METROPOLITAN ENERGY CORP.

Condensed Interim Financial Statements (Unaudited)

Three and Six Months Ended July 31, 2015 and 2014

(Expressed in Canadian Dollars)

METROPOLITAN ENERGY CORP.

(the “Company”)

CONDENSED INTERIM FINANCIAL STATEMENTS

Three and six months ended July 31, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Metropolitan Energy Corp. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed consolidated interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

September 29, 2015

Metropolitan Energy Corp.

Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

	July 31, 2015	January 31, 2015
	$	$
Assets		
Current assets:		
Cash and cash equivalents	6,132	97
GST receivable	439	-
	6,571	97
Liabilities and Shareholders' Deficiency		
Current liabilities:		
Accounts payable and accrued liabilities (Note 4)	71,873	70,321
Loans payable (Note 3)	46,060	12,936
	117,933	83,257
Shareholders' deficiency:		
Share capital (Note 5)	1,613,505	1,607,505
Reserves	248,163	248,163
Deficit	(1,973,030)	(1,938,828)
	(111,362)	(83,160)
	6,571	97

Nature of Operations and Going Concern (Note 1)

See accompanying notes to condensed interim financial statements.

Metropolitan Energy Corp.

Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended July 31, 2015	Three months ended July 31, 2014	Six months ended July 31, 2015	Six months ended July 31, 2014
Expenses:				
Audit and other professional fees	$ 160	$ 2,112	$ 160	$ 2,112
Filing and listing fees	3,520	3,440	10,030	8,900
Office and miscellaneous (Note 4)	7,050	6,300	13,350	13,434
Transfer agent	794	785	1,442	1,781
	11,524	12,637	24,982	26,227
Loss before other items	(11,524)	(12,637)	(24,982)	(26,227)
Finance expense:				
Finance and other cost (Note 6)	(2,295)	(2,710)	(9,220)	(2,760)
	(2,295)	(2,710)	(9,220)	(2,760)
Net loss and comprehensive loss for the period	(13,819)	(15,347)	(34,202)	(28,987)
Basic and diluted loss per share	$ (0.002)	$ (0.002)	$ (0.004)	$ (0.003)
Weighted average number of shares outstanding	9,125,994	9,008,244	9,073,832	9,007,748

See accompanying notes to condensed interim financial statements.

Metropolitan Energy Corp.

Condensed Interim Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

		Share capital		Reserves				Deficit	Total
	Notes	Common shares	Amount	Stock options	Warrants	Obligation to issue shares	Total		
		#	$	$	$	$	$	$	$
Balance, January 31, 2014		8,992,999	1,605,305	104,962	146,101	-	251,063	(1,885,453)	(29,085)
Comprehensive loss for the period		-	-	-	-	-	-	(28,987)	(28,987)
Shares issued pursuant to loan agreement	3(a)	27,500	2,200	-	-	-	-	-	2,200
Forfeited options	5(c)	-	-	(1,194)	-	-	(1,194)	1,194	-
Balance, July 31, 2014		9,020,499	1,607,505	103,768	146,101	-	249,869	(1,913,246)	(55,872)
Comprehensive loss for the period		-	-	-	-	-	-	(27,288)	(27,288)
Forfeited options	5(c)	-	-	(1,706)	-	-	(1,706)	1,706	-
Balance, January 31, 2015		9,020,499	1,607,505	102,062	146,101	-	248,163	(1,938,828)	(83,160)
Comprehensive loss for the period		-	-	-	-	-	-	(34,202)	(34,202)
Obligation to issue shares pursuant to loan agreement	3(b)	-	-	-	-	6,000	6,000	-	6,000
Shares issued pursuant to loan agreement	3(b)	120,000	6,000	-	-	(6,000)	(6,000)	-	-
Balance, July 31, 2015		9,140,499	1,613,505	102,062	146,101	-	248,163	(1,973,030)	(111,362)

See accompanying notes to condensed interim financial statements.

Metropolitan Energy Corp.

Condensed Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Six months ended July 31,	
	2015	2014
	$	$
Operating activities:		
Net loss for the period	(34,202)	(28,987)
Adjustments for non-cash items:		
Accrued interest	3,124	476
Financing fees	6,000	2,200
Changes in non-cash working capital items:		
Amounts receivable	(439)	-
Accounts payable and accrued liabilities	1,552	5,499
	(23,965)	(20,812)
Financing activity:		
Proceeds from loans	30,000	11,000
Increase (decrease) in cash and cash equivalents	6,035	(9,812)
Cash and cash equivalents, beginning of period	97	9,978
Cash and cash equivalents, end of period	6,132	166

See accompanying notes to condensed interim financial statements.

1. Nature of Operations and Going Concern

Metropolitan Energy Corp. ("the Company") was incorporated on July 16, 2007 under the Business Corporations Act of British Columbia and is engaged principally in the acquisition, exploration and development of resource properties. The Company is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia and its common shares trade on NEX effective July 10, 2015 under the trading symbol "MOE.H".

The head office and principal address of the Company are located at 610 – 700 West Pender Street, Vancouver, BC V6C 1G8. The Company's registered office address is Suite 700, 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The ability of the Company to attain profitable operations is dependent upon the identification and acquisition of resource properties, the completion of exploration programs, discovery and development of economic ore reserves and the ability to arrange sufficient financing to acquire the resource properties and to bring the ore reserves into production. The ultimate outcomes of these matters cannot presently be determined because they are contingent on future events.

These financial statements have been prepared using accounting policies applicable to a going concern which contemplate the realization of assets and settlement of liabilities in the normal course of business. As at July 31, 2015, the Company had no operating revenue, an accumulated deficit of $1,973,030 (January 31, 2015 - $1,938,828), working capital deficiency of $111,362 (January 31, 2015 - $83,160) and expects to incur further losses in the development of its business. The Company will require additional financing in order to fund working capital requirements, and as it determines, to acquire additional properties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations. These material uncertainties cast significant doubt on the entity's ability to continue as a going concern.

These condensed interim financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

2. Significant Accounting Policies

(a) Basis of presentation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards 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"). The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended January 31, 2015.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended January 31, 2015.

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(a) Basis of presentation (continued)

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on September 29, 2015.

(b) Use of estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. There has been no significant change to the Company's estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended January 31, 2015.

3. Loans Payable

(a) The Company entered into a loan agreement dated May 28, 2014, with a former director of the Company (the "Lender") in the principal amount of $11,000. The loan is unsecured, bears interest at 24% per annum, compounded monthly, and matures on May 28, 2015. In consideration for the loan, the Company issued 27,500 common shares to the Lender at a fair value of $2,200. On May 21, 2015, the Lender signed an amended letter agreement granting the Company an extension to the term of the loan to November 28, 2015.

During the six months ended July 31, 2015, the Company accrued $1,618 in interest on this loan.

(b) The Company entered into unsecured loan agreements dated April 22, 2015 in the aggregate principal amount of $30,000. The loans are unsecured, bear interest at 18% per annum, compounded monthly, and mature on April 22, 2016. If the loans are not repaid at maturity, interest will be charged at 24% per annum. Of the total loans, $20,000 was from a director of the Company. In consideration for the loans, the Company issued 120,000 common shares of the Company to the lenders at a fair value of $6,000.

During the six months ended July 31, 2015, the Company accrued $1,506 in interest on these loans.

4. Related Party Transactions

(a) Related Parties Transactions

	Three months ended July 31,		Six months ended July 31,	
	2015	2014	2015	2014
	$	$	$	$
Office, rent and administration paid or accrued to companies having a directors and officers in common	6,300	6,300	12,600	12,600
	6,300	6,300	12,600	12,600

(Expressed in Canadian Dollars)

4. Related Party Transactions (continued)

(a) Related Parties Transactions (continued)

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

(b) Compensation of Key Management Personnel

The Company's key management personnel has authority and responsibility for planning, directing and controlling the activities of the Company and consists of its Directors, Chief Executive Officer and Chief Financial Officer.

	Three months ended July 31,		Six months ended July 31,	
	2015	2014	2015	2014
	$	$	$	$
Short-term benefits [(i)]	-	1,500	-	3,000
	-	1,500	-	3,000

[(i)] Short-term benefits include salaries and management fees paid directly to key management.

(c) Related Party Balances

The following related party amounts are included in accounts payable and accrued liabilities:

	July 31, 2015	January 31, 2015
	$	$
An officer of the Company	1,636	1,636
Companies having directors and officers in common	68,400	56,378

Any amounts due to related parties are unsecured, non-interest bearing and have no specific repayment terms.

5. Share Capital

(a) Authorized

The Company is authorized to issue an unlimited number of common voting shares without par value.

(b) Issued

At July 31, 2015, there were 9,140,499 issued and fully paid common shares (January 31, 2015 – 9,020,499).

(Expressed in Canadian Dollars)

5. Share Capital (continued)

(c) Stock Options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

The continuity of stock options issued and outstanding is as follows:

	Options Outstanding	Weighted Average Exercise Price
	#	$
Balance, January 31, 2014	788,000	0.125
Forfeited	(34,000)[1]	0.10
Balance, July 31, 2015 and January 31, 2015	754,000	0.126

[1] During the year ended January 31, 2015, the fair value of the 34,000 forfeited options, being $2,900, was reclassified within shareholders' equity from reserves to deficit.

The following is a summary of the status of stock options outstanding and exercisable at July 31, 2015:

Options Outstanding	Exercise Price	Expiry Date	Options Exercisable
#	$		#
399,000	0.15	September 23, 2016	399,000
355,000	0.10	November 1, 2016	355,000
754,000			754,000

(d) Warrants

The continuity of share purchase warrants issued and outstanding is as follows:

	Warrants	Weighted Average Exercise Price
	#	$
Balance, July 31, 2015 and January 31, 2015 and 2014	5,000,000	0.10

(Expressed in Canadian Dollars)

5. Share Capital (continued)

(d) Warrants (continued)

Share purchase warrants outstanding at July 31, 2015 are as follows:

Warrants	Exercise Price	Expiry Date
#	$	
5,000,000	0.10	October 27, 2016

6. Finance and Other Costs

	Three months ended July 31,		Six months ended July 31,	
	2015	2014	2015	2014
	$	$	$	$
Financing fees (Note 3(b))	-	2,200	6,000	2,200
Interest expense (Note 3)	2,233	476	3,124	476
Bank charges	62	34	96	84
	2,295	2,710	9,220	2,760

7. Subsequent Events

No subsequent events.