FIRST MOUNTAIN EXPLORATION INC.

Financial Statements

March 31, 2015

(Unaudited)

Notice of No Auditor Review

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3) (a), the condensed interim financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have 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.

FIRST MOUNTAIN EXPLORATION INC.

CONDENSED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

In Canadian Dollars	March 31, 2015 $	December 31, 2014 $
Assets		
Current		
Cash and cash equivalents	735,537	882,011
Accounts receivable	74,416	100,460
Prepaid expenses and deposits	54,512	38,196
	864,465	1,020,667
Exploration and evaluation assets *(Note 5)*	27,320	27,320
Property, plant and equipment *(Note 6)*	865,886	793,258
Total assets	1,757,671	1,841,245
Liabilities		
Current		
Accounts payable and accrued liabilities	317,512	329,698
Decommissioning obligations *(Note 7)*	389,267	378,111
Total liabilities	706,779	707,809
Equity		
Share capital *(Note 8)*	12,320,111	12,320,111
Contributed surplus	1,453,403	1,443,602
Deficit	(12,722,622)	(12,630,277)
Total equity	1,050,892	1,133,436
Total liabilities and equity	1,757,671	1,841,245

Going concern *(Note 2)*

Commitments *(Note 13)*

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

FIRST MOUNTAIN EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three months ended March 31,
(Unaudited)

In Canadian Dollars	**2015** **$**	**2014** **$**
Oil and gas sales	15,592	200,942
Royalties	(1,466)	(14,177)
Revenue, net of royalties	14,126	186,765
Expenses		
Operating expenses	13,054	151,654
Transportation	4,131	9,172
Depletion and depreciation	3,476	35,703
General and administrative	64,853	171,621
Share-based compensation *(Note 9)*	9,801	19,534
	95,315	387,684
Loss before other income and expenses and taxes	81,189	200,919
Other income and expenses		
Gain on acquisition	-	(44,826)
Finance income – interest income	-	(1,362)
Finance costs *(Note 7)*	11,156	2,961
Net loss and comprehensive loss	92,345	157,692
Loss per share *(Note 9)*:		
Basic	$0.00	$0.00
Diluted	$0.00	$0.00

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

FIRST MOUNTAIN EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(unaudited)

In Canadian Dollars	**Share Capital** **$**	**Warrants** **$**	**Contributed Surplus** **$**	**Deficit** **$**	**Total Equity** **$**
Balance at December 31, 2013	11,591,349	702,638	727,511	(10,720,272)	2,301,226
Share based payments	-	-	19,534	-	19,534
Loss and comprehensive loss	-	-	-	(157,692)	(157,692)
Balance at March 31, 2014	11,591,349	702,638	747,045	(10,877,964)	2,163,068
Balance at December 31, 2014	12,320,111	-	1,443,602	(12,630,277)	1,133,436
Share based payments	-	-	9,801	-	9,801
Loss and comprehensive loss	-	-	-	(92,345)	(92,345)
Balance at March 31, 2015	12,320,111	-	1,453,403	(12,722,622)	1,050,892

FIRST MOUNTAIN EXPLORATION INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the three months ended March 31,
(Unaudited)

In Canadian Dollars	2015 $	2014 $
Operating activities		
Loss for the period	(92,345)	(157,692)
Adjustments for:		
Depletion and depreciation	3,476	35,703
Gain on acquisition of property	-	(44,826)
Share-based compensation	9,801	19,534
Accretion	11,156	2,961
Changes in non-cash working capital *(Note 12)*	(55,884)	(496,692)
	(123,796)	(641,012)
Investing activities		
Additions to property, plant and equipment	(76,104)	(433,170)
Changes in non-cash working capital *(Note 12)*	53,426	(577,325)
	(22,678)	(1,010,495)
Decrease in cash and cash equivalents	(146,474)	(1,651,507)
Cash and cash equivalents, beginning of period	882,011	1,805,601
Cash and cash equivalents, end of period	735,537	154,094

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

1. Reporting Entity

First Mountain Exploration Inc. ("First Mountain" or the "Company") is a publicly traded company engaged in the exploration for and the acquisition, development and production of oil and natural gas reserves in western Canada. The Company was incorporated on December 10, 2010. The Company's head office address is located at 1000, 640 – 8th Avenue SW Calgary, Alberta, Canada T2P 1G7.

2. Going Concern

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future. The Company has limited production to date and has exploration, development and acquisition plans that may require raising of capital. During the three months ended March 31, 2015, expenditures were financed principally from past share issuances.

During the three months ended March 31, 2015, the Company incurred a net loss of $0.1 million and used $0.1 million of cash flow in its operating activities. At March 31, 2015 the Company had working capital of $0.5 million which is not considered sufficient to fund operations during the upcoming year. As a result, this condition raises significant doubt related to the Company's ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these financial statements. Management believes that the Company will be able to obtain financing either through the issuance of shares, debt or the sale of assets to fund ongoing operations and exploration and development activities. There is no guarantee that the Company will be successful in these endeavors. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these financial statements would require adjustments to the amounts and classifications of assets and liabilities and these adjustments could be significant.

3. Basis of Measurement

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed interim financial statements do not include all of the information required for full annual financial statements. The condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2014.

The condensed interim financial statements were authorized for issue by the Board of Directors on May 28, 2015.

Basis Measurement

These condensed interim financial statements have been prepared on the historical cost basis except where noted in the accounting policies.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency, the currency of the primary economic environment in which the Company operates.

Use of judgments and estimates

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Actual results may differ from these estimates.

Significant judgments, estimates and assumptions made by management in these condensed interim financial statements are outlined in note 3 of the December 31, 2014 annual financial statements.

4. Significant Accounting Policies

These condensed interim financial statements have been prepared following the same accounting policies and methods of computation as described in note 4 of the Company's annual financial statements for the year ended December 31, 2014, except as described below. The disclosures provided below are incremental to those included with the annual financial statements and certain disclosures, which are normally required to be included in the notes to the annual financial statements, have been condensed or omitted.

Future accounting pronouncements

IFRS 15 Revenue from Contracts with Customers provides clarification for recognizing revenue from contracts with customers and establishes a single revenue recognition and measurement framework that applies to contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The IASB has proposed to defer the adoption date to January 2018. Management is currently assessing the potential impact of the adoption of IFRS 15 on the Company's financial statements.

IFRS 9 Financial Instruments, is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a company can recognize the portion of the change in fair value related to the change in the company's own credit risk through other comprehensive income rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 9 on the Company's financial statements.

5. Exploration and Evaluation Assets:

	2015	**2014**
	$	**$**
Balance, beginning of period	27,320	27,320
Property acquisition	-	-
Balance, end of period	27,320	27,320

Exploration and evaluation assets consisted of First Mountain's exploration projects for which the technical feasibility or commercial viability had yet to be determined. At the time sufficient information became available to determine whether the project was technically feasible or commercially viable, which is the point at which proved and/or probable reserves were discovered, the costs were transferred to property, plant and equipment.

6. Property, Plant and Equipment

	Development & production assets	**Office furniture & equipment**	**Total**
	$	**$**	**$**
Cost:			
Balance at December 31, 2013	3,166,874	14,673	3,181,547
Property acquisitions	52,184	-	52,184
Additions	555,027	-	555,027
Dispositions	(1,986,316)	-	(1,986,316)
Balance at December 31, 2014	1,787,769	14,673	1,802,442
Additions	76,104	-	76,104
Balance at March 31, 2015	1,863,873	14,673	1,878,546
Depletion, depreciation and amortization:			
Balance at December 31, 2013	1,027,246	8,228	1,035,474
Dispositions	(106,616)	-	(106,616)
Depletion and depreciation for the year	78,246	2,080	80,326
Balance at December 31, 2014	998,876	10,308	1,009,184
Depletion and depreciation for the period	2,956	520	3,476
Balance at March 31, 2015	1,001,832	10,828	1,012,660
Carrying amounts:			
At December 31, 2014	788,893	4,365	793,258
At March 31, 2015	862,041	3,845	865,886

At March 31, 2014 $170,000 future development costs were included in costs subject to depletion and an estimated $144,787 of salvage value on production equipment was excluded from the costs subject to depletion (December 31, 2013 $170,000 and $144,787 respectively).

7. Decommissioning Obligations

	2015 $	2014 $
Balance, beginning of year	378,111	457,155
Revisions	2,006	7,358
Accretion	9,150	2,961
Balance, March 31,	389,267	467,474

The Company's decommissioning obligations are the result from its ownership interest in oil and natural gas well sites. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon these wells and the estimated timing of costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be $389,268 as at March 31, 2014 (December 31, 2014 - $378,111) based on an undiscounted total future liability of $399,224 (December 31, 2014 - $399,224). The weighted average time in which these payments are expected to be made is approximately 10.3 years. The discount factor, being the risk-free rate related to the liability, is 2.19% and the inflation rate is 2% per annum.

8. Share Capital and Warrants

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares.

The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at meetings of the Company. The Company does not anticipate paying dividends.

Issued and outstanding

	Number	Amount $
Common Shares		
Balance at December 31, 2013	16,740,613	11,591,349
Issued for cash -private placement offering – October 31, 2014	15,100,000	755,000
Share issue costs, net of tax of $nil	-	(26,238)
Balance at December 31, 2014 and March 31, 2015	31,840,613	12,320,111

On October 31, 2014 the Company issued 15,100,000 common shares at a price of $0.05 per common share for gross proceeds of $755,000. Management and directors subscribed to 4,600,000 of the common shares.

	Number	Amount $
Warrants		
Balance at December 31, 2013	1,237,400	702,638
Expiry of Warrants June 24, 2014	(1,237,400)	(702,638)
December 31, 2014 and March 31, 2015	-	-

Per share amounts

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the year. Diluted per share amounts are calculated based on the treasury stock method, which assumes that any proceeds obtained on the exercise of options would be used to purchase common shares at the average price during the year. The weighted average number of shares outstanding is then adjusted by this amount.

The table below summarizes the weighted average number of common shares outstanding used in the calculation of basic and diluted net loss per share:

Three months ended March 31,	**2015**	**2014**
Weighted average common shares outstanding	31,840,613	16,740,613
Dilutive securities	-	-
Diluted	31,840,613	16,740,613

The calculation of the diluted net loss per share for the three months ended March 31, 2014 and 2013 excludes all options, warrants and agent options as the impact would be anti-dilutive due to the net loss realized.

On May 15, 2014 the shareholders of the Company approved a special resolution for the consolidation of the issued and outstanding common shares of the Company on the basis of two and one half (2.5) existing Common Shares for one (1) new common share. On August 28, 2014, the Company executed the two and one half (2.5) to one (1) common share consolidation which reduced the number of outstanding shares from 41,851,534 to 16,740,613. The 2.5 for 1 consolidation affected all the Company's outstanding common shares as at the effective date; as a result, all current and comparative share and per share amounts are presented on a post consolidation basis

9. Share Based Payments

Stock option plan

The Company has a stock option plan, under which the Board of Directors may grant options to its directors, officers, employees and consultants to purchase common shares from the Company. Vesting is determined by the Company's Board of Directors. The exercise price of each stock option granted is determined as the closing market price of the common shares on the TSX Venture Exchange at the time of the grant.

Stock options outstanding	**Weighted average exercise price**	**Number of options**
Balance at December 31, 2013	$ 0.53	1,390,000
Granted	0.05	2,470,000
Forfeited	0.59	(840,000)
Balance at December 31, 2014	$ 0.21	3,020,000
Forfeited	0.67	(130,000)
Balance at March 31, 2015	$ 0.10	2,890,000
Exercisable at March 31, 2015	$ 0.16	1,136,667

The following table summarizes information about stock options outstanding at March 31, 2014:

Number of stock options outstanding	**Exercise price**	**Weighted Average Remaining Contractual Life (years)**	**Exercisable options**	**Exercise price**
30,000	$ 0.50	1.4	30,000	$ 0.50
40,000	1.50	1.8	40,000	1.50
140,000	0.28	2.6	93,333	0.28
50,000	0.25	2.0	50,000	0.25
160,000	0.23	3.5	106,667	0.23
2,470,000	0.05	4.6	816,667	0.05
2,890,000	$ 0.10	4.1	1,136,667	$ 0.16

There were no stock options granted during the three month periods ended March 31, 2015 or 2014.

Share-based compensation of $9,801 was expensed during the three months ended March 31, 2015 (2014 - $19,534).

Agent Compensation Options

	Weighted Average Exercise Price	**Number of agent options outstanding and exercisable**
Balance at December 31, 2013	$ 0.30	340,656
Agent options expired	0.30	(340,656)
Balance at December 31, 2014 and March 31, 2015	$ -	-

All agent compensation options expired during 2014.

10. Income Taxes

Reconciliation of effective tax rate:

Three months ended March 31,	**2015 $**	**2014 $**
Loss before taxes	92,345	157,692
Combined corporate tax rate	25.0%	25.0%
Expected income tax recovery	23,086	39,423
Non-deductible expenses	(2,450)	(4,884)
Change in deferred tax asset not recognized	(20,636)	(34,539)
Deferred income tax recovery	-	-

Summary of unrecognized deferred tax assets:

Balance at	**March 31, 2015 $**	**December 31, 2014 $**
Property, plant and equipment and exploration and evaluation assets	594,316	593,447
Decommissioning obligation	97,317	94,527
Share issue costs	25,417	25,419
Non-capital losses	1,055,567	1,038,589
Unrecognized deferred tax asset	1,772,617	1,751,982

At March 31, 2014 the Company has approximately $7.4 million in tax pools available for deduction against future income.

Included in this tax basis are estimated non-capital loss carry forwards of approximately $4.2 million that expire in years 2032 to 2036.

11. Financial Instruments and Risk Management

At March 31, 2015 and December 31, 2014, cash and cash equivalents consisted of cash held with financial institutions.

The estimated carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates the fair values due to the short-term maturity of these instruments.

12. Supplemental Cash Flow Information

Changes in non-cash working capital is comprised of:

Three months ended March 31,	**2015**	**2014**
	$	**$**
Source (use) of cash:		
Accounts receivable	26,044	(226,100)
Prepaid expenses and deposits	(16,316)	2,853
Accounts payable and accrued liabilities	(12,186)	(850,770)
	(2,458)	(1,074,017)
Related to operating activities	(55,884)	(496,692)
Related to investing activities	53,426	(577,325)
	(2,458)	(1,074,017)

13. Commitments

The Company is committed to payments at March 31, 2015 as follows:

	Office lease **$**
2015	49,865
2016	11,081
	60,946