserve classification to discount future cash flows ranging from 8 - 15% based on the nature of the reserves.

The Corporation determined that the aggregate carrying value of the Fiske CGU was $5.1 million higher than the recoverable amount and therefore impairments were recorded (2013 – $2.1 million). The decrease in recoverable amount was mainly related to changes in proved and probable reserve estimates as a result of the reduced commodity prices.

Exploration and Evaluation expense

For the year ended December 31, 2014 the exploration and evaluation expense was $23 thousand compared to $230 thousand in 2013. This expense relates to upcoming land lease expiries where management has no intention of development or renewal.

Joint Venture Agreement

On August 8, 2014 the Corporation announced that it entered into a joint venture agreement with an arm's length private company to form a joint venture to drill, develop and exploit its Fiske property in south west Saskatchewan. Pursuant to the terms of the joint venture agreement, the joint venture partner agreed to expend $5 million on the property in order to earn a 50% working interest in the Fiske lands and related assets currently held by 3MV Energy. Under the terms of the agreement, the joint venture partner became the operator of the assets. In October 2014, the joint venture partner successfully completed the earning requirements and obtained a 50% working interest in the Fiske properties. As a result of the earning requirements being met, the Corporation recorded a 50% disposition of the Fiske CGU and related EE assets offset by the addition of the net $2.5 million in Fiske assets expended by the joint venture partner. This transaction resulted in a net loss of $1.97 million at December 31, 2014.

Extinguishment of Debt

During the period, the Corporation settled outstanding amounts owing to various counterparties whereby the counterparties agreed to accept an amount less than the original balance owing as consideration in full for all outstanding debts. The difference between the carrying amount of the liabilities and the consideration paid totaled $403 thousand ($nil - 2013). The recoveries were recorded to the statement of comprehensive loss.

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 2014 were $325 thousand compared to $143 thousand for Q4 2013. The increase in the charges between the two periods is the result of the Corporation utilizing different financing over the two periods. The main cause for the increase was the result of the Corporation’s new loan facility. On November 5, 2014 the Corporation announced that it had drawn $6 million on its $10 million facility. The facility incurs interest at a rate of 13% per annum with 3% payable via a variable number of shares. Conversely during Q4 2013, the Corporation had drawn $500 thousand on a different loan facility. In addition to credit facility, the Corporation also obtained a new related party loan during 2014. The loan is a $2 million secured facility of which $1.98 million was drawn at December 31, 2014. The loan has an annual interest rate of 8% and because this rate is less than the Corporation would reasonably be able to obtain from an arm’s length third party, the fair value of the loan has been determined to be an amount less the face value due at maturity. The difference between the fair value and the face value of the loan is classified as a shareholder contribution. The loan, net of the share contribution amount is accreted using the effective interest rate method over the two year term, such that the carrying amount of the financial liability will equal the full amount loaned at maturity.

These new facilities were offset by a reduction in the convertible debentures outstanding for the period. During Q4 2014 $1 million of the $3 million convertible debentures outstanding were converted to shares. The convertible debentures incur interest at a rate of 12% per annum.

Over the twelve month period ended December 31, 2014 3MV Energy incurred $850 thousand of finance expenses compared to $533 thousand for the 2013 fiscal year. The increase is due to the $1.98 million draw on the related party loan and $6 million draw on the $10 million operating facility as detailed above.

Finance Costs (continued)

Included in finance costs is accretion expense. Accretion expense for the fourth quarter of 2014 was $74 thousand compared to $33 thousand for the fourth quarter of 2013. Accretion expense for the 2014 year was $201 thousand compared to $115 thousand for the twelve months ending December 31, 2013. 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 $98 thousand ($64 thousand in 2013) relating to the convertible debenture financing issued by the Corporation. 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.

Also included in the accretion expense for the year was $54 thousand ($nil in 2013) relating to the related party loan financing issued by the Corporation in 2014. The loan, net of the share contribution amount is accreted using the effective interest rate method over the two year term, such that the carrying amount of the financial liability will equal the full amount loaned at maturity.

During the year the Corporation incurred $17 thousand ($nil in 2013) for the accretion of transaction costs relating to the new $10 million credit facility obtained in 2014. As the warrants that were issued to the lender are separable from the loan, they are treated as a transaction cost and are presented separately from the liability amount. The initial carrying amount of the financial liability is determined by discounting the stream of future payments of interest and principal. The transaction costs, net of the deferred taxes and issue costs are accreted using the effective interest rate method over the three year term of the facility, such that the carrying amount of the financial liability will equal the $6 million principal balance at maturity. These costs are included in finance costs.

Income Taxes

For the year ended December 31, 2014, 3MV Energy recorded a net tax recovery of $165 thousand compared to a $56 thousand net tax recovery during the twelve months ended December 31, 2013.

As at December 31, 2014, 3MV Energy had approximately $13 million of available oil and gas tax pools and non-capital losses of $18 million to offset future taxable income. The following table details the tax pools for the periods ended December 31, 2014, December 31, 2013:

$	December 31, 2014	December 31, 2013
Canadian oil and gas tax pools	**12,678,296**	13,204,750
Non capital losses	**17,656,560**	13,982,706
Total tax pools	**30,334,856**	27,187,456

Funds Generated from Operations

For Q4 2014, funds used in operations decreased 42 percent to a loss of $36 thousand or ($2.71)/boe compared to a loss of $63 thousand or ($7.73)/boe during the three months ended December 31, 2013. On a three month basis, this change can be attributed to lower operating costs on a per barrel basis offset by a decrease in realized price per barrel and increase in interest charges incurred per barrel. While the absolute dollar change in operating charges per barrel only decrease 3 percent, the per barrel amount dropped significantly as production rose period over period. The gains the Corporation was able to achieve through increased production was limited however due to the declining commodity prices experienced during the Q4 2014 as realized revenue to BOE declined 12 percent. Finally, interest charges climbed 35% per BOE quarter over quarter a result of the new related party loan and credit facility obtained during 2014.

For the twelve months ended December 31, 2014, 3MV Energy's operating netback increased 3 percent to $41 per boe from $40 per boe in 2013 as a result of stronger annual realized prices per boe sold and reduced royalty costs. As the Corporation continues to focus on growing production, the funds generated from operations are expected to increase on a per barrel basis. On a total basis, funds flow decreased significantly to become a draw of $96 thousand or ($2.73)/boe compared to earnings of $718 or $0.02/boe during the twelve months ended December 31, 2013. The change in the funds (used) generated by operations can be attributed to a 67% rise in interest expense period over period. As the Corporation moved towards its goal of exploiting its Fiske asset during 2014, it funded these operations with various debt facilities leading to a rise in interest expense over the year. This increased cost was slightly offset by a decrease in general and administrative expenses. The 14 percent decrease in G&A costs are attributed to a reduction in professional fees and head office salaries and expenses. Income tax recovery incurred decreased from a twelve month total of $56 thousand for the period ended December 31, 2013 to $nil incurred at the end of December 31, 2014.

The following table summarizes the netbacks on a barrel of oil equivalent basis for the three and twelve month periods ended December 31, 2014 and the three and twelve month periods ended December 31, 2013. 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	2014	2013	*% change*	2014	2013	*% change*
Petroleum & natural gas revenues	**64.79**	73.46	(12%)	**78.83**	75.73	4%
Royalties	**2.62**	1.26	107%	**3.70**	4.16	(11%)
Operating costs	**23.69**	40.15	(41%)	**34.06**	31.65	8%
Operating netback	**38.49**	32.05	20%	**41.08**	39.92	3%
General & admin. expenses	**23.00**	26.31	(13%)	**25.48**	29.61	(14%)
Interest expense	**18.20**	13.47	35%	**18.32**	11.00	67%
Income taxes – current	-	-	-	-	0.71	(100%)
Funds generated from operations	**(2.71)**	(7.73)	(65%)	**(2.73)**	0.02	(14586%)
$						
Funds generated from operations	**(36,397)**	(62,995)	(42%)	**(95,555)**	718	(13434%)

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, 2014 Basic and diluted	(7,811,349)	52,533,274	(0.15)
Twelve months ended December 31, 2014 Basic and diluted	(12,602,371)	51,597,316	(0.24)
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)

The effect of warrants, convertible debentures and stock options outstanding on loss per share for the periods ended December 31, 2014 and 2013 is anti-dilutive.

Summary of Quarterly Results

($, except per share and per boe amounts)	Three months ended Dec. 31 2014	Sept. 30 2014	Jun. 30 2014	Mar. 31 2014
Petroleum & natural gas revenues, before royalties	870,406	668,811	634,947	589,112
Funds flow from operations ($/boe)	(2.71)	2.29	(8.93)	(2.14)
Operating netback ($/boe)	38.49	46.27	48.26	33.05
Capital expenditures	9,107,358	517,456	382,856	223,959
Earnings (Loss)	(7,811,349)	(351,338)	(4,359,724)	(79,960)
Earnings (Loss) per share (Basic and Diluted)	(0.15)	(0.01)	(0.09)	(0.00)

($, 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	(7.73)	24.19	1.03	(29.90)
Operating netback	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)

The variations in 3MV Energy's revenue, funds generated from operations and net earnings from quarter to quarter are primarily due to changes in production volumes, changes in realized commodity pricing and the related impact on royalties. Revenues were in a general state of decline until the fourth quarter of 2014 as a result of limited capital activity resulting in declining oil production from the Corporation's producing assets. In Q4 2014 the Corporation began joint venture drilling operations at its Fiske play and was able to increase production 84% over the previous three quarters. This increase in production was offset by a rapid and large decrease in realized commodity prices in late 2014. Large swings in net earnings in certain quarters have been fundamentally driven by impairment charges and impairment recoveries in accordance with IFRS reporting requirements.

Please refer to the funds generated from operations and net loss section of this MD&A for detailed discussions of changes in the fourth quarter of 2014.

Summary of Annual Results

($, except per share and per boe amounts)	Twelve months ended Dec. 31 2014	Twelve months ended Dec. 31 2013	Twelve months ended Dec. 31 2012
Petroleum & natural gas revenues, before royalties	**2,763,275**	2,879,818	3,974,250
Funds generated by operations (3)	**(95,555)**	718	(1,505,430)
-per share basic and diluted (2)	**(0.00)**	0.00	(0.08)
Cash flow from (used in) operations	**(548,890)**	561,119	(269,367)
-per share basic and diluted (2)	**(0.01)**	0.01	(0.01)
Net Earnings (Loss)	**(12,602,371)**	(1,639,356)	(4,677,214)
Net Earnings (Loss) per share (Basic and Diluted) (2)	**(0.24)**	(0.03)	(0.26)
Total Assets	**12,083,518**	19,940,978	18,869,231
Total Operating Debt(1)	**6,000,000**	500,000	500,000
Net Debt (working capital) (3)	**(1,488,039)**	(4,176,547)	(4,699,536)

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 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-IFRS 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 months ended December 31, 2014 and three and twelve months ended December 31, 2013:

	Three months ended December 31,			Year ended December 31,		
$	2014	2013	% change	2014	2013	% change
Capital expenditures and disposals						
Drilling and completions	**6,856,860**	-	100%	**7,422,711**	648,631	1044%
Facilities and equipment	**1,104,672**	-	100%	**1,144,394**	84,430	1255%
Land and seismic	**1,145,825**	-	100%	**1,664,523**	2,059,428	(19%)
Corporate assets	**-**	-	-	**-**	-	-
Total capital expenditures	**9,107,358**	-	100%	**10,231,628**	2,792,489	266%
Other	**-**	-		**(40,141)**	(157,702)	(75%)
Disposals	**(4,900,558)**	(4,292)	(114079%)	**(9,122,146)**	(36,178)	25115%
Total net capital expenditures	**4,206,800**	(4,292)	98115%	**1,069,341**	2,598,609	(59%)

Total capital expenditures for the quarter ended December 31, 2014 were $9.1 million compared to $nil for the three month period ended December 31, 2013. During the fourth quarter of 2014, the Corporation began joint venture operations with its partner at Fiske. The development program was executed in three stages. The preliminary stage included the workover of existing 3MV Energy wells, facility improvements, as well as the completion and equipping of a well drilled by 3MV Energy in 2012. Stage One comprised the drilling, completion and equipping of six gross (3 net) horizontal Viking oil wells. These wells were drilled with 100% rate of success and were on production by year end. Stage Two began shortly thereafter and comprised the drilling, completion and equipping of 8 gross (4 net) horizontal oil wells and 1 gross (0.5 net) vertical oil well. The majority of the Stage Two wells were completed at the end of December with some being completed in 2015. Stage Two drilling was focused on step out locations and was met with various degrees of success. 3MV and its partner are currently analyzing Phase Two to determine the best drilling locations and completion techniques for future capital deployment. In addition to the drilling costs incurred, the Corporation spent $1.1 million during Q4 2014 acquiring an additional 15 gross (7.5 net) sections of contiguous Fiske area lands and performing Geoscience and seismic work. The capital expenditures include the 3MV Energy's share of the costs incurred its joint venture partner to earn into the Fiske assets. By comparison the Corporation did not drill or complete any wells in Q4 2013. Net disposals for Q4 2014 totaled $4.9 million and were comprised of the 50% interest forgone it's the Corporation's Fiske assets once the JV partner successfully completed earning in.

Total capital expenditures for the year ended December 31, 2014 was $10.2 million compared to $2.8 million for the year ended December 31, 2013. The majority of the capital was spent in Q4 2014 as described above. In addition the Corporation participated in the drilling of 1 gross (0.5 net) well in the first half of 2014 and acquired and additional 2 sections of land in Q3 2014. Conversely in 2013, the Corporation closed the acquisition of land in its core Fiske area completed the drilling of 3 wells that were stared in 2012. 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.

E&E Expenditures

Land and seismic expenditures for the 2014 year ended December 31, 2014 totaled $1.6 million and relate to the Fiske land acquisitions described above. The expenditures for the year ended December 31, 2013 totaled $2.1 million and was the result of the Fiske Land and GORR acquisition noted above.

Capital Resources

Capital Resources and Credit Facility

As at December 31, 2014, the Corporation had drawn $6 million on a new operating loan facility that was entered into during Q4 2014. The loan facility allows 3MV Energy to borrow up to $10 million made available in two advances. In exchange for providing the Facility, the Corporation issued warrants to the lender concurrent with the advancement of the first Tranche entitling the Lender to purchase 12,000,000 common shares of 3MV Energy at an exercise price equal to $0.25 per share. The maturity date of the loan is February 28, 2018. The loan bears interest at rate of 13% per annum and contains a clause that allows the lender to settle up 3% of the interest payable in a variable number of shares of the Corporation for a period of up to eight months. In exchange for providing the Facility, the Corporation shall provide general security in favor of the Lender over all the real property of the Corporation. The Corporation is subject to an adjusted working capital ratio covenant (to exceed 1.2:1). At December 31, 2014 the Corporation's adjusted working capital ratio was 1.23:1 which is within the allowable amount. The Corporation is also subject to an asset coverage ratio (total present value of assets to be a minimum of 1.0 times total debt until December 31, 2014 and 1.50:1 after). As at December 31, 2014 the Corporation's asset coverage ratio was 0.53:1; which is in violation of the allowable amount. Finally, the Corporation is subject to an interest coverage ratio. For the month ending December 31, 2014 the trailing 30 days interest coverage ratio shall be greater than 3.0:1. After December 31, 2014 the trailing 90 days interest coverage ratio must be greater than 3.0:1. At December 31, 2014 the Corporation's interest coverage ratio was (0.02):1; which is in violation of the covenant. Prior to the end of the year, the Corporation notified the lender of the expected covenant violations and obtained a waiver. As a result of declining commodity prices, the Corporation forecasts being in violation of its covenants at the end of Q1 2015 and obtained a waiver from the lender. If current market conditions persist, the Corporation will likely continue to be in violation of the covenants.

During the 2014 year the Corporation obtained a secured drawn down facility loan in the amount of $2.0 million from a director and major shareholder of the Corporation. The loan has an annual interest rate of 8% and because this rate is less than the Corporation would reasonably be able to obtain from an arm's length third party, the fair value of the loan has been determined to be an amount less the face value due at maturity. The difference between the fair value and the face value of the loan is classified as a shareholder contribution. The loan, net of the share contribution amount is accreted using the effective interest rate method over the two year term, such that the carrying amount of the financial liability will equal the full amount loaned at maturity. Included in the loan is a provision whereby accrued interest will be settled quarterly through the issuance of common shares in the Corporation in order to help preserve cash flow. As at December 31, 2014 $1.9 million had been drawn on the facility. The proceeds of the loan were used to fund the Corporation's capital spending in the period as well as for general corporate purposes. The loan matures on June 1, 2016.

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

Future Operations and Liquidity Analysis

For the year ended December 31, 2014, the Corporation reported a net loss of $12.6 million and had a working capital deficiency of $1.5 million at December 31, 2014. Of the net loss reported, $9.4 million related to non-cash impairment charges recorded during the year; $1.4 million related to depletion and $2.0 million related to the loss on the joint venture arrangement. In order to fund the Corporation's short term capital activity as well as for general corporate purposes the Corporation obtained a related party loan in Q1 2014 and increased the amount drawn on the loan in Q3 2014 to a total of $1.9 million. The funds were used to drill 1 gross (0.5 net) well in the first quarter of 2014, settle outstanding trade payables and acquire a land package in the Corporation's Fiske CGU.

On August 15th, 2014 the Corporation successfully closed a transaction whereby it disposed of assets in the Dodsland-Other CGU along with the corresponding production, related inventory, land and equipment within the property for a purchase price of $4,350,000 less customary adjustments. The funds from this disposition were used to pay down existing trade payables and contribute the funding of the development of the Corporation's Fiske asset in Q4 2014.

In addition to the asset sale, the Corporation announced that it entered into a joint venture agreement with an arm's length private company to form a joint venture to drill, develop and exploit its Fiske property in south west Saskatchewan. The joint venture partner agreed to expend $5 million on the property in order to earn a 50% working interest in the Fiske lands and related assets currently held by 3MV Energy. As a result of the joint venture deal, 3MV Energy was able to rapidly drill a number of wells at Fiske during Q4 2014. This activity increased production and related cash flows.

While these actions should be able to improve the current financial position, the Corporation recognizes that its operations are now focused principally in the Fiske area and the results of exploratory drilling are still to be determined. In addition, the Corporation is subject to oil price volatility risk as was experienced at the end of Q4 2014 with rapid decline of global oil prices. These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Additional equity, debt and/or farm-out arrangements will be required to meet the Corporation's obligations as they become due and there are no guarantees that such additional capital funding will be available when needed.

The ability of the Corporation to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Corporation to continue as a going concern.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities.

Financial Position

As mentioned above the Corporation had a working capital deficiency of $1.5 million as at December 31, 2014. However included in this deficiency are the convertible debentures that are due shortly after the end of the period. Subsequent to the end of the year, these debentures were extended to 2016. During Q4 2014, the Corporation obtained a new credit facility in the amount $10 million, of which $6 million was drawn at December 31, 2014. This facility was used to fund the initial phases of the Fiske capital spending program which 3MV Energy plan to leverage to increase future cash flows. The Corporation is continuing to explore different methods to generate additional capital to continue drilling in its properties or to allow for an accretive acquisition to increase cash flows and improve its statement of financial position.

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, 2014 a total of 54,984,495 common shares were issued and outstanding. As at April 27, 2015 a total of 56,249,911 common shares were issued and outstanding.

As at December 31, 2014 and April 27, 2015, the Corporation had 5,120,262 options to acquire common shares.

As at December 31, 2014 and April 27, 2015 a total of 12,000,000 warrants remain outstanding. 12 million warrants were issued in conjunction with Corporation drawing on Tranche A of the new debt facility on November 5, 2014.

Related party transactions

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

Name	Country of incorporation	% ownership interest	
		December 31, 2014	December 31, 2013
3MV Operations Inc.	Canada	100%	100%
1696704 Alberta Ltd.	Canada	100%	100%
3 Martini Ventures Inc.	Canada	100%	100%
Buckhorn Resource Ltd.	Canada	100%	100%

Balances and transactions between 3MV Energy Corp. and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Subsequent to the end of the period, the Corporation amalgamated Buckhorn Resources Ltd. and 3 Martini Ventures Inc., two wholly owned subsidiaries, into 3MV Operations Inc.

During 2014 the Corporation obtained a $2.0 million secured draw down facility loan from a director and major shareholder of the Corporation. The loan has an annual interest rate of 8%, and matures on June 1, 2016. Included in the loan is a provision whereby accrued interest will be settled quarterly through the issuance of common shares in the Corporation at the average market price of the last five trading days at time of disbursement. As of December 31, 2014 $1.98 million has been drawn on the facility. Interest in the amount of $50 thousand has been accrued as at December 31, 2014.

On November 14, 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 November 14, 2014 the holder of the debentures converted the debentures to common shares of the Corporation. The debentures were converted at a conversion price of $0.29 per share, in accordance with the terms of the initial issuance.

On February 21, 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 convertible loan offering consists of a convertible secured, interest-bearing debenture loan of $2,000,000. The term of the debenture is two years and incurs annual interest of 12%, payable monthly, with the Corporation having the privilege to re-pay all or any part of the principal amount without penalty upon giving thirty days' notice of repayment. The loan is convertible at any time until maturity into common shares of the Corporation at a conversion price of $0.27 per share. As at December 31, 2014, the Corporation has accrued unpaid interest on the Convertible debenture in the amount of $180,822. The interest is included in the Corporation's accounts payable (2013 – $60,164). Subsequent to the end of the period the term of the debentures were extended to February 21, 2016.

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 the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. Areas where estimates are significant to the financial statements are disclosed in note 4 of the December 31, 2014 audited 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.

Impairment / Reversal of impairment of non-financial assets

Judgements are required to assess when impairment indicators exist and impairment testing required in determining the recoverable amount of assets, in the absence of quotes market prices, impairment tests are based on an estimate of reserves, production rates, future oil and natural gas prices, future costs, discount rates and other relevant assumptions.

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 VIU and its 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.

Deferred taxes
Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Accounting standards changed during the year and future accounting pronouncements

Accounting standards adopted during the year
As of January 1, 2014 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:

IAS 32 Financial Instruments: Presentation, has been amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent upon a future event. The adoption of this amendment did not impact the Corporation's financial statements.

Effective January 1, 2014, the International Financial Reporting Interpretation Committee ("IFRIC") 21 clarified that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the minimum threshold is reached.

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

Accounting standards issued but not yet effective
IFRS 15 Revenue from Contracts with Customers, provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 15 on the Corporation's financial statements.

IFRS 9 Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a company can recognize the portion of the change in fair value related to the change in the company's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 9 on the Corporation's financial statements.

Business Risks

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.

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.

As at December 31, 2014 the Corporation had a working capital deficiency of $1.5 million which includes the convertible debentures that are due in 2015 and classified as current. The Corporation is currently in violation of its financial covenants on the new credit facility and notified its lender prior to the end of the period. The lender granted the Corporation a waiver for the violations. 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.

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, 2014 and December 31, 2013 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 2017. The future minimum lease payments are as follows:

	$
2015	85,469
2016	89,078
2017	7,423

Subsequent Events

Subsequent to the end of the period, the Corporation amalgamated Buckhorn Resources Ltd. and 3 Martini Ventures Inc., two wholly owned subsidiaries, into 3MV Operations Inc.

On January 12, 2015 the Corporation issued 424,106 shares in relation to interest payable on its $2 million related party loan and $6 million secured credit facility.

On March 6, 2015 the Corporation announced that it agreed to amend and extend its outstanding $2 million convertible debentures for one year from original expiry to February 21, 2016.

On April 2, 2015 the Corporation issued 841,310 shares in relation to interest payable on its $2 million related party loan and $6 million secured credit facility.

Outlook

3MV Energy intends to focus its drilling and production efforts on its Fiske core asset for 2015 and into the future. 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.

During the 2014, the Corporation completed an asset disposition in the Kerrobert, Dodsland and Forgan areas in the amount of $4.35 million before customary closing adjustments. Following the divesture the Corporation announced that it entered into a joint venture ("JV") with an arm's length party to develop 3MV Energy's Fiske properties. 3MV Energy used a portion of the funds from the previously mentioned divesture to reduce its outstanding trade payables, to participate in joint venture drilling at Fiske and to acquire further prospective lands in the Fiske play. The Corporation also successfully closed a secured $10 million debt facility in November 2014 and drew upon the first tranche ($6 million) of the facility. The funds from the first draw have been allocated to participate in the second phase of the joint venture drilling.

In the current environment of depressed global commodity prices, the Corporation plans to be conservative moving forward; working to conserve cash flow and to select drilling locations that are economically viable. The Corporation plans to work with its joint venture partner to evaluate production results at Fiske with the goal of creating a long term exploitation strategy. 3MV Energy is also exploring potential accretive acquisitions, mergers and farm-in opportunities in Saskatchewan that are arising from the current economic state.

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, 2014	Dec. 31, 2013	Change %	Year ended Dec. 31, 2014	Dec. 31, 2013	Change %
Petroleum & natural gas revenues, before royalties	**870,406**	598,292	45%	**2,763,275**	2,879,818	(4%)
Net Earnings (Loss)	**(7,811,349)**	258,896	(3117%)	**(12,602,371)**	(1,639,356)	669%
Net Earnings (Loss) per share (Basic and Diluted)	**(0.15)**	0.01	(3042%)	**(0.24)**	(0.03)	652%
Production (boe/d)	**146.0**	88.5	65%	**96.0**	104.2	(8%)
Funds generated by operations (2)	**(36,397)**	(62,995)	(42%)	**(95,555)**	717	(13427%)
-per share basic and diluted	**(0.00)**	(0.00)	(42%)	**(0.00)**	0.00	(13132%)
Cash flow from (used in) operations	**1,122,179**	(16,958)	6717%	**(548,890)**	561,119	(198%)
-per share basic and diluted	**0.02**	(0.00)	6552%	**(0.01)**	0.01	(196%)
Total Assets	**12,083,518**	19,940,978	(39%)	**12,083,518**	19,940,978	(39%)
Total Operating Debt	**6,000,000**	500,000	1100%	**6,000,000**	500,000	1100%
Net Debt (working capital) (2)	**(1,488,039)**	(4,176,547)	(64%)	**(1,488,039)**	(4,176,547)	(64%)

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