Condensed Consolidated Financial Statements

For the three months ended March 31, 2015

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of MENA Hydrocarbons Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

MENA Hydrocarbons Inc.

Condensed Consolidated Balance Sheets
(in thousands of U.S. dollars)

As at	Note		2015 March 31		2014 December 31
ASSETS					
Current assets					
Cash and cash equivalents		$	-	$	-
Accounts receivable and prepaids			27		29
SacOil shares available for working capital	3		356		-
SacOil shares available for distribution	3		3,596		-
SacOil shares receivable	3		-		5,218
Total current assets			3,979		5,247
Total assets		$	3,979	$	5,247
LIABILITIES					
Accounts payable and accrued liabilities		$	522	$	455
Promissory notes payable	4		162		170
Due to related party	4		23		25
Total current liabilities			707		650
Shareholders' equity			3,272		4,597
Total liabilities and shareholders' equity		$	3,979	$	5,247
Going concern	2(a)				
Subsequent events	9				

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

MENA Hydrocarbons Inc.

Condensed Consolidated Statements of Operations and Comprehensive (Income) Loss
(in thousands of U.S. dollars)

For the period ended March 31

	Notes		2015		2014
Operating revenue and expenses					
Production revenue, net of royalties		$	-	$	81
General and administrative expenses			103		174
Depreciation, depletion & amortization			-		33
Share based payments	5		3		22
Operating expenses			-		37
Net finance expense	6		166		78
Fair value adjustment on SacOil shares	3		1,107		-
(Income) Loss for the year			1,379		263
Foreign exchange translation difference			(51)		(74)
Comprehensive (income) loss for the year		$	1,328	$	189
Basic and diluted (income) loss per share	5	$	0.00	$	0.00

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

MENA Hydrocarbons Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity
(in thousands of U.S. dollars) except number of common shares

	Note	Number of shares	Share capital	Warrants	Contibuted Surplus	Translation reserve	Deficit	Total Shareholders' Equity
Balance, December 31, 2013		265,875,818	$ 68,319	$ 77	$ 1,287	$ 287	$ (69,113)	$ 857
Share based payments		-	-	-	22	-	-	22
Foreign exchange translation difference		-	-	-	-	74	-	74
Loss for the period		-	-	-	-	-	(263)	(263)
Balance, March 31, 2014		265,875,818	$ 68,319	$ 77	$ 1,309	$ 361	$ (69,376)	$ 690
Balance, December 31, 2014		416,349,821	$ 69,656	$ 77	$ 1,333	$ 341	$ (66,810)	$ 4,597
Share based payments	5	-	-	-	3	-	-	3
Expired warrants (March 5, 2015)	5	-	-	(77)	77	-	-	-
Foreign exchange translation difference		-	-	-	-	51	-	51
Loss for the period		-	-	-	-	-	(1,379)	(1,379)
Balance, March 31, 2015		416,349,821	$ 69,656	$ -	$ 1,413	$ 392	$ (68,189)	$ 3,272

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

MENA Hydrocarbons Inc.

Condensed Consolidated Statement of Cash Flows
(in thousands of U.S. dollars)

For the period ended March 31

	Note	2015	2014
OPERATING ACTIVITIES			
Income (Loss) for the period		$ (1,379)	$ (263)
Adjustments for non-cash items:			
Net finance expenses		199	64
Share based payments		3	22
Depreciation, depletion and amortization		-	33
Fair value adjustment on SacOil shares receivable		1,107	-
Change in non-cash working capital	8	70	(104)
Net cash used in operating activities		-	(248)
INVESTING ACTIVITIES			
Proceeds from exploration asset disposition		-	625
Cash flows related to investing activities		-	625
FINANCING ACTIVITIES			
Due to related party		-	459
Cash flows related to financing activities		-	459
Net change in cash and cash equivalents		-	836
Cash and cash equivalents, beginning of period		-	16
Effects of foreign currency on cash and cash equivalents		-	(1)
Cash and cash equivalents, end of period		$ -	$ 851

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

1. Reporting entity:

MENA Hydrocarbons Inc. ("MENA" or the "Company") is based in Calgary, Alberta, and is engaged primarily in oil and gas exploration, development and acquisition of properties in the Mediterranean and Middle Eastern regions. The Company's registered office is at Suite 1800, 505 3rd Street SW, Calgary, Alberta Canada.

The Company was incorporated on May 11, 2010 and completed a reverse takeover of SKANA Capital Corp. on May 20, 2011 which resulted in MENA being listed on the TSX Venture Exchange with stock ticker MNH. The condensed consolidated financial statements represent the Company from January 1, 2015 to its March 31, 2015 quarter end.

2. Basis of preparation:

(a) Going concern:

The exploration and development of oil and gas reserves involves significant financial risks. The success of the Company is dependent upon the success of its investments and their ability to discover economically recoverable reserves and to bring such reserves into profitable production, and is subject to a number of risks, including environmental risks, contractual risks, legal risks and political risks, fluctuations in the price of oil and gas and other factors beyond the Company's control.

The Company has generated no revenue from operations and at March 31, 2015 all of the Company's operating assets have been sold. As of March 31, 2015, the Company has no sources of cash flow from operations and will require capital to fund the ongoing operations of the Company including any international exploration and development activities.

Management considers that the current economic environment is difficult and the outlook for oil and gas exploration companies presents significant challenges in terms of raising funds through issuance of shares. To the extent necessary, the Company has relied upon the support of significant shareholders, directors and creditors. There is considerable risk that the Company's existing creditors will cease to provide their ongoing support.

Management has concluded that the combination of these circumstances casts substantial doubt on the ability of the Company to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

(b) Statement of compliance:

These condensed consolidated interim financial statements include the accounts of the Company as at March 31, 2015 and December 31, 2014, and for the three month periods ended March 31, 2015 and 2014. These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and do not contain all the disclosures required for full annual financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on May 30, 2015.

(c) Basis of measurement:

The accounting policies and methods of computation applied in the preparation of these condensed consolidated interim financial statements were the same as those used in the preparation of the most recent annual financial statements for the year-ended December 31, 2014.

The consolidated financial statements have been prepared on the historical cost basis except for held for trading financial assets that are measured at fair value with changes in fair value recorded in profit and loss.

(d) Functional and presentation currency:

These consolidated financial statements are presented in U.S. dollars ("USD"). The functional currency of the Canadian parent entity is the Canadian Dollar ("CAD"), the functional currency of the Company's subsidiary in the UK is the British Pound ("GBP") and the functional currency of the Company's subsidiary which hold Sacoil shares is USD.

(e) Future accounting policies

Below is a brief description of new IFRS standards and amendments that are not yet effective and have not been applied in the preparation of these financial statements. There are no other standards or interpretations issued that are anticipated to have a material impact on the Company's financial statements.

On July 24, 2014, the IASB issued the complete IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

On December 18, 2014, the IASB issued amendment to IAS 1, "Presentation of Financial Statements". These amendments will not require significant changes to the Company's current practices but are aimed to facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company intents to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The Company does not expect the amendments to have a material impact.

(f) Financial risk management:

(i) Overview:

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

■ credit risk;

■ liquidity risk; and

■ market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk

(ii) Credit risk:

Credit risk is the potential financial loss to the Corporation if a customer is unable to meet its contractual obligations or default by the financial institutions that hold the Company's cash, and arises from the Company's cash and accounts receivables.

Cash and cash equivalents:

The Company limits its exposure to credit risk by only investing in liquid securities and holding significant cash in internationally recognized financial institutions. Management does not expect any counterparty to fail to meet its obligations.

Accounts receivable:

Accounts receivable includes $19 (2014 - $8) of amounts owing from the Canada Revenue Agency for the refund of GST paid on expenditures and other miscellaneous accounts receivable. Management believes payment will be made, however timing of receipt can be longer than would be expected from Canadian counterparties.

(iii) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to strive to ensure, that it will always have sufficient liquidity to meet its liabilities when due. However, the Company has not been successful in 2014 or to date in 2015 in meeting this objective.

Liquidity risk at March 31, 2015 is assessed as high given limited access to additional capital (see note 2a).

(iv) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, equity prices and interest rates will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company has significant exposure to commodity price risk due to the price volatility of the SacOil shares. The number of shares receivable is fixed and the share price continues to trend downward given the state of the global economy. The fair value of SacOil shares receivable is based on a Level 1 fair value.

For the three months ended March 31, 2015 (In thousands of US dollars except as otherwise noted)

The Company may use both financial derivatives and physical delivery sales contracts to manage market risks. All such transactions are conducted within risk management tolerances that are reviewed by the Board of Directors. There were no risk management contracts outstanding at March 31, 2015.

(v) Currency risk:

Foreign currency exchange risk is the risk that future cash flows, net loss, and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The following table details the financial instruments denominated in currencies other than the US dollar at March 31, 2015:

(000's)		ZAR*		CAD		GBP
Cash and cash equivalents	$	-	$	-	£	-
Accounts receivable and other current assets		-		30		2
SacOil shares		47,753		-		-
Accounts payable and accrued liabilities		-		(597)		(21)
Promissory notes		-		(204)		-
Due to related party		-		(29)		-
Net exposure	$	47,753	$	(800)	£	(19)

*ZAR – Currency of South Africa

The Canadian dollar balances are generally held in MENA, the ultimate parent who has the Canadian dollar as its functional currency. As such translation gains and losses are recognized in the translation reserve.

3. Intangible Exploration Assets:

		Lagia		USA		Total
December 31, 2013	$	6,553	$	625	$	7,178
Disposition of US assets		-		(625)		(625)
Accumulated depletion		(2)		-		(2)
Foreign currency translation		(4)		-		(4)
March 31, 2014	$	6,547	$	-	$	6,547

Sale of Lagia Project

On September 16, 2014 the Company announced that it had entered into a share purchase agreement (the "Share Purchase Agreement" or “Transaction”) with SacOil Holdings Limited ("SacOil" or the "Purchaser"). The Share Purchase Agreement dated September 9, 2014 provided that SacOil will acquire Mena International Petroleum Company Ltd., a Cyprus-registered exploration and production company, ("MIP"), from Mena International Petroleum Holdings Company Ltd (the "Seller"), a wholly-owned subsidiary of the Company subject to certain conditions. The principal asset of MIP is the Lagia Project in Egypt.

Under the terms of the Share Purchase Agreement, SacOil agreed to purchase all of the ordinary shares of MIP and thereby acquire the Company's interest in the Lagia Project, which represents substantially all of the assets of MENA. The consideration received was estimated at US$14,100 comprised of the indirect assumption by the Purchaser of US$4,100 in liabilities of MIP which were to remained unpaid at closing and the issuance of an aggregate of US$10,000 in value of 183,666,947 ordinary shares of the Purchaser (the "Consideration Shares"), subject to adjustment in accordance with the terms of the Purchase Agreement.

The purchase price was ultimately valued based on the SacOil share price as of October 22, 2014, the closing date. The purchase price was US$12,095 comprised of the indirect assumption by the purchaser of US$4,251 of liabilities and the issuance of an aggregate of 183,666,947 in value of ordinary shares of the Purchaser. Upon the closing of the disposition of MIP a gain of US$5,306 was recognized.

After October 22, 2014 the Company had no further direct or indirect interest in the Lagia Project. The Consideration Shares were subject to a four month hold period pursuant to the terms of the Share Purchase Agreement.

Anticipated Distributions

At March 31, 2015 the Consideration Shares have been received and have been recorded on the balance sheet as SacOil shares available for distribution and Sacoil shares available for working capital.

The Company intends to withhold 16,554,498 of the Consideration Shares to meet ongoing working capital requirements.

The Company anticipates that 167,112,449 Consideration Shares will be available for distribution to shareholders of the Company on a pro rata basis to effect the dividend contemplated by the Plan of Arrangement. In the event that there is insufficient cash available to pay claims of creditors, and if alternate terms cannot be negotiated, the Company may be required to sell additional Consideration Shares for cash and use the proceeds to settle creditor claims prior to any distribution to shareholders of the Company.

The SacOil shares receivable balance was revalued at the balance sheet date based on the fair value of the underlying SacOil shares. Accordingly, a downward fair value adjustment of $1,107 was recorded during the period.

US Assets

An impairment test was performed on the Company's US assets in 2013 which determined that the assets were partially impaired. The recoverable amount was determined based on the estimated fair value less cost to sell and an impairment loss of $375 was recorded in December of 2013. On February 26, 2014 the US Assets were sold for cash consideration of $625 with no gain or loss recognized.

4. Promissory notes and Due to Related Party:

Director and shareholder notes - unsecured

Directors and significant shareholders of the Company advanced the Company funds which at the time of the advances the funds had no fixed terms of repayment and did not bear interest. On November 29, 2012 promissory notes totaling $2,372 were issued to refinance a portion of the advances.

The November 2012 promissory notes were amended to provide for the following:

i. Payment of interest at 8% compounded quarterly from the date of amendment to maturity;

ii. Bonus shares equal to 20% of the principal amount of the note with each bonus share valued at CAD$0.05 per share.

    On February 27, 2013 9,434,292 bonus shares were issued. For the purposes of these financial statements the bonus shares were valued at CAD$0.02 per share being the estimated fair value of MENA's common shares at the date the promissory notes were amended and bonus shares issued;

iii. The notes were scheduled to mature on the earlier of a) November 29, 2013; b) MENA completing a financing for gross proceeds of not less than CAD$7,500,000; c) a demand by the note holder following the sale by MENA of all or substantially all of MENA's assets; d) an event of default occurs and is continuing; and e) an event of insolvency;

iv. The notes could be repaid at MENA's option at any time without penalty.

In November 30 2013 the promissory notes became due and payable upon demand and continued to bear interest at 8%.

On October 22, 2014 $686 of the promissory notes were converted to 51,453,533 of common shares and $1,731 of promissory notes was assumed by SacOil.

A continuity of the notes is as follows:

For the three months ended March 31, 2015 (In thousands of US dollars except as otherwise noted)

Balance, December 31, 2013	2,470
Interest for the period	55
Other comprehensive income	(29)
Balance, March 31, 2014	2,496

Balance, December 31, 2014	170
Interest for the period	5
Other comprehensive income	(13)
Balance, December 31, 2014	162

Due to related party

There were two Directors of the Company that have advanced funds in order to meet operating obligations. The amounts owing to the related parties have no fixed terms of repayment and are non-interest bearing. On October 22, 2014 $467 of the obligation that existed at the time of the transaction was assumed by SacOil, $165 was settled by way of Shares for Debt and $62 was repaid.

5. Share capital:

Authorized

Unlimited number of common shares and unlimited number of preferred shares, issuable in series.

Warrants outstanding

All outstanding warrants as at December 31, 2014 expired unexercised on March 5, 2015

(Income) Loss per share

Weighted average shares of 329,363,480 (2014: 265,875,818) were outstanding during the period and used to calculate (income) loss per share. All of the options convertible into shares were anti-dilutive.

Share based payments

The Company has a stock option plan available to employees, consultants, directors and officers. Under the stock option plan, the Company is authorized to issue options to purchase in aggregate up to 10% of the outstanding common shares.

Share based compensation expense of $3 was recorded during the first quarter of 2015 (2014: $22) for stock options.

The number and weighted average exercise prices of share options are as follows:

For the three months ended March 31, 2015 (In thousands of US dollars except as otherwise noted)

	Options		Weighted Avereage Exercise Price (CAD)
Balance as at December 31, 2013	6,133,000	$	0.36
Granted	-		-
Forfeited	-		-
Balance as at March 31, 2014	6,133,000	$	0.36
Balance as at December 31, 2014	2,440,000	$	0.39
Granted	-		-
Forfeited	(750,000)		(0.43)
Balance as at March 31, 2014	1,690,000	$	0.38

1,690,000 options are exercisable at March 31, 2015 (2014: 4,533,000) at a weighted average exercise price of CAD$0.38 (2014: CAD$0.36). The weighted average expiration period of the options is 0.9 years (2014: 2.1 years).

6. Net finance expenses:

	2015	2014
Promissory note interest	5	55
Net foreign exchange (gain) loss	161	22
Other	-	1
Net finance expenses recognized in profit and loss	166	78

7. Segmented information:

For the three months ended March 31, 2015 (In thousands of US dollars except as otherwise noted)

March 31, 2015								
		Egypt		USA		Corporate		Total
Production revenue, net of royalties	$	-	$	-	$	-	$	-
General and administrative expenses		-		-		103		103
Depreciation, depletion & amortization		-		-		-		-
Share based payments		-		-		3		3
Net finance expense		-		-		166		166
Fair value adjustment on SacOil shares		-		-		1,107		1,107
Segment income (loss)	$	-	$	-	$	(1,379)	$	(1,379)
Capital (expenditures) dispositions		-		-		-		-
Total assets	$	-	$	-	$	3,979	$	3,979

March 31, 2014								
		Egypt		USA		Corporate		Total
Production revenue, net of royalties	$	81	$	-	$	-	$	81
General and administrative expenses		55		46		73		174
Depreciation, depletion & amortization		6		-		27		33
Share based payments		-		-		22		22
Operating expenses		37		-		-		37
Net finance (income) expenses		37		-		41		78
Segment income (loss)	$	(54)	$	(46)	$	(163)	$	(263)
Capital (expenditures) dispositions		-		625		-		625
Total assets	$	7,006	$	546	$	87	$	7,639

8. Supplemental cash flow information:

Changes in non-cash working capital is comprised of:

	2015	2014
Sources / (use) of cash:		
Accounts receivable and other current assets	2	97
Accounts payable and accrued liabilities	68	(201)
	70	(104)

9. Subsequent events:

On April 21, 2015 a director of the Company loaned the Company $174. The funds were used to settle an obligation the Company had with a former officer and director of the Company.