

DETECTOR EXPLORATION LTD.

REPORT TO SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2014

APRIL 27th, 2015

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CALGARY, ALBERTA T2P 3T4**

DETECTOR EXPLORATION LTD.

APRIL 27th, 2015

SELECTED ANNUAL AND QUARTERLY INFORMATION

CALGARY, ALBERTA – Detector Exploration Ltd. (TSX, Venture Exchange – DEX) reports its' operating and financial results for the three month period and year ended December 31, 2014.

FINANCIAL

	Three Months Ended December 31		Year Ended December 31	
	2014	2013	2014	2013
Total Revenue	\$ 622,462	\$ 245,589	\$ 1,735,587	\$ 690,857
Net operating revenue	\$ 91,182	\$ 120,281	\$ 591,555	\$ 267,747
Per share (basic)	\$ 0.008	\$ 0.010	\$ 0.050	\$ 0.022
Per share (diluted)	\$ 0.008	\$ 0.010	\$ 0.050	\$ 0.022
Net and comprehensive income (loss)	\$ (250,201)	\$ (52,136)	\$ (466,196)	\$ (335,204)
Per share (basic)	\$ (0.021)	\$ (0.004)	\$ (0.039)	\$ (0.028)
Per share (diluted)	\$ (0.021)	\$ (0.004)	\$ (0.039)	\$ (0.028)
Total Assets			\$ 4,750,619	\$ 1,364,998

OPERATING

Production				
Oil and liquids (bbls per day)	8	10	5	8
Natural gas (Mcf per day)	1,643	428	977	283
Barrels of oil equivalent (boe per day)	281	81	167	55
Average Selling Prices				
Oil and liquids (\$ per bbl)	\$ 48.05	\$ 66.71	\$ 53.79	\$ 73.83
Natural gas (\$ per Mcf)	\$ 3.45	\$ 3.38	\$ 3.91	\$ 3.18
Barrels of oil equivalent (\$ per boe)	\$ 21.17	\$ 20.83	\$ 23.84	\$ 20.97

SHARES OUTSTANDING

	Year Ended December 31	
	2014	2013
End of Period		
Basic	11,918,701	11,918,701
Diluted	11,918,701	11,918,701

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of financial results and related data has been prepared by management, is reported in Canadian dollars, has been prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the audited financial statements for the year ended December 31, 2014.

Boe presentation – For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one boe unless otherwise stated. A boe is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation.

FORWARD-LOOKING STATEMENTS

The information herein contains forward-looking statements and assumptions. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. Such statements and assumptions also include those relating to guidance, results of operations and financial condition, capital spending, financing sources, commodity prices, cost of production and the magnitude of oil and gas reserves. By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, actual results may differ materially from those predicted. Detector Exploration Ltd. is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results.

Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain employees on a cost-effective basis, commodity and marketing risk and seasonality. Detector Exploration Ltd. is subject to significant drill risks and uncertainties including the ability to find oil and natural gas reserves on an economic basis and the potential for technical problems that could lead to well blowouts and environmental damage. Detector Exploration Ltd. is also exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third party gathering and processing facilities, transportation and other third party related operational risks. Furthermore, in estimating Detector Exploration Ltd's reserve base, there are numerous uncertainties and complexities in estimated future production, costs and timing of expenses and future capital. The financial risks Detector Exploration Ltd's is exposed to include, but are not limited to, access to debt or equity markets and fluctuations in commodity prices, interest rates and the Canadian/US dollar exchange rate. Detector Exploration Ltd. is subject to regulatory legislation, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions.

Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Detector Exploration Ltd. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The MD&A contains the term funds (deficiency) from operations, which should not be considered an alternative to, or more meaningful than, funds from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Detector Exploration Ltd's calculation of funds from operations may not be comparable to that reported by other companies. Funds from operations are calculated before changes in non cash working capital. Funds from operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of earnings per share.

The following table reconciles funds flow from operations to cash flows from operating activities which is most direct comparable measure calculated in accordance with IFRS:

	FOURTH QUARTER ENDED DECEMBER 31		YEAR ENDED DECEMBER 31	
	2014	2013	2014	2013
Cash flow (deficiency) from operating activities	\$ 130,631	\$ (30,348)	\$ (81,012)	\$ (79,900)
Net change in non-cash working capital	248,762	5,274	(60,857)	125,391
Funds (deficiency) from operations	<u>\$ (118,131)</u>	<u>\$ (35,622)</u>	<u>\$ (20,155)</u>	<u>\$ (205,291)</u>

Detector Exploration Ltd. also uses "operating netbacks" as a key performance indicator of field results by commodity. Operating netbacks do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Operating netbacks are determined by deducting royalties, operating, processing and transportation expenses from petroleum and natural gas sales.

Funds from operations and operating netbacks are not intended to represent operating profits, nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

QUARTER 4 2014 – HIGHLIGHTS

- Fourth quarter time spent incorporating assets and streamlining operations into Detector from July 25, 2014 gas acquisition.
- Unexpected collapse in commodity prices at year end significantly impacting future plans and operations.
- No new drilling activity to report

PRESIDENTS MESSAGE

In 2014 Detector Exploration Ltd. completed its West Pembina gas production acquisition in which we acquired high working interests in approximately 85 sections of land with mineral rights to the base of the Edmonton sands. We also acquired high working interests in 69 wells; 31 producing, 2 standing, 2 abandoned, and 34 suspended wells. Of the 34 suspended wells, 11 are completed, frac'd, but not tied-in. Of the 23 remaining suspended wells, eight have working interests of 50% so the overall liability rating for the acquisition and Company is quite manageable. Potential drilling locations, in the future, are also quite significant for shallow gas.

With the acquisition of West Pembina lands that closed on July 25, 2014, Detector increased production significantly on a yearly basis, from 55 BOEPD in 2013 to 167 BOEPD in 2014. Current production although stable at the well head varies between 235 BOEPD to 290 BOEPD or 1.35 mmcf/d to 1.75 mmcf/d. This recent scattering in production is a result of current demand and restrictions imposed by third party operators. Gas producers that have intermittent contracts (not firm service) are having their nominations revoked due to closures for maintenance on facilities and the main transmission lines.

In the president's message, quarter 3, 2014, it stated that Detector was reviewing its current position with plans to incorporate debt repayment. We are still analyzing all alternatives for debt repayment but the industry is not cooperating. The West Pembina Gas acquisition anticipated gas prices at \$3.00 / mcf or slightly higher. Following the acquisition in early Dec, 2014, gas prices lapsed to the low \$2.00 / mcf range which makes it difficult for small producers that are also burdened with (costly) third party transportation, compression and processing fees. Approximately 60% of Detector's gas is processed at such facilities.

From a production stance and in spite of the low commodity prices, 2014 was somewhat of a successful year for Detector Exploration Ltd. Production increased and we managed to keep our costs in check. At Detector Exploration Ltd., we remain optimistic for 2015 and although considerable time is spent controlling costs, a slight increase in gas prices would be encouraging.

RESULTS OF OPERATIONS - 2014

A brief summary of our reserve data as at December 31, 2014 is presented below. Management recommends a review of the full NI 51-101 (continuous disclosure documents, which are listed on SEDAR (System for Electronic Document Analysis and Retrieval) (www.sedar.com)).

Gross Company Share of Remaining Reserves

	Oil	NGL	Gas	Mboe
	(Mbbbls)	(Mbbbls)	(MMcf)	
Proved	-	0.8	2,389.8	399.1
Probable	-	0.2	2,049.7	341.8
Proved Plus Probable Reserves (P+P)	-	1.0	4,439.5	740.9

Net Company Share of Remaining Reserves

	Oil	NGL	Gas	boe
	(Mbbbls)	(Mbbbls)	(MMcf)	
Proved	1.9	0.6	2,108.3	353.9
Probable	0.5	0.1	1,796.4	300.0
Proved Plus Probable Reserves (P+P)	2.4	0.7	3,904.7	653.9

**Company Share of Net Present Value
(before income tax)**

	Undiscounted	Discounted			
		At 5%	At 10%	At 15%	At 20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved Producing	3,934.5	3,516.4	3,149.5	2,838.4	2,577.3
Proved Non-Producing	(340.1)	(282.8)	(237.9)	(202.2)	(173.5)
Probable Resources	4,619.5	3,769.8	3,124.6	2,629.3	2,243.2
Proved Plus Probable Reserves (P+P)	8,213.9	7,003.4	6,036.2	5,265.5	4,647.0

DETAILED FINANCIAL ANALYSIS

boe Presentation – For the purposes of calculating unit costs, natural gas is converted to a barrel of oil equivalent (boe) using six thousand cubic feet equal to one boe unless otherwise stated. A boe is a very approximate comparative measure that, in some cases, could be misleading, particularly if used in isolation.

PRODUCTION SUMMARY

<u>PRODUCTION SUMMARY</u>	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Total Production						
Oil and Liquids - bbls	693	886	(21.8)	1,692	2,924	(42.1)
Natural Gas - Mcf	151,168	39,377	283.9	356,538	103,437	244.7
Total boe	25,888	7,449	247.5	61,115	20,164	203.1
Daily Production						
Oil and Liquids - bbls per day	8	10	(20.0)	5	8	(37.5)
Natural Gas - Mcf per day	1,643	428	283.9	977	283	245.2
Total boe per day	281	81	246.9	167	55	203.6

For the year ended December 31, 2014 total oil and liquids production was 1,692 bbls compared to 2,924 bbls for the same period ended December 31, 2013, a decrease of 42.1%.

Total natural gas production for the year ended December 31, 2014 increased 253,101 Mcf to 356,538 Mcf from 103,437 Mcf for the year ended December 31, 2013, or 244.7%. The increase in the production volumes for natural gas for the year ending December 31, 2014 is due to the Company purchasing gas production in the third quarter of 2014.

For the year ended December 31, 2014 total boe's per day increased approximately 203.6% from the same period ended December 31, 2013.

For the fourth quarter ended December 31, 2014, daily production increased to 281 boe's per day compared to 81 boe's per day for the same quarter ended December 31, 2013, or 246.9%. This increase is due to the Company acquiring production in the West Pembina area, Q3, 2014.

BENCHMARK PRICES AND ECONOMIC PARAMATERS

	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Natural Gas						
U.S. Henry Hub (US \$/MMBtu)	3.78	3.61	4.7	4.37	3.65	19.7
Alberta AECO Spot (CDN \$/Mcf)	4.00	3.15	27.0	4.41	3.17	39.1
Crude Oil						
West Texas Intermediate (US \$/Bbl)	73.24	97.61	(25.0)	92.99	98.05	(5.2)
Edmonton Light (CDN \$/Bbl)	73.10	86.64	(15.6)	93.48	93.16	0.3
CDN\$/US\$ Exchange Rate	1.14	1.05	8.6	1.10	1.03	6.8

PRICING SUMMARY-WORKING INTEREST REVENUE

PRICING SUMMARY	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Oil and Liquids - \$ per bbl	\$ 48.05	\$ 66.71	(28.0)	\$ 53.79	\$ 73.83	(27.1)
Natural Gas - \$ per Mcf	\$ 3.45	\$ 3.38	2.1	\$ 3.91	\$ 3.18	23.0
\$ per boe	\$ 21.17	\$ 20.83	1.6	\$ 23.84	\$ 20.97	13.7

Prices received on a boe basis increased by 13.7% for the year ended December 31, 2014 compared to the same period ended December 31, 2013. The increase in the price received on a boe basis is due to an increase in gas prices from the prior year. For the year ended December 31, 2014 and 2013, Detector sold all its oil and natural gas production at spot prices.

Prices received on a boe basis increased by 1.6% for the quarter ended December 31, 2014 compared to the quarter ended December 31, 2013. The increase in the price received on a boe basis is due to higher gas prices. For the quarters ended December 31, 2014 and 2013, Detector sold all its oil and natural gas production at spot prices.

With continuous drilling for liquid rich, shale gas in North America, gas storage will maintain at its peak. According to short term predictions by analysts, gas prices will not show any improvement in the next few years. The management at Detector feels the low gas prices will continue for an indefinite period of time.

REVENUE SUMMARY

	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
TOTAL REVENUE						
Working interest revenue	\$ 540,412	\$ 133,510	304.8	\$ 1,422,807	\$ 356,578	299.0
Overriding royalty revenue	18,130	63,618	(71.5)	90,537	198,027	(54.3)
Transportation and gathering	63,920	48,461	31.9	222,243	136,252	63.1
Total Revenue	\$ 622,462	\$ 245,589	153.5	\$ 1,735,587	\$ 690,857	151.2
\$ per boe	\$ 24.04	\$ 32.97	(27.1)	\$ 28.40	\$ 34.26	(17.1)
Total Revenue - \$ per share	\$ 0.052	\$ 0.021	147.6	\$ 0.146	\$ 0.058	151.7

REVENUE – DETAILED

	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Working Interest Revenue						
Oil and Liquids	\$ 21,733	\$ 5,351	306.1	\$ 38,605	\$ 43,218	(10.7)
Natural Gas	518,679	128,159	304.7	1,384,202	313,360	341.7
Total Working Interest Revenue	\$ 540,412	\$ 133,510	304.8	\$ 1,422,807	\$ 356,578	299.0
\$ per boe	\$ 20.88	\$ 17.92	16.5	\$ 23.28	\$ 17.68	31.7

Working interest revenue for the year ended December 31, 2014 was \$1,422,807 compared to \$356,578 for the same period ended December 31, 2013, representing a net increase of 299%. The West Pembina acquisition in Q3, 2014 is the reason for the increase.

Working interest revenue for the fourth quarter ended December 31, 2014 was \$540,412 compared to \$133,510 for the same quarter ended December 31, 2013, representing a net increase of 304.8%. The increase in gas revenue is due to the acquisition.

	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Overriding Royalty Revenue						
Overriding royalty revenue	\$ 18,130	\$ 63,618	(71.5)	\$ 90,537	\$ 198,027	(54.3)

Overriding royalty revenue decreased by \$107,490 or a net decrease of 54.3% for the year ended December 31, 2014 compared to the same period ended December 31, 2013. For the fourth quarter ended December 31, 2014, overriding royalty revenue decreased by \$45,488 or 71.5%. The decrease for the year ended December 31, 2014 is due to high decline in horizontal wells drilled in the Westeros and Girouxville areas in which the Company has an overriding interest.

	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Transportation and Gathering						
Transportation and gathering	\$ 63,920	\$ 48,461	31.9	\$ 222,243	\$ 136,252	63.1

For the year ended December 31, 2014, the Company received \$222,243 in transportation and gathering revenue, or an increase of 63.1% compared to the same period ended December 31, 2013. This increase was due to the acquiring of facilities in the West Pembina purchase in which third parties are accessing the Company's equipment for gas compression.

ROYALTY SUMMARY

	FOURTH QUARTER ENDED		% OF CHANGE	YEAR ENDED		% OF CHANGE
	DECEMBER 31			DECEMBER 31		
ROYALTY EXPENSE	2014	2013		2014	2013	
Crown	\$ 32,568	\$ (18)	-	\$ 51,653	\$ 2,718	1,800.4
Overriding and Freehold	37,114	8,167	354.4	94,444	22,207	325.3
Total Royalty Expense	\$ 69,682	\$ 8,149	755.1	\$ 146,097	\$ 24,925	486.1
\$ per boe	\$ 2.69	\$ 1.09	146.9	\$ 2.39	\$ 1.24	92.8
Expense rate - % of total revenue	11.2	3.3	239.4	8.4	3.6	133.3

For the year ended December 31, 2014, non-crown royalties were \$94,444 compared to \$22,207 for the same period ended December 31, 2013, or an increase of 325.3%. The increase in royalties paid by the Company is due to the purchase of gas production with associated encumbrances in the West Pembina area.

For the year ended December 31, 2014, crown royalty expense was \$51,653 compared to \$2,718 for the same period ended December 31, 2013, an increase of 1,800.4%. This increase is due to the acquisition of Crown gas production in the West Pembina area.

For the quarter ended December 31, 2014 crown royalty expense was \$32,568 compared to \$(18) for the same period ended December 31, 2013, or an increase of over 100%. This increase is due to the West Pembina acquisition that came with Crown encumbrances in which the cost allowance had been expended.

OPERATING AND TRANSPORTATION

	FOURTH QUARTER ENDED		% OF CHANGE	YEAR ENDED		% OF CHANGE
	DECEMBER 31			DECEMBER 31		
OPERATING AND TRANSPORTATION EXPENSES	2014	2013		2014	2013	
Operating and transportation expenses	\$ 461,598	117,159	294.0	\$ 997,935	\$ 398,185	150.6
\$ per boe	\$ 17.83	\$ 15.73	13.4	\$ 16.33	\$ 19.75	(17.3)
Expense rate - % of total revenue	74.2	47.7	55.5	57.5	57.6	(0.2)

For the year ended December 31, 2014, total operating expenses were \$997,935 compared to \$398,185 for the same period ended December 31, 2013, representing an increase of 150.6%. This increase is due to much needed repairs and maintenance on the newly acquired facilities.

The operating and transportation expense expressed as \$ per boe for the quarter ended December 31, 2014 was \$17.83 compared to \$15.73 for the same period ended December 31, 2013, a net increase of 13.4% due to higher than expected maintenance and winterization costs.

GENERAL AND ADMINISTRATIVE

	FOURTH QUARTER ENDED		% OF CHANGE	YEAR ENDED		% OF CHANGE
	DECEMBER 31			DECEMBER 31		
GENERAL AND ADMINISTRATIVE	2014	2013		2014	2013	
General and administrative	\$ 155,350	128,346	21.0	\$ 439,681	\$ 359,050	22.5
\$ per boe	\$ 6.00	\$ 17.23	(65.2)	\$ 7.19	\$ 17.81	(59.6)
Expense rate - % of total revenue	25.0	52.3	(52.3)	25.3	52.0	(51.3)

General and administrative expenses for the fourth quarter and year ended December 31, 2014 were \$155,350 (2013 -\$128,346) and \$439,681 (2013 - \$359,050), respectively. The increase of 22.5% in expenses during the year ended December 31, 2014 was due to higher administrative costs related to the West Pembina acquisition. Although

administrative costs increased, the \$ per boe decreased significantly due to the Company maintaining its past staffing solutions despite production tripling.

	FOURTH QUARTER ENDED		% OF CHANGE	YEAR ENDED		% OF CHANGE
	DECEMBER 31			DECEMBER 31		
	2014	2013		2014	2013	
General and Admin Expenses - Detailed						
Professional fees	\$ 48,288	\$ 41,054	17.6	\$ 74,563	\$ 72,152	3.3
Consulting	24,765	14,252	73.8	75,560	39,715	90.3
Office costs	14,055	19,943	(29.5)	55,895	43,739	27.8
Other	20,256	8,843	129.1	59,417	34,239	73.5
Salaries and benefits	47,986	44,254	8.4	174,246	169,205	3.0
	<u>\$ 155,350</u>	<u>\$ 128,346</u>	21.0	<u>\$ 439,681</u>	<u>\$ 359,050</u>	22.5

Professional fees increased 17.6% and 3.3%, respectively, to \$48,288 and \$74,563 for the fourth quarter and year ended December 31, 2014 compared to \$41,054 and \$72,152 for the fourth quarter and year ended December 31, 2013, due to legal fees incurred from the West Pembina acquisition.

Consulting fees for the year ended December 31, 2014 were \$75,560 compared to \$39,715 for the same period ended December 31, 2013, an increase of 90.3%. Consulting fees for the fourth quarter ended December 31, 2014 were \$24,765 compared to \$14,252 for the fourth quarter ended December 31, 2013, an increase of 73.8%. The Company took on a land consultant in 2014 as well as a temporary engineering consultant to aid in the acquisition.

Office costs for the year ended December 31, 2014 were \$55,895 compared to \$43,739 for the same period ended December 31, 2013, an increase of 27.8%. For the fourth quarter ended December 31, 2014 office costs were \$14,055 compared to \$19,943 for the same quarter ended December 31, 2013, a decrease of 29.5%. This decrease is due to the Company leasing out office space for recovery of rent expenses.

Other general and administrative costs, made up of office administrative expenses, computer software rentals and bad debts expense for the year ended December 31, 2014, were \$59,417 compared to \$34,239 for the same period ended December 31, 2013, an increase of 73.5%. Other costs for the fourth quarter ended December 31, 2014 were \$20,256 compared to \$8,843 for the fourth quarter ended December 31, 2013, or an increase of 129.1%. This increase is due to the addition of an exploration computer program.

Salaries and benefits for the year ended December 31, 2014 were \$174,246 compared to \$169,205 for the year ended December 31, 2013, an increase of 3.0%. Salaries and benefits for the quarter ended December 31, 2014 were \$47,986 compared to \$44,254 for the quarter ended December 31, 2013, an increase of 8.4%.

FINANCE EXPENSE

FINANCE EXPENSE	FOURTH QUARTER ENDED		% OF CHANGE	YEAR ENDED		% OF CHANGE
	DECEMBER 31			DECEMBER 31		
	2014	2013		2014	2013	
Senior secured loans	\$ 53,963	-	-	\$ 93,880	-	-
Other loans	\$ -	13,988	(100.0)	\$ 45,546	13,988	225.6
Promissory note loan interest	-	13,569	(100.0)	32,603	70,000	(53.4)
Accretion decommissioning obligations	7,435	665	1,018.0	10,626	2,421	338.9
	<u>\$ 61,398</u>	<u>\$ 28,222</u>	117.6	<u>\$ 182,655</u>	<u>\$ 86,409</u>	111.4
\$ per boe	\$ 2.37	\$ 3.79	(37.4)	\$ 2.99	\$ 4.29	(30.3)
Expense rate - % of total revenue	9.9	7.1	39.4	10.5	12.5	(16.0)

Total finance costs for the quarter ended December 31, 2014 were \$61,398 as compared with \$28,222 for the same quarter ended December 31, 2013, representing an increase of 117.6%. The increase is due to higher interest costs on new senior secured loans acquired in the third quarter, thus resulting in a higher loan balance.

Total finance costs for the year ended December 31, 2014 were \$182,655 as compared with \$86,409 for the same period ended December 31, 2013, representing an increase of 111.4%. The increase is due to higher interest costs on new senior secured loans acquired in the third quarter.

The decrease in promissory note interest in the fourth quarter and year ending December 31, 2014 is due to the Company redeeming or paying back notes in the amount of \$600,000 in July 2014.

DEPLETION, DEPRECIATION AND IMPAIRMENT

DEPLETION AND DEPRECIATION	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Depletion of oil and gas properties	\$ 123,660	25,720	380.8	\$ 431,998	191,944	125.1
Depletion - expiry of exploration and evaluation assets	-	-	-	-	42,023	(100.0)
Depreciation of corporate and other	975	534	82.6	3,417	2,298	48.7
	\$ 124,635	\$ 26,254	374.7	\$ 435,415	\$ 236,265	84.3
\$ per boe	\$ 4.81	\$ 3.52	36.8	\$ 7.12	\$ 11.72	(39.2)
Expense rate - % of total revenue	20.0	10.7	87.1	25.1	34.2	(26.6)

Depletion of oil and gas properties was higher during the quarter and year ended December 31, 2014 by 380.8% and 125.1%, respectively, as compared to the same periods in 2013, due to higher natural gas production volumes, higher asset carrying values and an impairment recovery recorded in the fourth quarter of 2014.

For the year and quarter ended December 31, 2014, an impairment loss of \$52,387 related to the Brazeau CGU, resulting from a decrease in proved reserves due to lower forecasted prices and production. This was offset by an impairment recovery of \$118,470 related to the Pembina CGU, due to higher proved reserves at December 31, 2014 compared to December 31, 2013, and an impairment loss of \$15,693 related to the Redwater CGU, due to lower proved reserves.

For the year and quarter ended December 31, 2013, an impairment recovery of \$195,376 related to the Brazeau CGU, resulting from a significant increase in future production from new wells in which the Company has royalty interests. This was offset by an impairment loss of \$138,450 related to the Pembina CGU, due to lower proved reserves at December 31, 2013 compared to December 31, 2012, and an impairment loss of \$9,494 related to the Redwater CGU, due to lower proved reserves.

NET PETROLEUM AND NATURAL GAS REVENUE

NET PETROLEUM AND NATURAL GAS REVENUE	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Petroleum & Natural Gas Revenue	\$ 622,462	\$ 245,589	153.5	\$ 1,735,587	\$ 690,857	151.2
Less:						
Royalties	69,682	8,149	755.1	146,097	24,925	486.1
Production and transportation expenses	461,598	117,159	294.0	997,935	398,185	150.6
Net Petroleum & Natural Gas Revenue	\$ 91,182	\$ 120,281	(24.2)	\$ 591,555	\$ 267,747	120.9
\$ per boe	\$ 3.52	\$ 16.15	(78.2)	\$ 9.68	\$ 13.28	(27.1)
Net revenue - per share	\$ 0.008	\$ 0.010	(20.0)	\$ 0.050	\$ 0.022	127.3

Net petroleum and natural gas revenue for the fourth quarter ended December 31, 2014 was \$91,182 compared to \$120,281 for the same quarter ended December 31, 2013, a decrease of 24.2%. The lower net revenue was mainly due to higher compressor operating expenses related to the acquisition.

Net petroleum and natural gas revenue for the year ended December 31, 2014 was \$591,555 compared to \$267,747 for the same period ended December 31, 2013, an increase of 120.9%. The higher net revenue was mainly due to higher commodity prices in the first half of the year and increased production at Pembina.

NET AND COMPREHENSIVE INCOME (LOSS)

NET AND COMPREHENSIVE INCOME (LOSS)	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
Net income (loss) and comprehensive income (loss)	\$ (250,201)	\$ (52,135)	379.9	\$ (466,196)	\$ (335,204)	39.1
\$ per boe	\$ (9.66)	\$ (7.00)	38.1	\$ (7.63)	\$ (16.62)	(54.1)
Income (Loss) per share	\$ (0.021)	\$ (0.004)	425.0	\$ (0.039)	\$ (0.028)	39.3

A net and comprehensive loss of \$466,196, or \$(0.039) per share, was recorded for the year ended December 31, 2014 compared to a net and comprehensive loss of \$335,204 or \$0.028 per share, for the same period ended December 31, 2013. The increase in net loss is due mainly to a gain on sale of the Redwater property in 2013.

NETBACKS

NETBACKS	FOURTH QUARTER ENDED DECEMBER 31		% OF CHANGE	YEAR ENDED DECEMBER 31		% OF CHANGE
	2014	2013		2014	2013	
\$ per boe						
Revenue	\$ 24.04	\$ 32.97	(27.1)	\$ 28.40	\$ 34.26	(17.1)
Royalties	(2.69)	(1.09)	146.8	(2.39)	(1.24)	92.7
Operating expenses	(17.83)	(15.73)	13.4	(16.33)	(19.75)	(17.3)
Total Field Netbacks	\$ 3.52	\$ 16.15	(78.2)	\$ 9.68	\$ 13.27	(27.1)
General and administrative	(6.00)	(17.23)	(65.2)	(7.19)	(17.81)	(59.6)
Finance costs	(2.37)	(3.79)	(37.5)	(2.99)	(4.29)	(30.3)
Total Corporate Netbacks	\$ (4.85)	\$ (4.87)	(0.4)	\$ (0.50)	\$ (8.83)	(94.3)

Field netbacks for the fourth quarter ended December 31, 2014 were \$3.52 compared to \$16.15 for the fourth quarter ended December 31, 2013, a decrease of 78.2%. Corporate netbacks for the fourth quarter ended December 31, 2014 were \$(4.85) compared to \$(4.87) for the fourth quarter ended December 31, 2013. Lower field and corporate netbacks for the fourth quarter ended December 31, 2014 were due mainly to lower natural gas prices and a higher proportion of natural gas production in Q4 2014 as compared to Q4 2013, resulting in lower revenue per boe.

Field netbacks for the year ended December 31, 2014 were \$9.68 compared to \$13.27 for the year ended December 31, 2013, a decrease of 27.1%. Corporate netbacks for the year ended December 31, 2014 were \$(0.50) compared to \$(8.83) for the year ended December 31, 2013. Lower field netbacks for the year ended December 31, 2014 were primarily due to a higher proportion of natural gas volumes compared to oil. Higher corporate netbacks were due to increased production in the second half of 2014.

CAPITAL EXPENDITURES

	FOURTH QUARTER ENDED			YEAR ENDED		
	DECEMBER 31			DECEMBER 31		
	2014	2013		2014	2013	
Land acquisition and retention	\$ (101,730)	\$ 338,680	(130.0)	\$ 522,035	\$ 338,680	54.1
Development drilling and completion	162	(1,132)	(114.3)	(1,675)	(1,140)	46.9
Production equipment and facilities	(10)	112,885	(100.0)	127,894	112,879	13.3
Office equipment		409	(100.0)	9,267	409	2,165.8
Decommissioning obligation	132,486	161,923	(18.2)	2,873,213	160,769	1,687.2
Total Capital Expenditures	\$ 30,908	\$ 612,765	(95.0)	\$ 3,530,734	\$ 611,597	477.3

Total capital expenditures were \$30,908 for the fourth quarter ended December 31, 2014 compared to \$612,765 for the fourth quarter ended December 31, 2013. Total capital expenditures were \$3,530,734 for the year ended December 31, 2014 compared to \$611,597 for the same period ended December 31, 2013.

The decrease in capital expenditures for the quarter ended December 31, 2014 is due to the acquisition of additional working interest in the Pembina area, including associated decommissioning obligations in 2013. The increase in capital expenditures for the year ended December 31, 2014 is due to the acquisition of Pembina assets in 2014 with much larger decommissioning obligations.

SHARE CAPITAL

	<u>NUMBER</u>	<u>STATED VALUE</u>
Authorized		
Unlimited number of voting Common Shares		
Unlimited number of First Preferred and		
Second Preferred Shares, issuable in series		
Issued, at April 27, 2015, December 31, 2014 and December 31, 2013,		
Common Shares	11,918,701	\$ 3,207,739

STOCK OPTIONS

The Company has a stock option plan under which officers, directors, employees and consultants are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan may not exceed the maximum number of shares permitted under the rules of any stock exchange on which the common shares are listed. Options granted under the plan generally have a term of five years and vest at the discretion of the Board of Directors but with all options vesting no later than four years from the date of grant. The exercise price of each option is fixed by the Board of Directors but shall not be less than the price permitted by any stock exchange on which the Company's common shares may be listed which is generally the trading price of the Company's stock at or about the grant date of the options.

No stock options were issued or outstanding at December 31, 2014 or 2013.

LIQUIDITY AND CAPITAL RESOURCES

The Company's funds from operations do not sufficiently satisfy the Company's anticipated funding requirements for the current year. Working capital deficiency at the year ended December 31, 2014 was \$2,054,747 compared to a working capital deficiency of \$1,377,071 at December 31, 2013, an increase of 49.2%. There is no assurance that debt or equity financings will be available on acceptable terms to meet the Company's on-going capital requirements.

	DECEMBER 31 2014	DECEMBER 31 2013	INCREASE (DECREASE)
Cash	\$ 56,075	\$ 46,172	21.4
Accounts receivable and prepaid expenses	514,181	233,782	119.9
Accounts payable and accrued liabilities	(459,834)	(507,025)	(9.3)
Senior secured loans payable	(2,165,169)		100.0
Other loans payable		(550,000)	(100.0)
Promissory notes payable		(600,000)	(100.0)
	<u>\$ (2,054,747)</u>	<u>\$ (1,377,071)</u>	49.2

As at December 31, 2014, the Company had a working capital deficiency of \$2,054,747 and shareholders' deficiency of \$1,220,687; had a loss of \$466,196 for the current year and a loss of \$413,977 (excluding gain on asset sales) for the year ended December 31, 2013. The Company's ability to continue as a going concern is dependent upon management's ability to successfully develop and execute a business plan which includes raising adequate long-term financing for future growth, achieving profitable operations and generating positive cash flow from operating activities, and on maintaining continued support from its directors and major shareholder in the form of debt or equity financings. Of the \$2,165,169 of senior secured notes outstanding at December 31, 2014, \$1,866,733 are due to Officers and Directors or a company controlled by a Director of the Company.

The volatility in the price of natural gas and the slowdown of economic growth in the rest of the world continues to create a substantially more difficult business environment, resulting in an extremely limited ability to execute capital market transactions. Furthermore, the volatile natural gas prices are expected to negatively affect the Company's operating performance. If improvements in market conditions and higher natural gas prices are not realized, the Company may be unable to pay its obligations in the normal course of operations in the future or service its debt obligations in a timely fashion. The Company's suppliers might respond to an apparent weakening of the Company's liquidity position and to address their own liquidity needs by requesting faster payment of invoices or other assurances. If this were to happen, the Company's need for cash would be intensified and the Company might be unable to make payments to the Company's suppliers as they become due.

The Company's recent operating losses, negative working capital, and uncertainty regarding its ability to obtain financing in a timely manner, indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. If the going concern basis is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Company's assets and liabilities. The accompanying financial statements do not include any adjustments that might result if the Company is unable to continue as a going concern.

SENIOR SECURED LOANS, PROMISSORY NOTES AND OTHER LOANS

On July 26, 2014, the Company consolidated its various debts with Directors and companies controlled by Directors.

Promissory notes totalling \$100,000 due to a company controlled by a Director, which were unsecured and bore interest at 10% per annum, and promissory notes totalling \$500,000 due to the President/CEO and Director of the Company, which were secured and bore interest at 12% per annum, were cancelled.

Other demand loans totalling \$650,000 due to a Director and a Company controlled by a Director, which were unsecured and bore interest at 10% per annum, were also cancelled.

The Company issued new, senior secured demand loans with an interest rate of 10% per annum, compounded monthly, to the following related parties:

- \$711,388 to the President/CEO and Director, the loan includes the previous promissory note principal of \$500,000 plus all unpaid interest on the promissory note and all unpaid salary
- \$704,961 to a company controlled by a Director, the loan includes the previous other demand loan principal of \$650,000 plus all unpaid interest on these loans
- \$450,384 to a Director, the loan includes the previous promissory note principal of \$100,000 plus all unpaid interest on the promissory note, plus an additional \$350,000 principal, advanced to facilitate asset acquisitions

The Company also issued new, senior secured demand loans with an interest rate of 10%, compounded monthly, to third parties totalling \$298,436 to facilitate asset acquisitions. All senior secured loans rank equally with regards to

security and are secured by all of the assets of the Company.

The Board of Directors of the Company approved the borrowings and determined that they are on reasonable commercial terms that are not less advantageous to the Company as compared to loans that might have been obtained from a person dealing at arm's length to Detector. The senior secured demand loans are not convertible into equity and are not repayable with equity, unless agreed to by the related parties.

COMMITMENTS AND SUBSEQUENT EVENTS

(a) Firm gas transportation arrangement

To guarantee deliverability of natural gas for a thirteen month period to commence upon re-commissioning of a meter station, the Company has entered into a firm gas transportation arrangement for 1,300 GJ/day. In order to provide the service requested by the Company, the counter party to the agreement will re-commission an existing meter station. In 2007, the Company provided a security deposit in the amount of \$38,150, which was refunded in 2011. An irrevocable letter of credit for \$8,000 has now been provided as security for this agreement.

(b) Office lease

The Company has a lease commitment for its office premises through to December 31, 2018. The amounts due under this commitment, exclusive of estimated operating expenses, are \$45,828 per year, or \$183,312 through to the end of the lease period.

(c) Processing fee arrangement

During 2014, in order to guarantee payment of processing fees related to Detector's gas production, a security deposit of \$80,000 was paid to the third party processor and is classified as a prepaid deposit.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no Off-Balance Sheet Arrangements.

TRANSACTIONS WITH RELATED PARTIES

Personnel expenses

The aggregate payroll expense of employees, officers and directors was \$174,246 for the year ended December 31, 2014 (2013 - \$169,205). Key management personnel include executive officers and non-executive directors. Executive officers are paid a salary and participate in the Company's stock option program. The only executive officer who receives remuneration is the President and CEO. Non-executive directors also participate in the Company's stock option program. Key management personnel compensation was \$120,000 for the year ended December 31, 2014 (2013 - \$120,000).

Other transactions

Included in accounts receivable is \$1,792 (2013 - \$nil) due to the Company from other entities controlled by directors of the Company. Included in accounts payable is \$6,892 (2013 - \$15,988) due to directors and companies controlled by officers and directors of the Company. The amounts result primarily from the fact that the companies participate in common joint venture activities and are in the normal course of operations.

Included in accounts payable is \$nil (2013 - \$80,963) due to an officer and director of the Company for unpaid salary.

During the year ended December 31, 2014, promissory note and other loan interest of \$159,482 (2013 - \$83,988) was expensed and \$14,172 (2013 - \$103,710) remains in accounts payable to companies controlled by an officer and director and a director of the Company at December 31, 2014.

SUBSEQUENT EVENTS

The Company did not have any reportable events subsequent to December 31, 2014.

RISK FACTORS

The following are certain risk factors that relate to Detector that the reader should consider. If any event arising from these factors occurs, the Company's business could be materially affected.

- Fluctuations in the prices of oil and natural gas will affect Detector's revenue, cash flows and earnings and the value of the Company's oil and natural gas properties. These fluctuations could also affect the Company's ability to raise capital. These fluctuations in prices could be due to global and economic and market conditions, weather conditions, the level of consumer and industrial demands, and governmental regulations.
- Drilling activities are subject to risks such as the possibility that commercially productive reservoirs will not be encountered, weather conditions, the ability to obtaining regulatory approvals and shortages or delays in equipment and services.
- Estimates of oil and natural gas reserves involve a great measure of uncertainty as they depend on the reliability of available data, the costs to recover said reserves, and the ability to transport the product to market.
- There are operating risks that could affect the business of the Company. These include blowouts, equipment failures, spills or leaks, accidents and weather conditions.
- Compliance with and changes to environmental laws and regulations.
- The oil and gas industry is extremely competitive.
- Detector is highly dependent on its President and CEO and the loss of this officer could impede the Company's objectives and could adversely affect the business of Detector.
- The value of the Company's oil and natural gas properties.

FINANCIAL AND OTHER INSTRUMENTS (RISK MANAGEMENT)

Fair values

The fair values of cash and cash equivalents, accounts receivable, deposits, accounts payable, accrued liabilities, senior secured loans, promissory notes payable and other loans approximate their carrying value due to the short term maturity of these instruments.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measure in its entirety.

The only asset or liability at December 31, 2014 measured at fair value is cash and cash equivalents of \$56,075 which falls under level 1 of the hierarchy.

The Company is exposed to financial risks arising from its financial assets and liabilities.

The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are as follows:

Credit risk

Credit risk is primarily related to the Company's receivables from oil and natural gas marketers and joint venture 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 oil and gas marketers, the Company maintains marketing relationships with large credit-worthy purchasers. The Company historically has not experienced any collection issues with its oil and natural gas marketers. Joint venture receivables are typically collected within one to three-months of the joint venture bill being issued to the partner.

The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. The Company does not typically obtain collateral from joint venture partners; however, in certain circumstances, it may cash-call a partner in advance of the work and as well the Company has the ability in most cases to withhold production from joint venture partners in the event of non-payment.

The Company establishes an allowance for doubtful accounts as determined by management based on their assessed collectability; therefore, the carrying amount of accounts receivable generally represents the maximum credit exposure. The Company believes that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. There were \$nil of receivables written off during the quarter ended December 31, 2014 and there is \$83,210 in accounts receivable outstanding greater than 90 days at December 31, 2014 which the Company would consider past due under normal conditions.

Cash balances consist of amounts on deposit with banks. The Company manages the credit exposure of cash by selecting financial institutions with high credit ratings.

Total credit risk at December 31, 2014 is comprised of \$56,075 in cash and \$372,822 in accounts receivable.

Market risk

Market risk consists of commodity price, foreign exchange and interest rate risk, all of which may affect the value of the Company's financial instruments.

Commodity price risk

Commodity price risk is the risk that the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for oil and natural gas are impacted by the world and continental/regional economy, respectively, and other events that dictate the levels of supply and demand. The Company has not attempted to mitigate commodity price risk through the use of financial derivative contracts. The Company had no financial derivative sales contracts as at or for the quarter ended December 31, 2014.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that future cash flows will fluctuate as a result of changes in foreign exchange rates. Although substantially all the Company'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 dollars. The Company had no forward exchange rate contracts in place as at or for the quarter ended December 31, 2014.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate fluctuations on its senior secured loans, promissory notes and other loans which bear interest at fixed rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity 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 Company's reputation. The Company prepares capital expenditure budgets which are regularly monitored and updated as considered necessary. As well, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. Refer to the section on Senior Secured Loans, Promissory Notes and other loans for details of the contractual maturities of the Company's liabilities.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital basis with the following objectives:

- Maintaining financial flexibility
- Maintaining creditor and investor confidence, and
- Sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying oil and natural gas assets. Shareholders' equity, promissory notes payable, convertible debentures and working capital are the components of the Company's capital structure to be managed. The most significant alternatives available for the management of the capital structure include adjusting capital spending to manage projected debt levels or to issue shares when management and the Board of Directors feel the timing is appropriate. Management continually monitors the Company's projected capital spending and its net debt to maintain a sound capital position.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The significant accounting policies used by Detector are disclosed in Note 4 to the audited financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstance may result in actual results or changes to estimate amounts that differ materially from current estimates. The following discussion helps to assess the critical accounting policies and practices of the Company and the likelihood of materially different results being reported.

FUTURE ACCOUNTING PRONOUNCEMENTS

Upcoming standards not yet effective and not early adopted by the Company:

- (a) IFRS 11 – Acquisitions of Interests in Joint Operations The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The Company intends to adopt the amendments to IFRS 11 in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.
- (b) IFRS 15 – Revenue from Contracts and Customers The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The Company does not expect the standard to have a material impact on the financial statements.

- (c) IFRS 9 – Financial Instruments IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning January 1, 2018. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

BUSINESS RISKS AND UNCERTAINTIES

Detector Exploration Ltd. advises readers that this Report may contain a number of forward-looking statements that involve a number of risks and uncertainties. Such information, although considered reasonable by Detector Exploration Ltd. at the time, may ultimately prove incorrect, too optimistic or too pessimistic, and actual results may differ materially from those anticipated in the statements. For this purpose, any statements contained within this Report that are not statements of historical fact may be deemed forward looking.

In common with all public oil and gas companies, and especially smaller companies like Detector Exploration Ltd., the sector is subject to considerable market volatility affecting the prices received for its production, foreign exchange and interest rates, the availability and cost of capital financing, and market liquidity for its common shares. Furthermore, high energy prices can lead to increased energy supplies, reduced economic activity, and increased conservation efforts, which then sow the seeds for lower energy prices. Detector Exploration Ltd. does not participate in hedging of oil and gas prices, foreign exchange or interest rates, as it considers such activities to be highly risky and a distraction from its primary areas of focus.

The oil and gas business is also subject to a number of operational risks and uncertainties relating to such matters as exploration and development success, technical drilling and production performance and equipment failure including blowouts and fires, reserve recovery rates and timing, availability of third-party natural gas transportation, environmental damage and competition with much larger and better-finance companies for scarce land, people and financial resources. To manage these risks and uncertainties, Detector Exploration Ltd. relies upon the expertise and creativity of its human resources, the development of strategic relationships with industry partners, modern exploration, engineering and business technology, professional environmental sensitivity assessments, and public liability, property damage and business interruption insurance.

Furthermore, the oil and gas industry is subject to extensive regulatory environments and fiscal regimes, both in Canada and internationally, which are subject to changes and beyond the control of the Company. The Company takes a proactive approach with respect to environment and safety. An operational emergency and response plan and safety policy are in place and the Company is in compliance with current environmental legislation.

DATE

This Management's Discussion and Analysis is dated April 27th, 2015.

ADDITIONAL INFORMATION

Additional information regarding Detector Exploration Ltd. is available on SEDAR at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

	2014			
	Q4	Q3	Q2	Q1
Total Production Volumes				
Natural gas (Mcf)	151,168	126,677	42,044	36,648
Oil and NGL (bbl)	693	388	273	337
Combined (boe)	25,888	21,501	7,281	6,445
Daily Production				
Natural gas (Mcf per day)	1,643	1,377	462	407
Oil and NGL (bbl per day)	8	4	3	4
Combined (boe per day)	281	234	80	72
Gross Revenue	\$ 622,462	\$ 567,889	\$ 267,139	\$ 278,097
Royalty Expense				
Crown royalties	32,568	17,707	1,534	(156)
Freehold and overriding royalties	37,114	29,073	13,401	14,856
Total Royalty Expense	69,682	46,780	14,935	14,700
Net Revenue after Royalties	552,780	521,109	252,204	263,397
Operating and transportation	461,598	296,648	146,597	93,092
General and administrative	155,350	103,283	86,725	94,323
Finance costs	61,398	51,133	35,734	34,390
Gain on disposal of assets	-	-	-	-
Depletion and depreciation	124,635	161,800	77,166	71,814
Loss before income taxes	\$ (250,201)	\$ (91,755)	\$ (94,018)	\$ (30,222)
Deferred income tax (recovery)	-	-	-	-
Loss and comprehensive loss	\$ (250,201)	\$ (91,755)	\$ (94,018)	\$ (30,222)
Average Price				
Natural gas (\$ per Mcf)	\$ 3.45	\$ 3.79	\$ 4.63	\$ 5.48
Oil and NGL (\$ per bbl)	\$ 48.05	\$ 52.26	\$ 47.24	\$ 93.39
\$ per boe	\$ 21.17	\$ 22.97	\$ 27.83	\$ 33.61
Total Assets	\$ 4,750,619	\$ 4,865,629	\$ 1,263,817	\$ 1,320,925
Net income (loss) per share	\$ (0.021)	\$ (0.008)	\$ (0.008)	\$ (0.003)
NETBACKS - \$ per boe				
Total Revenue	\$ 24.04	\$ 26.41	\$ 36.69	\$ 43.13
Royalties	(2.69)	(2.18)	(2.05)	(2.28)
Operating and transportation	(17.83)	(13.80)	(20.13)	(14.44)
Field netback	\$ 3.52	\$ 10.44	\$ 14.50	\$ 26.41
General and administration	(6.00)	(4.80)	(11.91)	(14.64)
Finance costs	(2.37)	(2.38)	(4.91)	(5.34)
Total Corporate Netbacks	\$ (4.85)	\$ 3.26	\$ (2.32)	\$ 6.43

SUMMARY OF QUARTERLY RESULTS - continued

	2013			
	Q4	Q3	Q2	Q1
Total Production Volumes				
Natural gas (Mcf)	39,377	19,306	20,939	23,815
Oil and NGL (bbl)	886	684	598	757
Combined (boe)	7,449	3,901	4,088	4,726
Daily Production				
Natural gas (Mcf per day)	428	210	230	265
Oil and NGL (bbl per day)	10	7	7	8
Combined (boe per day)	81	42	45	53
Gross Revenue	\$ 245,589	\$ 132,728	\$ 150,128	\$ 162,412
Royalty Expense				
Crown royalties	(18)	754	(746)	2,728
Freehold and overriding royalties	8,167	2,824	5,412	5,804
Total Royalty Expense	8,149	3,578	4,666	8,532
Net Revenue after Royalties	237,440	129,150	145,462	153,880
Operating and transportation	117,159	118,947	85,157	76,922
General and administrative	128,346	65,821	74,451	90,432
Finance costs	28,222	20,179	19,284	18,724
Gain on disposal of assets	(10,404)	(68,369)	-	-
Depletion and depreciation	26,254	52,898	96,427	60,686
Loss before income taxes	\$ (52,137)	\$ (60,326)	\$ (129,857)	\$ (92,884)
Deferred income tax (recovery)	-	-	-	-
Loss and comprehensive loss	\$ (52,137)	\$ (60,326)	\$ (129,857)	\$ (92,884)
Average Price				
Natural gas (\$ per Mcf)	\$ 3.38	\$ 2.42	\$ 3.57	\$ 3.14
Oil and NGL (\$ per bbl)	\$ 66.71	\$ 82.40	\$ 84.92	\$ 78.59
\$ per boe	\$ 20.83	\$ 26.99	\$ 30.02	\$ 23.88
Total Assets	\$ 1,364,998	\$ 891,462	\$ 889,575	\$ 852,003
Net income (loss) per share	\$ (0.004)	\$ (0.005)	\$ (0.011)	\$ (0.008)
NETBACKS - \$ per boe				
Total Revenue	\$ 32.97	\$ 34.02	\$ 36.72	\$ 34.37
Royalties	(1.09)	(0.92)	(1.14)	(1.81)
Operating and transportation	(15.73)	(30.49)	(20.83)	(16.28)
Field netback	\$ 16.15	\$ 2.61	\$ 14.75	\$ 16.28
General and administration	(17.23)	(16.87)	(18.21)	(19.13)
Finance costs	(3.79)	(5.17)	(4.72)	(3.96)
Total Corporate Netbacks	\$ (4.87)	\$ (19.43)	\$ (8.18)	\$ (6.81)

ABBREVIATIONS***Oil and Natural Gas Liquids***

bbls	Barrels
Mbbls	thousand barrels
bbls/d	barrels of oil per day
boe/d	barrels of oil equivalent per day
NGLs	natural gas liquids (consisting of any one or more of propane, butane and condensate thousand stock tank barrels of oil)
bpd	barrels of production per day

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
m3	cubic meters

Other

boe means barrels of oil equivalent. A barrel of oil equivalent is determined by converting a volume of natural gas to barrels using the ration of six (6) mcf to one (1) barrel. Boes may be misleading, particularly if used in isolation the boe conversion ration of six (6) mcf: one (1) bbl is based on an energy equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

GORR means gross overriding royalty

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	Cubic meters	28.174
cubic meters	Cubic feet	35.494
bbls	Cubic meters	0.159
feet	meters	0.305
acres	hectares	0.405