Condensed Interim Consolidated Financial Statements

June 30, 2014

3MV ENERGY

Consolidated Statements of Financial Position

As at:

Canadian Dollars *Unaudited*	Notes	June 30, 2014 $	December 31, 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		**102,928**	80,381
Accounts receivable		**207,692**	175,718
Prepaid expenses and deposits		**101,382**	87,813
		412,002	343,912
Non-current assets			
Property and equipment	4	**12,817,014**	16,900,395
Exploration and evaluation assets	5	**2,728,630**	2,696,671
		15,545,644	19,597,066
Total Assets		**15,957,645**	19,940,978
LIABILITIES			
Current liabilities			
Accounts payable and accruals		**2,995,946**	4,020,459
Operating loans	7	**621,914**	500,000
		3,617,860	4,520,459
Non-current liabilities			
Long term liability		**-**	220,175
Convertible debenture	8	**2,927,920**	2,886,079
Related party loan	14	**1,377,953**	-
Decommissioning liabilities		**2,122,518**	1,949,608
		6,428,391	5,055,862
SHAREHOLDERS' EQUITY			
Share capital	9	**28,916,413**	28,916,413
Equity component of convertible debenture	8	**109,069**	109,069
Contributed surplus		**2,558,166**	2,096,651
Warrants	9	**57,752**	532,846
Deficit		**(25,730,006)**	(21,290,322)
		5,911,394	10,364,657
Total Liabilities and Shareholders' Equity		**15,957,645**	19,940,978
Going Concern	2		
Subsequent events	15		

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

Consolidated Statements of Comprehensive Loss

Canadian dollars *Unaudited*	Notes	Three months ended June 30, 2014 $	Three months ended June 30, 2013 $	Six months ended June 30, 2014 $	Six months ended June 30, 2013 $
Oil and natural gas revenues		**634,947**	777,583	**1,224,058**	1,313,137
Royalties		**(34,137)**	(39,735)	**(69,276)**	(92,486)
Total revenue, net of royalties		**600,810**	737,848	**1,154,782**	1,220,651
Production and operating		**264,533**	287,984	**590,426**	588,556
General and administrative		**274,148**	324,417	**410,740**	654,894
Share based compensation	10	**(139,655)**	23,556	**(112,767)**	704,016
Depletion and depreciation	4	**229,915**	352,134	**466,599**	629,595
Impairment	6	**4,305,462**	-	**4,305,462**	-
Extinguishment of debt	11	**(97,850)**	-	**(332,850)**	-
		4,836,553	988,091	**5,327,610**	2,577,7061
Loss from operations		**(4,235,743)**	(250,243)	**(4,172,828)**	(1,356,410)
Finance costs		**(158,831)**	(143,931)	**(301,706)**	(246,453)
Loss before income tax		**(4,394,574)**	(394,174)	**(4,474,534)**	(1,602,863)
Income tax (expense) recovery-deferred		**34,850**	-	**34,850**	28,959
Total comprehensive loss		**(4,359,724)**	(394,174)	**(4,439,684)**	(1,573,904)
Loss per share					
Basic and diluted	12	**(0.09)**	(0.01)	**(0.09)**	(0.03)

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 $	Equity component of convertible debenture $	Contributed Surplus $	Deficit $	Total Shareholders' equity $
As at December 31, 2012		**45,439,169**	**27,540,619**	**475,094**	**36,108**	**1,111,087**	**(19,650,966)**	**9,511,942**
Shares issued for debt outstanding	9	5,575,233	1,333,500	55,752	-	-	-	1,389,252
Non-brokered private placements	9	203,000	42,294	2,000	-	-	-	44,294
Equity component of convertible debenture issued February 21, 2013	8	-	-	-	72,961	-	-	72,961
Share based payment	10	-	-	-	-	704,016	-	704,016
Total comprehensive loss for the period		-	-	-	-	-	(1,573,904)	(1,573,904)
As at June 30, 2013		**51,217,402**	**28,916,413**	**532,846**	**109,069**	**1,815,103**	**(21,224,870)**	**10,148,561**
As at December 31, 2013		**51,217,402**	**28,916,413**	**532,846**	**109,069**	**2,096,651**	**(21,290,322)**	**10,364,657**
Share based payment	10	-	-	-	-	(112,767)	-	(112,767)
Equity component of related party loan	14	-	-	-	-	99,188	-	99,188
Expiry of warrants	9			(475,094)		475,094		-
Total comprehensive loss for the period		-	-	-	-	-	(4,439,684)	(4,439,684)
As at As at June 30, 2014		**51,217,402**	**28,916,413**	**57,752**	**109,069**	**2,558,166**	**(25,730,006)**	**5,911,394**

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

Consolidated Statements of Cash Flows

Canadian dollars Unaudited	Note	Six months ended June 30, 2014 $	June 30, 2013 $
Cash provided by (used for) the following activities			
Operating activities			
Loss for the period		**(4,439,684)**	(1,573,904)
Add (deduct):			
Depletion and depreciation	4	**466,599**	629,595
Accretion of decommissioning liabilities		**18,946**	21,530
Accretion of convertible debenture	8	**41,841**	28,867
Accretion of related party loan	14	**10,362**	-
Share-based payments	10	**(112,767)**	704,016
Extinguishment of debt	11	**(332,850)**	-
Impairment	6	**4,305,462**	-
Deferred tax expense		**(34,850)**	(28,959)
Change in non-cash working capital	13	**(214,489)**	198,929
Cash used in operating activities		**(291,429)**	(19,926)
Investing activities			
Purchase of property and equipment	4	**(534,715)**	(553,892)
Purchase of exploration and evaluation	5	**(31,959)**	(2,053,686)
Change in non-cash working capital	13	**(742,893)**	94,558
Cash used in investing activities		**(1,309,567)**	(2,513,020)
Financing activities			
Proceeds from operating loans	7	**121,914**	-
Proceeds from issuance of convertible debenture, net of issue costs	8	**-**	1,981,392
Issuance of common shares	9	**-**	44,294
Proceeds from related party loan	14	**1,501,629**	-
Cash from financing activities		**1,623,543**	2,025,686
Increase (decrease) in cash and cash equivalents		**22,547**	(507,260)
Cash and cash equivalents, beginning of period		**80,381**	781,877
Cash and cash equivalents, end of period		**102,928**	274,617

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

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

1. Reporting entity

3MV Energy Corp. ("3MV Energy" or the "Corporation") was formed through a series of transactions. On January 29, 2012, 3MV Energy Inc. and Noravena Capital Corporation, a capital pool Corporation, completed an amalgamation agreement forming 3MV Energy Corp. The consolidated financial statements are in the name of 3MV Energy Corp. (formerly Noravena), and are a continuation of the consolidated financial statements of 3MV Energy Inc.

3MV Energy is a crude oil and natural gas exploration and production Corporation based in Calgary, Alberta, Canada. The Corporation's operations are focused in Western Canada, primarily in southwest Saskatchewan. The Corporation is listed on the TSX-V under the symbol "TMV".

The address of its registered office is suite 1150, 444 5th Avenue S.W., Calgary, Alberta.

2. Basis of preparation

Statement of compliance

These condensed interim consolidated financial statements for the three and six months ended June 30, 2014 are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 – "Interim Financial Reporting" and do not include all of the information required for full annual financial statements.

The condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual audited financial statements for the year ended December 31, 2013.

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 21, 2014.

Going concern

For the six months ended June 30, 2014, the Corporation reported a net loss of $4.4 million and had a working capital deficiency of $3.2 million at June 30, 2014. In addition, the Corporation was in violation of specific loan covenants as at June 30, 2014. The Corporation continues its efforts to raise equity and diminish accounts payable through operational cash flow and asset dispositions. These conditions create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Additional equity, debt arrangements and/or operating developments are needed to meet the Corporation's business objectives. There are no guarantees that such additional capital funding will be available when needed. The Corporation may be required to sell certain assets in order to meet its working capital and capital budget requirements.

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

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.

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 Corporation'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, 2013 except as disclosed below.

On January 1, 2014, the Corporation adopted new standards with respect to Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 Financial Instruments: Presentation ("IAS 32") and IFRIC 21 Levies ("IFRIC 21"). The amendments to IAS 32 clarify the requirements for offsetting financial instruments such as the amounts receivable and payable related to the Corporation's commodity contracts. The amendments clarify when an entity has a legally enforceable right to offset and certain other requirements that are necessary to present a net financial asset or liability. IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that no liability should be recognized before the specified minimum threshold to trigger that levy is reached. The adoption of these standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2014 or on the comparative periods.

Future accounting pronouncements

The IASB has issued IFRS 9 Financial Instruments, which is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 is the first step to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 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. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Corporation has not yet assessed the impact of the standard.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

4. Property and Equipment

	Petroleum and natural gas assets $	Corporate assets $	Total $
Cost:			
Balance at December 31, 2012	33,523,899	247,622	33,771,521
Additions	578,858	-	578,858
Dispositions	-	(36,178)	(36,178)
Change in decommissioning provisions	(85,025)	-	(85,025)
Balance at December 31, 2013	34,017,732	211,444	34,229,176
Additions	534,715	-	534,715
Change in decommissioning provisions	153,964	-	153,964
Balance at June 30, 2014	34,706,411	211,444	34,917,855
Accumulated depletion and depreciation and impairment loss:			
Balance at December 31, 2012	(16,926,025)	(88,844)	(17,014,869)
Depletion and depreciation for period	(1,195,386)	(51,233)	(1,246,619)
Dispositions	-	14,230	14,230
Impairment of PPE	(2,092,740)	-	(2,092,740)
Reversal of impairment of PPE	3,011,217	-	3,011,217
Balance at December 31, 2013	(17,202,934)	(125,847)	(17,328,781)
Depletion and depreciation for period	(426,507)	(40,091)	(466,598)
Impairment of PPE (note 6)	(4,305,462)	-	(4,305,462)
Balance at June 30, 2014	(21,934,903)	(165,938)	(22,100,841)
Net book value:			
December 31, 2012	16,597,874	158,778	16,756,652
December 31, 2013	16,814,798	85,597	16,900,395
June 30, 2014	**12,771,508**	**45,506**	**12,817,014**

Future development costs on proved plus probable reserves totaling approximately $23,845,285 (December 31, 2013 - $24,380,000) are included in the depletion calculation.

5. Exploration and evaluation (“E&E”) assets

	$
Balance at December 31, 2012	870,394
Additions	2,055,928
Land expiries and write-offs	(229,651)
Balance at December 31, 2013	2,696,671
Additions	31,959
Balance at June 30, 2014	**2,728,630**

E&E assets consist of the Corporation’s capitalized seismic and land acquisition costs which are pending the determination of commercial viability. The Corporation assesses the recoverability of these assets both before and at the time of transfer to property and equipment within the Corporation’s CGUs.

6. Impairment loss

The Corporation assesses the recoverability of the carrying values of its oil and gas properties on a cash-generating unit (“CGU”) basis. In accordance with IFRS, the recoverable amounts of the Corporation’s CGUs were estimated as the greater of value in use (“VIU”) and fair value less cost to sell (“FVLCTS”) based on the net present value of cash flows estimated from oil and natural gas proved plus probable reserves completed by external reserve evaluators.

As of June 30, 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 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.

7. Operating loans

	June 30, 2014 $	December 31, 2013 $
Credit facility	621,914	500,000

On December 21, 2012, the Corporation entered into a loan facility whereby it borrowed $500 thousand at an annual interest rate of 16% for a term of 1 year expiring on December 21, 2013. On January 7, 2014 the loan was extended to July 30, 2014 and further extended to September 30, 2014 at an amount of $621,914. In exchange for providing the Facility, the Corporation shall provide security in favor of the Lender over all the real property of the Corporation. The Corporation is subject to a Debt to EBITDA ratio covenant (not to exceed 3.5:1). For the six month period ending June 30, 2014 the Corporation's Debt to EBITDA ratio was 15.2:1 which is in violation of the allowable amount. The Corporation is also subject to an asset coverage ratio (total present value of assets to be a minimum of 1.65 times total debt). As at June 30, 2014 the Corporation's asset coverage ratio was 0.64:1; which is in violation of the allowable amount. Finally, the Corporation is subject to an interest coverage ratio (minimum EBITDA of 2.5 times Interest payable). For the six months ended June 30, 2014 the Corporation's interest coverage ratio was 0.51:1; which is in violation of the covenant. Subsequent to the end of the period, the Corporation notified the lender of the covenant violations. A waiver has not been received; however the lender informed the Corporation it did not intend to issue a notice of default as a result of the breaches.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

8. Convertible debentures

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.

The convertible debentures were determined to be compound instruments. As the debentures are convertible into common shares of the Corporation, the liability and equity components are presented separately. The initial carrying amount of the financial liability is determined by discounting the stream of future payments of interest and principal. The convertible debentures are not subject to any financial covenants.

Using the residual method, the carrying amount of the conversion feature is the difference between the principal amount and the carrying value of the financial liability. 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, such that the carrying amount of the financial liability will equal the $2 million principal balance at maturity respectively.

	Proceeds $	Debt Component $	Equity Component $
Balance at December 31, 2012	984,592	938,805	36,108
Issue of convertible debenture	2,000,000	1,900,148	99,852
Issue costs	(18,608)	(17,679)	(929)
Deferred tax	-	-	(25,962)
Accretion	-	64,805	-
Balance at December 31, 2013	2,965,984	2,886,079	109,069
Accretion	-	41,841	-
Balance at June 30, 2014	2,965,984	2,927,920	109,069

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

9. 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 December 31, 2012	45,439,169	27,540,619
Shares issued for debt outstanding (i)	5,575,233	1,333,500
Non-brokered private placements (ii)	203,000	42,294
Balance at December 31, 2013 and June 30, 2014	**51,217,402**	**28,916,413**

(i) On October 18, 2012, the Corporation announced its intention to settle trade debt by issuing common shares and units of the Corporation at a conversion price of $0.25 per unit. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitled 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. During the year ended December 31, 2013, the Corporation converted $1,393,809 of accounts payable into 5,575,233 common shares and 5,575,233 warrants. The fair value of the warrants issued with the units was determined to be $55,752. Share issuance costs relating to the share for debt conversions totaled $4,557. The fair value of these warrants was estimated using a net asset value calculation of the Corporation as of the date of issuance. The Corporation's calculation yielded the warrants within the units issued to be $0.01.

(ii) During the first quarter of 2013, the Corporation closed a non-brokered private placement of 200,000 units at a price of $0.25 per Unit for gross proceeds of $50,000. 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. The fair value of the warrants issued with the units was determined to be $2,000. Share issuance costs relating to the private placement totaled $5,706. The Corporation also issued 3,000 shares at a price of $0.25 as a finder's fee in relation to a private placement in 2012.

9. Share capital (continued)

(c) Warrants

	# of Warrants	$
Balance at December 31, 2012	30,885,426	475,094
Warrants issued with non-brokered private placements (ii)	200,000	2,000
Warrants issued with shares for debt outstanding (i)	5,575,233	55,752
Balance at December 31, 2013	36,660,659	532,846
Expiries	(30,885,375)	(475,094)
Balance at June 30, 2014	**5,775,284**	**57,752**

The fair value of these warrants was estimated using a net asset value calculation of the Corporation as of December 31, 2012. The Corporation's calculation yielded the warrants within the units issued to be $0.01. There were no warrants converted during the period (nil -2013) however 30,885,375 warrants expired.

10. Share-based payments

The Corporation has an employee stock option plan under which employees and directors are eligible to purchase common shares of the Corporation. The Corporation accounts for its stock based compensation plan using the fair value method. Under this method compensation is expensed over the vesting period for the stock options, with a corresponding increase to contributed surplus.

Share based compensation cost of ($112,767) (June 30, 2013 – $704,016) was recovered during 2014. During the period ended June 30, 2014 the Corporation retracted the conditional options previously granted to directors in the third quarter of 2013. 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 previously incurred as a result of service commencement date already occurring. Pursuant of the disenactment of the draft plan adopted during 2013 and amended in 2014 the number of options outstanding as at June 30, 2014 totaled 4,670,262 (December 31, 2013 – 6,170,262).

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

10. Share-based payments (continued)

The following summarizes the options outstanding:

Stock Options	Weighted average exercise price $	Stock Options
Balance December 31, 2012	1.87	557,902
Granted	0.22	6,250,000
Forfeited	1.05	(637,640)
Balance December 31, 2013	0.28	6,170,262
Retracted	0.15	(1,500,000)
Balance June 30, 2014	**0.28**	**4,670,262**

The following summarizes information about stock options outstanding and exercisable as at June 30, 2014:

Exercise Prices	Number outstanding at June 30, 2014	Weighted average contractual life (years)	Weighted average exercise price/stock option $	Number exercisable at June 30, 2014	Weighted average exercise price/stock option $
$1.85-$1.90	245,262	2.52	1.87	229,655	1.86
$0.15-$0.25	4,425,000	3.71	0.24	4,102,808	0.25
Total	**4,670,262**	**3.65**	**0.33**	**4,332,463**	**0.33**

11. Extinguishment of Debt

During the year, 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 $332,850 ($nil - 2013) and was recorded to the statement of comprehensive loss.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

12. Earnings per share

Basic and diluted income (loss) per share

	Loss for the period $	Weighted average number of shares	Per share amount $
Three months ended June 30, 2014			
Basic and diluted	(4,359,724)	51,217,402	(0.09)
Six months ended June 30, 2014			
Basic and diluted	(4,439,684)	51,217,402	(0.09)
Three months ended June 30, 2013			
Basic and diluted	(394,174)	50,917,690	(0.01)
Six months ended June 30, 2013			
Basic and diluted	(1,573,904)	49,675,169	(0.03)

The effect of warrants and stock options outstanding on loss per share for the period ended June 30, 2014 is anti-dilutive.

13. Supplemental cash flow information

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

Three months ended	June 30, 2014 $	June 30, 2013 $
Source (use) of cash:		
Trade and other receivables	(31,974)	54,117
Prepaid expenses and deposits	(13,569)	83,481
Trade and other payables	51,229	61,331
Long term liability	(220,175)	-
Change in non-cash working capital	(214,489)	198,929

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

Three months ended	June 30, 2014 $	June 30, 2013 $
Source (use) of cash:		
Trade and other payables	(742,893)	94,558
Change in non-cash working capital	(742,893)	94,558

Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

14. 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	
		June 30, 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.

During the period the Corporation obtained a $2,000,000 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 June 30, 2014 $1,501,629 has been drawn on the facility. Interest in the amount of $15,720 has been accrued as at June 30, 2014.

The fair value of the loan has been determined to be an amount less the face value due at maturity as the loan's interest rate is less than that the Corporation would reasonably be able to obtain from an arm's length third party. 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. Share contribution amount has been recorded in contributed surplus.

	Proceeds $	Debt Component $	Share Contribution $
Balance at December 31, 2013	-	-	-
Loan	1,501,629	1,367,591	134,038
Accretion	-	10,362	-
Deferred tax			(34,850)
Balance at June 30, 2014	1,501,629	1,377,953	99,188

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

For the three and six month periods ended June 30, 2014 and June 30, 2013

15. Subsequent Events

On July 21, 2014 the Corporation announced that it entered into an Asset Purchase and Sale Agreement to dispose of assets in south west Saskatchewan. 3MV Energy agreed to sell a land package with corresponding production, related inventory and equipment within the property for a purchase price of $4,350,000 less any usual adjustments. The transaction closed on August 15, 2014.

On August 5, 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. The joint venture partner has 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 will become the operator of the assets. The joint venture agreement is subject to approval from the TSX Venture Exchange.