mobius resources inc.

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MOBIUS RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

UNAUDITED

An Oil & Gas Exploration Company

CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Mobius Resources Inc. ("Mobius") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Mobius auditors

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CONSOLIDATED BALANCE SHEETS

As at June 30, 2015 and December 31, 2014

(Unaudited - Expressed in Canadian $000's)		As at June 30, 2015		As at December 31, 2014
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**3,826**	$	6,477
Accounts receivable		**1,096**		213
Prepaid expenditures		**49**		66
	$	**4,971**	$	6,756
Deposits		**52**		56
Property, plant and equipment (note 4)		**-**		6,509
Total Assets	**$**	**5,023**	$	13,321
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	**$**	**397**	$	511
Asset retirement obligation (note 6)		**465**		465
		862		976
Long term lease obligation (note 7)		**15**		23
Total liabilities	**$**	**877**	$	999
SHAREHOLDERS' EQUITY		**118,463**		118,519
Share capital (note 8)		**24**		1,197
Warrants (note 8)		**7,161**		5,934
Contributed surplus		**(121,502)**		(113,328)
Deficit		**4,146**		12,322
	$	**5,023**	$	13,321

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

Commitments (note 11)

Subsequent events (note 14)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS AND DEFICIT

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian $000's) except per share amounts	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Income				
Interest and other income	**$ 79**	$ 23	**$ 142**	$ 60
Operating expenses				
Operating	**30**	19	**30**	36
General and administrative	**903**	686	**1,776**	1,469
Stock based compensation (Note 8)	**26**	45	**54**	164
Depreciation and accretion	**2**	1	**4**	11
Foreign exchange loss /(gain)	**32**	1	**(141)**	(2)
Depletion	**6,593**	2,410	**6,593**	2,410
	$ 7,586	$ 3,162	**$ 8,316**	$ 4,088
Net loss from continuing operations	**(7,507)**	(3,139)	**(8,174)**	(4,028)
Net loss from discontinued operations	**-**	(31,530)	**-**	(28,467)
Net loss and comprehensive loss	**(7,507)**	(34,669)	**(8,174)**	(32,495)
Deficit, beginning of period	**(113,995)**	(71,011)	**(113,328)**	(73,185)
Deficit, end of period	**$ (121,502)**	$ (105,680)	**$ (121,502)**	$ (105,680)
Basic and diluted loss per share from continuing operations:	**$ (0.26)**	$ (0.11)	**$ (0.29)**	$ (0.14)
Basic and diluted loss per share from discontinued operations:	**$ -**	$ (1.09)	**$ -**	$ (0.99)
Basic and diluted loss per share:	**$ (0.26)**	$ (1.20)	**$ (0.29)**	$ (1.13)
Weighted average shares outstanding during period (Note 8)	**28,438,808**	28,803,838	**28,519,619**	28,803,838

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian $000's)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Cash Flows (Used In) From Operating Activities:				
Net loss for the period	**$ (7,507)**	$ (34,669)	**$ (8,174)**	$ (32,495)
Less: Net loss from discontinued operations	**-**	31,530	**-**	28,467
Net loss from continuing operations	**(7,507)**	(3,139)	**(8,174)**	(4,028)
Depreciation and accretion	**2**	1	**4**	11
Stock based compensation	**26**	45	**54**	164
Depletion	**6,593**	2,410	**6,593**	2,410
Unrealized foreign currency exchange losses (gain)	**33**	1	**(140)**	(2)
Reclamation of asset retirement obligation	**-**	-	**-**	(25)
Change in accounts receivable	**(18)**	9	**88**	(18)
Change in prepaid expenditures and deposits	**5**	25	**16**	(8)
Change in accounts payable and accrued liabilities	**38**	(112)	**(71)**	(134)
Cash Used In Operating Activities from Continuing Operations	**$ (828)**	$ (760)	**$ (1,630)**	$ (1,630)
Cash Flows From (Used In) Operating Activities Discontinued Operations	**-**	(1,061)	**-**	1,807
Total Cash Flows (Used In) From Operating Activities	**$ (828)**	$ (1,821)	**$ (1,630)**	$ 177
Cash Flow (Used In) From Investing Activities:				
Purchase of property, plant and equipment	**(56)**	(25)	**(86)**	(117)
Changes in non-cash working capital	**(1,029)**	-	**(1,005)**	-
Net Cash Used In Investing Activities From Continuing Operations	**(1,085)**	(25)	**(1,091)**	(117)
Net Cash From Investing Activities From Discontinued Operations	**-**	1,776	**-**	377
Net Cash From (Used In) Investing Activities	**$ (1,085)**	$ 1,751	**$ (1,091)**	$ 260
Cash Flow (Used In) Financing Activities:				
Repurchase of common stock	**-**	-	**(56)**	-
Redemption of convertible debenture	**-**	-	**-**	(528)
Net Cash (Used In) Investing Activities From Continuing Operations	**-**	-	**(56)**	(528)
Net Cash From Investing Activities From Discontinued Operations	**-**	-	**-**	-
Net Cash Used In Financing Activities	**$ -**	$ -	**$ (56)**	$ (528)
Other Activities:				
Effect of exchange rate on cash and cash equivalents	**(43)**	(52)	**126**	(42)
Net cash decrease in cash and cash equivalents	**(1,956)**	(122)	**(2,651)**	(133)
Cash and cash equivalents at beginning of period	**5,782**	9,387	**6,477**	9,398
Cash and cash equivalents at end of period	**$ 3,826**	$ 9,265	**$ 3,826**	$ 9,265
Supplemental data:				
Interest received	**$ 16**	$ 23	**$ 36**	$ 61

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

As at June 30, 2015

(Unaudited - Expressed in Canadian $000's)	Number of Common Shares		Share Capital		Contributed Surplus		Warrants		Accumulated Deficit		Total Shareholder Equity
As at January 1, 2014	**28,803,808**	**$**	**118,524**	**$**	**5,427**	**$**	**1,354**	**$**	**(73,185)**	**$**	**52,120**
Stock based compensation	**-**		**-**		**164**		-		**-**		**164**
Net loss	-		-		-		-		(32,495)		(32,495)
As at June 30, 2014	**28,438,808**	**$**	**118,524**	**$**	**5,591**	**$**	**1,354**	**$**	**(105,680)**	**$**	**19,789**
Warrant expirations	**-**	**$**	**-**	**$**	1,173	**$**	**(1,173)**	**$**	**-**	**$**	**-**
Stock based compensation	-		-		54		-		-		54
Share repurchase	(331,500)		(56)		-		-		-		(56)
Net loss	-		-		-		-		(8,174)		(8,174)
As at June 30, 2015	**28,438,808**	**$**	**118,463**	**$**	**7,161**	**$**	**24**	**$**	**(121,502)**	**$**	**4,146**

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Mobius Resources Inc. ("Mobius" or "the Company"), formerly Zodiac Exploration Inc. ("Zodiac"), was formed as a result of the Reverse Takeover ("RTO") structured under the Plan of Arrangement completed on September 28, 2010, in which Peninsula Resources Ltd. ("Peninsula") acquired all of the outstanding shares of Zodiac Exploration Corp. in a share for share exchange (the "Transaction"). The Transaction entailed the amalgamation of Zodiac Exploration Corp. with 1543081 Alberta Ltd. (subsequently named Zodiac Exploration Corp.), a wholly owned subsidiary of Peninsula. Upon completion of the Transaction, Peninsula changed its name to Zodiac Exploration Inc. For financial reporting purposes, the Transaction was accounted for as a RTO that did not constitute a business combination, with Zodiac Exploration Corp. identified as the RTO acquirer and Peninsula the RTO acquiree. Zodiac was principally engaged in the acquisition, exploration and development of oil and gas properties in the San Joaquin Basin in California. To date, the Company has had only incidental oil and gas revenues included as an offset to capital expenditures and is still considered to be in the development stage as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915.

On December 4, 2013 Zodiac completed the acquisition of Muskwa Resources Ltd. ("Muskwa") pursuant to which Zodiac acquired all of the outstanding common shares of Muskwa pursuant to an amalgamation agreement dated October 8, 2013 among Zodiac, Muskwa and Zodiac Exploration Corp., a wholly-owned subsidiary of Zodiac. In April 2014, Zodiac changed its name to Mobius Resources Inc. On May 23, 2014, the Company changed its year end from September 30 to December 31.

The Company has consolidated in its accounts the accounts of: Mobius Resources Corp.; and Zodiac USA Corp. ("Zodiac USA"), including Zodiac Montana LLC ("Zodiac Montana") Formerly Zodiac Kentucky LLC and Zodiac Energy LLC ("Zodiac Energy"). Zodiac Exploration Corp. (formerly 1543081 Alberta Ltd.) was the amalgamation vehicle for the RTO. Zodiac Montana and Zodiac Energy were established to carry on oil and gas exploration and development activities in the states of Montana and California, respectively. Both Zodiac Montana and Zodiac Energy are limited liability corporations, established under the laws of the state of Nevada and wholly owned by Zodiac USA.

At June 30, 2015, the Company has not yet achieved profitable operations, has accumulated a deficit of $121,502 (December 31, 2014 - $113,328) since its inception, and expects to incur further losses in the development of its business, which is typical of an oil and gas exploration company in the stages of development. As at June 30, 2015, the Company's cash balance was $3,826 (December 31, 2014 - $6,477) generated primarily from financings completed in the fiscal years ended September 30, 2011 and 2010.

In the opinion of management, the unaudited interim consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments which management considers necessary to present fairly the Company's financial position as at June 30, 2015 and results of operations and cash flows for the three and six months ended June 30, 2015 and 2014.

2. BASIS OF PRESENTATION

These interim consolidated financial statements, including prior period comparative information, have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). These interim consolidated financial statements have been prepared following the same accounting policies and method of computation as the audited annual consolidated financial statements for the fifteen month period ended December 31, 2014. Certain information and disclosures normally included in the notes the audited annual consolidated financial statements have been disclosed on an annual basis only.

Accordingly, these interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the fifteen month period ended December 31, 2014, which were prepared in accordance with US GAAP.

(Unaudited - Expressed in Canadian $000's except per share amounts)

3. RECENT ACCOUNTING DEVELOPMENTS

In April, 2014, the FASB issued ASU No. 2014-08 Topics 205 and 360: Discontinued Operations and Disposals. The amendments change the criteria for reporting discontinued operations and add new disclosure requirements for discontinued operations and individually significant components of an entity that are disposed of or classified as held for sale but do not meet the definition of discontinued operation. Effective for public business entities and certain not-for-profit entities for new disposals and new classifications of assets held for sale in years beginning on/after December 15, 2014, and interim periods within those years. Effective for all other entities, including most private companies, for years beginning on/after December 15, 2014, and interim periods within years beginning on/after December 15, 2015. The Company has adopted ASU 2014-08 Topics 205 and 360.

4. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Other	Total
Net book value, December 31, 2013	**$ 44,162**	**$ 40**	**$ 44,202**
Additions	**6,204**	(10)	6,194
Disposals	**(3,557)**	(1)	(3,558)
Depletion	**(40,318)**	-	(40,318)
Depreciation	**-**	(11)	(11)
Net book value, December 31, 2014	**$ 6,491**	**$ 18**	**$ 6,509**
Additions	**111**	-	111
Disposals	**(24)**	(1)	(25)
Depletion	**(6,578)**	(15)	(6,593)
Depreciation	**-**	(2)	(2)
Net book value, June 30, 2015	**$ -**	**$ -**	**$ -**

During the fifteen months ended December 31, 2014, the Company commenced drilling operations on its Alberta lands. During the quarter ended March 31, 2015, the Company continued a special core study and studying advanced logging techniques on the well primarily to assess the prospectively of the Duvernay Formation. At March 31, 2015, the Company had approximately $6.5 million of property, plant and equipment related to its Alberta operations.

During the three months ended June 30, 2015, management and the Board of Directors reviewed the carrying value of the Company's assets. Given the relatively short remaining tenure on the Alberta lands, depressed oil and gas commodity prices and the challenging financing environment for junior oil and gas companies, it was felt that there was material uncertainty with respect to the development of the Alberta lands. The cost associated with the Alberta lands and all remaining property, plant and equipment of the Company were transferred to the full cost pool and since reserves have not and will not be assigned to these assets, the costs were subject to immediate depletion.

(Unaudited - Expressed in Canadian $000's except per share amounts)

5. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration and evaluation expenditures and general operating and administrative activities.

		As at June 30, 2015		As at December 31, 2014
Accounts receivable	**$**	**120**	$	163
Accrued liabilities		**277**		348
Total accounts payable and accrued liabilities	**$**	**397**	$	511

6. ASSET RETIREMENT OBLIGATION

As at June 30, 2015, the Company has estimated the net present value of its total Asset Retirement Obligation ("ARO") to be $465 (December 31, 2014 - $465) based upon a total future undiscounted liability of $465 (December 31, 2014 - $621), where the liability settlement period has been estimated to occur over the next fiscal year. During the year ended December 31, 2014, the Company began incurring reclamation costs in the Windsor Basin in Nova Scotia. The Company believes that the remaining liabilities relating to its ARO may be satisfied in the current year and thus have realized the liabilities as current liabilities and have not discounted the liabilities to a present value.

		As at June 30, 2015		As at December 31, 2014
Balance, beginning of period	**$**	**465**	$	248
Accretion expense		**-**		21
Liabilities settled		-		(399)
Revision to ARO inputs		-		595
Balance, end of period	**$**	**465**	$	465

7. LONG TERM LEASE OBLIGATION

The Company has long term debt related to a lease commitment for office space that is no longer in use in Bakersfield, California. The present value of the non-current portion of the lease commitment less expected revenues from subletting the space. Further details of the commitment can be found in Note 11(c).

		As at June 30, 2015		As at December 31, 2014
Long term lease obligation	**$**	**15**	$	23
Total long term lease obligation	**$**	**15**	$	23

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with voting rights.
Unlimited number of preferred shares, issuable in series.

b) Issued

(Unaudited - Expressed in Canadian $000's except per share amounts)

	Number of Common Shares	Amount ($)
Balance Outstanding, September 30 2013	**23,975,664**	**114,541**
Common shares issued upon acquisition of Muskwa	4,828,144	3,983
Common shares repurchased under Normal Course Issuer Bid	(33,500)	(5)
Balance Outstanding December 31, 2014	**28,770,308**	**118,519**
Common shares repurchased under Normal Course Issuer Bid	(331,500)	(56)
Balance Outstanding, June 30, 2015	**28,438,808**	**118,463**

The Company commenced a normal course issuer bid on October 10, 2014 which is effective until October 10, 2015. Pursuant to this bid, the Company may purchase up to 2,832,039 common shares of the Company's Public Float (as such term is defined in the TSX-V Corporate Finance Manual), representing ten percent of the common shares in the capital of the Company making up its Public Float as at the date of the commencement of the bid. From the commencement of the bid until June 30, 2015, the Company repurchased 365,000 shares for retirement.

c) Warrants

(Unaudited - Expressed in Canadian $000's except per share amounts)

	Outstanding June 30, 2015	Weighted average exercise price ($)	Deemed value ($)
Balance Outstanding, beginning of period (i) (ii)	1,761,433	6.26	1,197
Expired	1,663,048	6.15	1,173
Balance Outstanding, end of period	**98,385**	**7.16**	**24**

(i) The Company issued 1,806,338 common share purchase warrants in conjunction with an equity raise during the fiscal year ended September 30, 2010. As of June 30, 2015, all common share purchase warrants outstanding from this issuance had expired.

During the three and six months ended June 30, 2015, 808,046 and 1,629,714 common share purchase warrants expired in accordance with their terms. As a result, during the three and six months ended June 30, 2015 $565 and $1,168 previously recognized as a warrant equity items were moved to contributed surplus.

c) Warrants (Continued)

(ii) Muskwa Warrants

Upon the acquisition of Muskwa, completed on December 4, 2013, Mobius assumed the following Muskwa purchase warrants:

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian $000's except per share amounts)

Warrant	Number	Exercise price	Expiry date
$3.00 Warrant	333,334	$3.00	September 21, 2014
$4.50 Warrant			
Tranche 1	4,593	$4.50	November 14, 2015
Tranche 2	6,667	$4.50	February 5, 2016
$6.00 Warrant			
Tranche 1	1,508,000	$6.00	October 31, 2014
Tranche 2	66,667	$6.00	November 30, 2014
Tranche 3	33,334	$6.00	April 12, 2015
Tranche 4	15,799	$6.00	October 22, 2015
Tranche 5	27,500	$6.00	December 5, 2015
$9.00 Warrant	43,826	$9.00	November 14, 2015
Total	**2,039,720**	**$5.57**	

The fair value of the warrants issued was estimated as at the grant date using the Black-Scholes option pricing model. The fair value of the Muskwa warrants assumed was estimated at the date of acquisition and the compensation expense of $186 was recognized immediately as a cost of the acquisition of Muskwa.

During the three months ended June 30, 2015, 33,334 (six months ended June 30, 2015 – 33,334) common share purchase warrants expired in accordance with their terms. As a result, during the three months ended June 30, 2015 $5 (six months ended June 30, 2015 - $5) previously recognized as a warrant equity item was moved to contributed surplus.

At June 30, 2015, the following Muskwa warrants were still outstanding:

For the three and six months ended June 30, 2015 and 2014

(Unaudited - Expressed in Canadian $000's except per share amounts)

Warrant	Number	Exercise price	Expiry date
$4.50 Warrant			
Tranche 1	4,593	$4.50	November 14, 2015
Tranche 2	6,667	$4.50	February 5, 2016
$6.00 Warrant			
Tranche 4	15,799	$6.00	October 22, 2015
Tranche 5	27,500	$6.00	December 5, 2015
$9.00 Warrant	43,826	$9.00	November 14, 2015
Total	**98,385**	**$7.16**	

d) Stock options outstanding

Under the share option plan of the Company (the "Plan"), established on September 28, 2010, the number of common shares to be reserved and authorized for issuance pursuant to options granted under the Plan cannot exceed 10% of the total number of issued and outstanding shares of the Company. All currently issued options have terms of five years and vest over two to three years; the term, the vesting period and the price are determined at the discretion of the Board of Directors. However, the maximum option term shall not exceed five years.

The following table summarizes information about the Company's stock options outstanding at June 30, 2015:

(Unaudited - Expressed in Canadian $000's except per share amounts)

	June 30, 2015		
	Equivalent Number of Options	Weighted average exercise price ($)	Weighted Average Remaining Contractual Life (years)
Balance, December 31, 2014	2,284,573	0.41	4.78
Expired	(9,666)	3.10	-
Forfeited	(211,572)	1.26	-
Balance, end of period	**2,063,335**	**0.31**	**4.41**

As at June 30, 2015, the Company had 1,346,665 options granted but not yet vested.

The following table summarizes information about the Company's stock options outstanding at December 31, 2014, and for changes that occurred during the fifteen month period then ended:

(Unaudited - Expressed in Canadian $000's except per share amounts)

	December 31, 2014		
	Equivalent Number of Options	Weighted average exercise price ($)	Weighted Average Remaining Contractual Life (years)
Balance, September 30, 2013	952,684	2.40	3.14
Granted during period	3,043,229	0.42	4.88
Assumed on the acquisition of Muskwa	380,267	3.00	-
Expired	(382,201)	3.01	-
Forfeited	(1,709,416)	1.51	-
Balance, end of period	**2,284,563**	**0.41**	**4.78**

e) Stock-based compensation

During the three and six months ended June 30, 2015, the Company granted nil options to officers, directors, employees and consultants (three and six months ended June 30, 2014 – nil).

Compensation expense recognized for the three and six months ended June 30, 2015 was $26 and $54 (three and six months ended

June 30, 2014 – $45 and $164). Of the total compensation expense for the three and six months ended June 30, 2015, $26 and $54 (three and six months ended June 30, 2014 - $45 and $164) has been recorded as a stock based compensation expense and $nil and $nil (June 30, 2014 - $nil and $nil) has been capitalized for options issued to employees and consultants directly involved in exploration activities. The total amount has been recorded with an offsetting credit to contributed surplus.

f) Per share data

Basic loss per share are calculated based on the weighted average number of shares outstanding during the three and six months ended June 30, 2015 of 28,438,808 and 28,519,619 (three and six months ended June 30, 2014 – 28,803,838 and 28,803,838). The treasury stock method is used for the calculation of diluted loss per share. Under this method, it is assumed that proceeds from the exercise of dilutive securities are used by the Company to repurchase Company shares at the average price during the period. The issued and outstanding warrants and stock options at June 30, 2015 of 98,385 and 2,063,335, (June 30, 2014 – 3,669,434 and 2,105,118, respectively), were not dilutive as the Company was in a loss position.

9. RELATED PARTIES

Legal Fees

During the three and six months ended June 30, 2015, legal fees of $296 and $363 were charged by a law firm in which the corporate secretary of the Company is a partner of, and were expensed as general and administrative expenses (three and six months ended June 30, 2014 - $95 and $95). On March 5, 2014, the former corporate secretary resigned from his position. The former corporate secretary is a partner in a law firm, which during the three and six months ended June 30, 2014 has billed the Company $nil and $21 for services.

As at June 30, 2015 the Company owed $112 (June 30, 2014 - $95) to the current law firm, and $nil (June 30, 2014 - $nil) to the prior firm.

Sublease Recovery

The Company also subleased office space to a related party starting December 1, 2013. This enabled an offset in their rent expenses by $3 and $6 for the three and six months ended June 30, 2015.

As at June 30, 2015 the Company was owed $1 (June 30, 2014 - $nil) for sublease recovery.

10. FINANCIAL INSTRUMENTS

a) Fair value measurement

ASC Topic 820.10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820.10 applies whenever other statements require or permit assets or liabilities to be measured at fair value. The Company's financial assets and liabilities are measured at fair value on a recurring basis. The Company discloses its recognized non-financial assets and liabilities, such as asset retirement obligations and other property and equipment at fair value on a non-recurring basis. For non-financial assets and liabilities, the Company is required to disclose information that enables users of its financial statements to assess the inputs used to develop said measurements.

ASC 820.10 requires that assets and liabilities carried at fair value be classified and disclosed based on the following hierarchy for fair value measurements:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, based on the best information available.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners.

In connection with the execution of the Master Agreement with Sintana Energy Inc. ("Sintana"), as further discussed in Note 14, the Company loaned $1,000 to Sintana during the quarter. The principal and accrued interest were outstanding at the end of the quarter and made up the majority of the Company's receivables.

The majority of the Company's remaining receivables are from its industry partners, where the receivables have not been collateralized. To date, the Company has not experienced any bad debts and maintains no allowance for doubtful accounts. The Company's cash and cash equivalents are held by two financial institutions.

The carrying amount of trade accounts receivable, cash and cash equivalents represent the Company's maximum credit exposure.

11. COMMITMENTS

a) The Company holds an operating lease agreement for office space in Calgary, Alberta commencing on March 1, 2012 and ending on February 28, 2017. The annual average basic rent obligation is $110, payable in monthly installments of $9. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes. As of August 1, 2013, a portion of the space was subleased to a third party reducing the annual average basic rent obligation to $28, payable in monthly installments of $2 for the remaining term. As of September 1, 2014, the remaining portion of the space was subleased to a third party, reducing the annual average basic rent obligation to $13, payable in monthly installments of $1.

b) The Company holds an operating lease agreement for office space in Calgary, Alberta commencing on November 1, 2013 and ending on October 31, 2016. The annual average basic rent obligation is $132, payable in monthly installments of $11. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes.

c) The Company holds an operating lease agreement for office space in Bakersfield, California commencing July 1, 2012 and ending on June 30, 2017. The annual average basic rent obligation is US$77 per annum, payable in average monthly installments of US$6. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes. Effective March 1, 2014, the Company entered into an agreement to sublet the office space for approximately $4 per month for the first year, increasing to $5 per month after the first year and $6 after the second year. The Company has accrued a provision of $35 on the balance sheet for this commitment. $20 is current in nature and is reflected in accrued liabilities (Note 5). $15 is long term in nature and makes up the entirety of long term lease obligation on the balance sheet (Note 7).

12. SEGMENTED INFORMATION

The Company's primary operations are limited to a single industry being the acquisition, exploration for, and development of petroleum and natural gas. Geographical segmentation is as follows:

	Three Months Ended June 30, 2015 ($000)		
	Canada	**United States**	**Total**
Interest and other income	$ 79	$ -	$ 79
Depreciation and accretion	2	-	2
Depletion	6,593	-	6,593
Net loss	7,507	-	7,507
Total assets	**$ 5,023**	**$ -**	**$ 5,023**

	Three Months Ended June 30, 2014 ($000)		
	Canada	**United States**	**Total**
Interest and other income	$ 23	$ -	$ 23
Depreciation and accretion	1	2	3
Net loss	3,139	31,530	34,669
Depletion	2,410	31,290	33,700
Property, plant and equipment	5,879	3,846	9,725
Total assets	**$ 13,307**	**$ 6,947**	**$ 20,254**

	Six Months Ended June 30, 2015 ($000)		
	Canada	**United States**	**Total**
Interest and other income	$ 142	$ -	$ 142
Depreciation and accretion	4	-	4
Depletion	6,593	-	6,593
Net loss	8,174	-	8,174
Total assets	**$ 5,023**	**$ -**	**$ 5,023**

12. Segmented Information (Continued)

	Six Months Ended June 30, 2014 ($000)		
	Canada	United States	Total
Interest and other income	$ 60	$ 3,353	$ 3,413
Depreciation and accretion	11	4	15
Net loss	2,410	31,290	33,700
Depletion	4,028	28,467	32,495
Property, plant and equipment	5,879	3,846	9,725
Total assets	**$ 13,307**	**$ 6,947**	**$ 20,254**

13. DISCONTINUED OPERATIONS

During the fifteen months ended December 31, 2014, the Company decided to discontinue its operations in the United States. The Company's final disposition related to its United States operations closed on December 31, 2014. As at June 30, 2015, the Company had no remaining assets related to the discontinued operations.

The amounts of revenue and costs reported in discontinued operations are set forth in the table below for the period indicated.

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
Interest and other income	$ -	$ -
Expenses:		
General and administrative	-	194
Depreciation and accretion	-	2
Foreign exchange loss (gain)	-	34
Loss from Discontinued Operations	$ -	$ 31,530

The amounts of cash from (used in) discontinued operations are set forth in the table below for the period indicated.

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014
Cash flows from (used in) operating activities	$ -	$ (1,061)
Cash flows from (used in) investing activities	-	1,776
Cash flows from (used in) financing activities	-	-
Net cash increase	$ -	$ 715

(Unaudited - Expressed in Canadian $000's except per share amounts)

13. Discontinued Operations (Continued)

		Six Months Ended June 30, 2015		Six Months Ended June 30, 2014
Interest and other income	$	-	$	3,413
Expenses:				
General and administrative		-		370
Depreciation and accretion		-		4
Foreign exchange loss (gain)		-		146
Loss from Discontinued Operations	$	-	$	28,467

The amounts of cash from (used in) discontinued operations are set forth in the table below for the period indicated.

		Six Months Ended June 30, 2015		Six Months Ended June 30, 2014
Cash flows from (used in) operating activities	$	-	$	1,807
Cash flows from (used in) investing activities				377
Cash flows from (used in) financing activities		-		-
Net cash increase	$	-	$	2,184

14. SUBSEQUENT EVENTS

On May 13, 2015, Mobius announced that it had entered into a definitive agreement dated as of May 13, 2015 providing for a reverse takeover of the Company (the "Business Combination") by Sintana. Sintana is engaged in the acquisition, exploration and development of oil and gas properties in Colombia's Magdalena Basin.

On July 27, 2015, at their respective annual shareholder meetings, the shareholders of each of Mobius and Sintana approved the Business Combination and the Business Combination was completed on August 6, 2015.

The Business Combination was structured in the form of a three-cornered amalgamation to be effected by way of a plan of arrangement, pursuant to which Sintana amalgamated with a wholly-owned subsidiary of Mobius, and all of the issued and outstanding Sintana Shares were exchanged for 0.26316 Mobius Shares for each Sintana Share so held (the "Exchange Ratio"). Also in connection with the Business Combination, (i) each outstanding share purchase warrant of Sintana became exercisable to acquire Mobius Shares in lieu of Sintana Shares; and (ii) each stock option of Sintana was exchanged for an equivalent stock option of Mobius, in each case subject to adjustment in number and exercise price to give effect to the Exchange Ratio. Each stock option of Mobius outstanding immediately prior to the effective date of the Business Combination, whether or not vested, became vested and shall remain outstanding until the earlier of: (A) the original expiration date thereof; and (B) the date that is the later of: (I) December 31, 2016, and (II) the latest date provided for pursuant to the Mobius stock option plan.

Substantial additional information regarding the details of the proposed Business Combination was included in the management information circular to be prepared in connection with the Business Combination.

Mobius received shareholder approval to change its name to "Sintana Energy Inc." and changed its name to such upon the closing of the Business Combination.