
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 2014

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 000-49760

PETRO RIVER OIL CORP.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

98-0611188

(I.R.S. Employer
Identification No.)

1980 Post Oak Blvd., Suite 2020, Houston, TX 77056

(Address of Principal Executive Offices, Zip Code)

(469) 828-3900

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 17, 2014
Common Stock, \$.00001 par value per share	818,567,746 shares

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PART I

ITEM 1. FINANCIAL STATEMENTS.

Petro River Oil Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	As of	
	January 31, 2014	April 30, 2013
	(unaudited)	
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 9,204,795	\$ 5,703,082
Accounts receivable	43,848	31,394
Prepaid expenses and other current assets	39,475	58,390
Total Current Assets	9,288,118	5,792,866
Oil and gas assets, net	13,671,884	13,423,089
Property, plant and equipment, net of accumulated depreciation of \$313,406 and \$310,700	1,832	4,538
Reclamation deposits	25,000	25,000
Other assets	6,000	5,500
	13,704,716	13,458,127
Total Assets	\$ 22,992,834	\$ 19,250,993
<u>Liabilities and Stockholders' Equity</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 677,988	\$ 871,094
Current portion of asset retirement obligations	342,608	213,302
Total Current Liabilities	1,020,596	1,084,396
Long-term liabilities:		
Asset retirement obligations , net of current portion	461,413	549,734
Total Long-Term Liabilities	461,413	549,734
Total Liabilities	1,482,009	1,634,130
Commitments and contingencies		
Stockholders' Equity:		
Preferred Shares - 5,000,000 authorized; par value \$0.00001 per share	-	-
Preferred B shares - 29,500 authorized; 0 issued with a \$100 stated value, par value \$0.00001 per share	-	-
Common shares - 2,250,000,000 authorized; par value \$0.00001 per share; Issued and outstanding; 818,567,746 and 737,117,746	8,186	7,371
Additional paid-in capital	27,561,628	20,317,094
Members' deficiency and accumulated deficit	(6,058,989)	(2,707,602)
Total Stockholders' Equity	21,510,825	17,616,863
Total Liabilities and Stockholders' Equity	\$ 22,992,834	\$ 19,250,993

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

Petro River Oil Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended January 31, 2014	For the Three Months Ended January 31, 2013	For the Nine Months Ended January 31, 2014	For the Nine Months Ended January 31, 2013
Operations				
Revenue and Other Income				
Oil and natural gas sales	\$ 117,713	\$ 91,113	\$ 309,806	\$ 101,450
Total Income	<u>117,713</u>	<u>91,113</u>	<u>309,806</u>	<u>101,450</u>
Operating Expenses				
Operating	85,983	30,535	232,694	80,542
General and administrative	1,634,241	143,368	3,351,460	520,851
Depreciation, depletion and accretion	27,251	40,646	80,279	84,546
Total Expenses	<u>1,747,475</u>	<u>214,549</u>	<u>3,664,433</u>	<u>685,939</u>
Operating loss	<u>(1,629,762)</u>	<u>(123,436)</u>	<u>(3,354,627)</u>	<u>(584,489)</u>
Other income (expenses)				
Interest and other income	-	-	3,245	-
Interest expense and amortization of debt discount	-	(503,416)	(5)	(1,363,061)
Total other income (expenses)	<u>-</u>	<u>(503,416)</u>	<u>3,240</u>	<u>(1,363,061)</u>
Net Loss	<u>\$ (1,629,762)</u>	<u>\$ (626,852)</u>	<u>\$ (3,351,387)</u>	<u>\$ (1,947,550)</u>
Net Loss per Common Share Basic and Diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted Average Number of Common Shares				
Outstanding - Basic and Diluted	<u>781,475,355</u>	<u>590,993,458</u>	<u>752,034,775</u>	<u>534,142,826</u>

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

Petro River Oil Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended January 31, 2014	For the Nine Months Ended January 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,351,387)	\$ (1,947,550)
Adjustments to reconcile net loss to net cash used in operating activities		
Share-based compensation	1,315,349	-
Depreciation, depletion and amortization	39,294	84,546
Accretion of asset retirement obligation	40,985	-
Changes in operating assets and liabilities:		
Accounts receivable	(12,454)	(81,024)
Prepaid expenses and other assets	18,415	(21,093)
Accounts payable and accrued expenses	(113,106)	(5,205)
Accrued interest payable	-	1,363,061
Net Cash Used in Operating Activities	(2,062,904)	(607,265)
Cash Flows From Investing Activities:		
Expenditures on oil and gas assets	(285,383)	(9,440,913)
Issuance of notes receivable to related party	-	(950,000)
Net Cash Used in Investing Activities	(285,383)	(10,390,913)
Cash Flows From Financing Activities:		
Proceeds from the issuance of common stock and warrants	6,500,000	-
Stock issuance costs	(650,000)	-
Proceeds from issuance of demand notes	-	12,799,983
Net Cash Provided by Financing Activities	5,850,000	12,799,983
Change in cash and cash equivalents	3,501,713	1,801,805
Cash and cash equivalents, beginning of period	5,703,082	4,364,033
Cash and cash equivalents, end of period	\$ 9,204,795	\$ 6,165,838
Non-cash investing and financing activities:		
Conversion of accrued settlement liability into common stock	\$ 80,000	\$ -

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

PETRO RIVER OIL CORP.
Notes to the Condensed Consolidated Financial Statements
For the three and nine months ended January 31, 2014 and 2013

1. Organization and Liquidity:

Petro River Oil Corp (the “Company”) is an enterprise engaged in the exploration and exploitation of heavy oil properties. The Company’s principal administrative office is located in Houston, Texas and its principal operations are in Kansas and Western Missouri.

Petro River Oil LLC (“Petro”) was incorporated under the laws of the State of Delaware on March 3, 2011. Through proceeds received from the issuance of various promissory notes, on February 1, 2012, Petro purchased various interests in oil and gas leases, wells, records, data and related personal property located along the Mississippi Lime play in the state of Kansas from Metro Energy Corporation (“Metro”), a Louisiana company, and other interrelated entities, which were in financial distress. These assets were purchased by Petro from Metro through a court approved order as Metro was undergoing Chapter 11 Bankruptcy proceedings as a Debtor-In-Possession of these various oil and gas assets. Petro purchased these assets for cash consideration of \$2,000,000 as well as a 25% non-managing membership interest in the Company. Subsequent to the Metro purchase the Company engaged Energy Source Advisors to renew a number of the leases acquired in the Metro purchase and to lease additional acreage. As a result of the asset purchase from Metro and the completion of the additional lease renewals and additional acreage purchases, the Company obtained a total of 115,000 gross/85,000 net acres of leases, having unproven reserves at the time of acquisition, in the Mississippi Lime play in Southeast Kansas for total cost of \$12.2 million.

On April 23, 2013, the Company executed and consummated a securities purchase agreement (the “Securities Purchase Agreement”) by and among the Company, Petro, and the investors in Petro (the “Investors”), namely, the holders of outstanding secured promissory notes of Petro (the “Notes”), and the members of Petro holding membership interests in Petro (the “Membership Interests”, and, together with the Notes, the “Acquired Securities”) sold by the Company (the “Share Exchange”).

In the Share Exchange, the Investors exchanged their Acquired Securities for 591,021,011 newly issued shares of common stock of the Company (“Common Stock”). As a result, upon completion of the Share Exchange, Petro became the Company’s wholly-owned subsidiary.

As a result of the Share Exchange, the Company acquired 100% of the member units of Petro and consequently, control of the business and operations of Petro. Under generally accepted accounting principles in the United States, (“U.S. GAAP”) because Petro’s former members and note holders held 80% of the issued and outstanding shares of the Company as a result of the Share Exchange, Petro is deemed the accounting acquirer while the Company remains the legal acquirer. Petro adopted the fiscal year of the Company and its operations for the period from February 2, 2012 (Commencement of Operations) to October 31, 2012 were not material. Prior to the Share Exchange, all historical financial statements presented are those of Petro. The equity of the Company is the historical equity of Petro, retrospectively restated to reflect the number of shares issued by the Company in the transaction.

Liquidity and Management Plans

The Company is focused on developing its recently acquired Mississippi Lime acreage in Kansas and also its heavy oil properties in Missouri and Kentucky. Early reservoir projects in Kansas were focused on establishing proved reserve potential into the Bourbon Arch geological region of the Mississippi Lime play. The production response from this region established migration and asset production potential. The Company also engaged an extensive geologic study of its leasehold position using over 26,000 producers and 60 square miles of a proprietary 3D data set.

Projects related to the heavy oil reservoirs were in technical review. The Company has an extensive amount of technical and reservoir information on both Missouri and Kansas positions. The data is being utilized in the understanding and test phases to develop an economic heavy oil production reserve base.

The ultimate goal of the management of the Company is to maximize shareholder value. Specific targets include: increasing production by developing its acreage, increasing profitability margins by evaluating and optimizing its production, and executing its business plan to increase property values, prove its reserves, and expand its asset base.

At January 31, 2014, the Company had working capital of approximately \$8,267,552 and has incurred losses since it commenced operations and utilized cash in its operating activities to date. In addition, Petro has a limited operating history. At January 31, 2014, the Company had cash and cash equivalents of approximately \$9.2 million. Management believes that the current level of working capital is sufficient to maintain operations for at least the next 12 months. Management intends to continue to raise capital through debt and equity instruments in order to achieve its business plans.

2. Basis of Preparation:

The condensed consolidated financial statements and accompanying footnotes are prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

These condensed consolidated financial statements include the below wholly-owned subsidiaries:

Petro River Oil LLC, Petro Spring, LLC, and MegaWest Energy USA Corp. and its wholly owned subsidiaries:

MegaWest Energy Texas Corp.
MegaWest Energy Kentucky Corp.
MegaWest Energy Missouri Corp.
MegaWest Energy Kansas Corp.
MegaWest Energy Montana Corp.

The unaudited financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. This report should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Form 10-K for the transition period from January 1, 2013 to April 30, 2013 filed with the Securities and Exchange Commission (the "SEC") on August 28, 2013. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in the Company's Form 10-K for the transition period from January 1, 2013 to April 30, 2013 has been omitted. The results of operations for the interim periods presented are not necessarily indicative of results for the entire year ending April 30, 2014.

3. Significant Accounting Policies:

(a) Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include volumes of oil and natural gas reserves, abandonment obligations, impairment of oil and natural gas properties, depreciation, depletion and accretion, income taxes, fair value of derivatives liabilities and other financial instruments, and contingencies.

Oil and gas proven reserve estimates, which are the basis for unit-of-production depletion and the full cost ceiling test, have a number of inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing, and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered. In addition, reserve estimates are vulnerable to changes in prices of crude oil and gas. Such prices have been volatile in the past and can be expected to be volatile in the future. As of January 31, 2014 and April 30, 2013, the Company had no estimated proven reserves.

(b) Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid monetary instruments with original maturities of three months or less when purchased to be cash equivalents. These investments are carried at cost, which approximates fair value. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash deposits. The Company maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). At times, the Company’s cash and cash equivalent balances may be uninsured or in amounts that exceed the FDIC insurance limits.

(c) Oil and Gas Operations:

Oil and Gas Properties: The Company uses the full-cost method of accounting for its exploration and development activities. Under this method of accounting, the costs of both successful and unsuccessful exploration and development activities are capitalized as oil and gas property and equipment. Proceeds from the sale or disposition of oil and gas properties are accounted for as a reduction to capitalized costs unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves of oil and natural gas attributable to a country, in which case a gain or loss would be recognized in the statement of operations. All of the Company’s oil and gas properties are located within the continental United States, its sole cost center.

Oil and gas properties may include costs that are excluded from costs being depleted. Oil and gas costs excluded represent investments in unproved properties and major development projects in which the Company owns a direct interest. These unproved property costs include non-producing leasehold, geological and geophysical costs associated with leasehold or drilling interests and in process exploration drilling costs. All costs excluded are reviewed at least quarterly to determine if impairment has occurred.

The Company accounts for its unproven long-lived assets in accordance with Accounting Standards Codification (“ASC”) Topic 360-10-05, “Accounting for the Impairment or Disposal of Long-Lived Assets.” ASC Topic 360-10-05 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company performed a comparable study of unproven long-lived assets as of April 30, 2013 and determined that none of its long-term assets at April 30, 2013 were impaired. No material changes have occurred from April 30, 2013 (date of last comparable study) to January, 31, 2014.

Proved Oil and Gas Reserves: In accordance with Rule 4-10 of SEC Regulation S-X, proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. All the oil and gas properties with proven reserves were impaired to the salvage value prior to the merger. The price used to establish economic producibility is the average price during the 12-month period preceding the end of the entity’s fiscal year and calculated as the un-weighted arithmetic average of the first-day-of-the-month price for each month within such 12-month period.

Ceiling Test: Under the full-cost method of accounting, a ceiling test is performed quarterly. The full-cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test determines a limit on the carrying value of oil and gas properties. The capitalized costs of proved oil and gas properties, net of accumulated depreciation, depletion, amortization, and impairment and the related deferred income taxes, may not exceed the estimated future net cash flows from proved oil and gas reserves, excluding future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, generally using current prices (with consideration of price changes only to the extent provided by contractual arrangements) as of the date of the latest balance sheet presented and including the effect of derivative instruments that qualify as cash flow hedges, discounted at 10%, net of related tax effects, plus the cost of unevaluated properties and major development projects excluded from the costs being amortized. If capitalized costs exceed this limit, the excess is charged to expense and reflected as additional accumulated depreciation, depletion, amortization and impairment. In the application of the full-cost method, the term “current price” means the average price during the 12-month period prior to the end of the entity’s fiscal year determined as the un-weighted arithmetical average of the prices on the first day of each month within the 12-month period.

Depletion, Depreciation and Amortization: Depletion, depreciation and amortization is provided using the unit-of-production method based upon estimates of proved oil and gas reserves with oil and gas production being converted to a common unit of measure based upon their relative energy content. For the three and nine months ended January 31, 2014 and 2013, all oil and gas reserves were classified as unproved. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is deducted from the capitalized costs to be amortized. Once the assessment of unproved properties is complete and when major development projects are evaluated, the costs previously excluded from amortization are transferred to the full cost pool and amortization begins. The amortizable base includes estimated future development costs and, where significant, dismantlement, restoration and abandonment costs, net of estimated salvage value.

In arriving at rates under the unit-of-production method, the quantities of recoverable oil and natural gas reserves are established based on estimates made by the Company's geologists and engineers which require significant judgment, as does the projection of future production volumes and levels of future costs, including future development costs. In addition, considerable judgment is necessary in determining when unproved properties become impaired and in determining the existence of proved reserves once a well has been drilled. All of these judgments may have significant impact on the calculation of depletion expenses. There have been no material changes in the methodology used by the Company in calculating depletion, depreciation and amortization of oil and gas properties under the full cost method during the three and nine months ended January 31, 2014 and 2013.

(d) Asset Retirement Obligations:

The Company recognizes a liability for the estimated fair value of site restoration and abandonment costs when the obligations are legally incurred and the fair value can be reasonably estimated. The fair value of the obligations is based on the estimated cash flow required to settle the obligations discounted using the Company's credit adjusted risk-free interest rate. The obligation is recorded as a liability with a corresponding increase in the carrying amount of the oil and gas assets. The capitalized amount will be depleted on a unit-of-production method. The liability is increased each period, or accretes, due to the passage of time and a corresponding amount is recorded in the statement of operations.

Revisions to the estimated fair value would result in an adjustment to the liability and the capitalized amount in oil and gas assets.

(e) Oil and Gas Revenue:

Sales of oil and gas, net of any royalties, are recognized when oil has been delivered to a custody transfer point, persuasive evidence of a sales arrangement exists, the rights and responsibility of ownership pass to the purchaser upon delivery, collection of revenue from the sale is reasonably assured, and the sales price is fixed or determinable. The Company sells oil and gas on a monthly basis. Virtually all of its contracts' pricing provisions are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil and gas, and prevailing supply and demand conditions, so that the price of the oil and gas fluctuates to remain competitive with other available oil supplies.

(f) Per Share Amounts:

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, which is the case for the three and nine months ended January 31, 2014 and 2013, presented in these condensed consolidated financial statements, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following common stock equivalents at January 31, 2014:

As at	January 31, 2014
Stock Options	88,228,281
Stock Purchase Warrants	40,625,000
Compensation Warrants	230,000
	<u>129,083,281</u>

At January 31, 2013, the Company had no common stock equivalents.

(g) Fair Value of Financial Instruments:

All financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and accounts payable and accrued expenses are to be recognized on the balance sheet initially at carrying value. The carrying value of these assets approximate their fair value due to their short-term maturities.

At each balance sheet date, the Company assesses financial assets for impairment with any impairment recorded in the consolidated statement of operations. To assess loans and receivables for impairment, the Company evaluates the probability of collection of accounts receivable and records an allowance for doubtful accounts, which reduces loans and receivables to the amount management reasonably believes will be collected. In determining the amount of the allowance, the following factors are considered: the length of the time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience.

Market risk is the risk that changes in commodity prices will affect the Company's oil sales, cash flows or the value of its financial instruments. The objective of commodity price risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

The Company is exposed to changes in oil prices which impact its revenues and to changes in natural gas process which impact its operating expenses.

The Company does not utilize financial derivatives or other contracts to manage commodity price risks.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Fair value measurements are categorized using a valuation hierarchy for disclosure of the inputs used to measure fair value, which prioritize the inputs into three broad levels:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date, and include those financial instruments that are valued using models or other valuation methodologies.

Level 3 - Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

(h) Subsequent Events:

The Company evaluates subsequent events through the date when condensed consolidated financial statements are issued.

(i) Recent Accounting Pronouncements:

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated condensed financial statements.

4. Oil and Gas Assets:

The following table summarizes the oil and gas assets by project:

<u>Cost</u>	<u>Missouri</u>	<u>Kentucky</u>	<u>Montana</u>	<u>Kansas</u>	<u>Other</u>	<u>Total</u>
Balance, May 1, 2013	\$ 918,991	\$ -	\$ 75,000	\$ 12,329,098	\$ 100,000	\$ 13,423,089
Additions				285,383		285,383
Depreciation, and amortization	-	-	-	(36,588)	-	(36,588)
Balance January 31, 2014	<u>\$ 918,991</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 12,577,893</u>	<u>\$ 100,000</u>	<u>\$ 13,671,884</u>

The following are descriptions of the Company's oil and gas assets. The assets are disclosed based on the historical ownership of both Petro and the Company.

Kansas

Through proceeds received from the issuance of various promissory notes, on February 1, 2012 Petro purchased various interests in oil and gas leases, wells, records, data and related personal property located along the Mississippi Lime play in the state of Kansas from Metro Energy Corporation ("Metro"), a Louisiana company and other interrelated entities, which were in financial distress. These assets were purchased by Petro from Metro through a court approved order as Metro was undergoing Chapter 11 Bankruptcy proceedings as a Debtor-In-Possession of these various oil and gas assets. Petro purchased these assets for cash considerations of \$2,000,000 as well as a 25% non-managing membership interest in the Company. Subsequent to the Metro purchase the Company engaged Energy Source Advisors to renew a number of the leases acquired in the Metro purchase and to lease additional acreage. As a result of the asset purchase from Metro and the completion of the additional lease renewals and additional acreage purchases, the Company obtained a total of 115,000 gross/85,000 net acres of leases, having unproven reserves at the time of acquisition, in the Mississippi Lime play in Southeast Kansas for total cost of \$12.2 million. The Company also acquired over 60 square miles of proprietary 3D seismic data over prospective Mississippi Lime acreage in the same area. During the three and nine months ended January 31, 2014, the Company capitalized approximately an additional \$49,000 and \$285,000 in Kansas oil and gas expenditures. As of January 31, 2014, management concluded that no impairment expense was necessary on these assets.

Kentucky

As a result of the share exchange, the Company acquired Kentucky lease holdings which include a 37.5% working interest in 27,150 unproved gross acres (10,181 net acres). The Kentucky property is mainly undeveloped land and therefore was not assigned any reserve value under the Company's independent reserve reports.

Currently, the Company is carrying these oil and gas assets at \$0, the carrying value of the assets acquired through the share exchange.

Missouri

At April 30, 2013, the Company's Missouri lease holdings totaled 22,832 gross acres with 98.4% working interest.

On separate pilot projects at Deerfield, the Company built two 500 barrel of oil per day steam drive production facilities (Marmaton River and Grassy Creek) comprised of 116 production wells, 39 steam injection wells and 14 service and observation wells. Throughout the Deerfield area, the Company has drilled 73 exploration/delineation wells with a 67% success rate.

As of January 31, 2014, all Missouri assets were carried at salvage value, since the Company's current business plans do not contemplate raising the necessary capital to develop these properties.

Montana

The Montana leasehold is in the Devils Basin prospect and totals 1,175 gross acres (881 net). The Company currently owns a 75% working interest in this prospect, but has no immediate plans to develop this property. On April 17, 2012 the Teton Prospect leases totaling 2,807 gross acres (1137 net) expired.

As January 31, 2014, all Montana assets were carried at salvage value.

Other

Other property consists primarily of four used steam generators and related equipment that will be assigned to future projects. As of January 31, 2014, management concluded that impairment was not necessary as all other assets were carried at salvage value.

5. Asset Retirement Obligations:

The total future asset retirement obligation was estimated based on the Company's ownership interest in all wells and facilities, the estimated legal obligations required to retire, dismantle, abandon and reclaim the wells and facilities and the estimated timing of such payments. The Company estimated the present value of its asset retirement obligations at both January 31, 2014 and April 30, 2013, based on a future undiscounted liability of \$1,087,292. These costs are expected to be incurred within one to 24 years. A credit-adjusted risk-free discount rate of 10% and an inflation rate of 2% were used to calculate the present value.

Changes to the asset retirement obligation were as follows:

	January 31, 2014	April 30, 2013
Balance, beginning of period	\$ 763,036	\$ 143,035
Additions	-	615,784
Disposition	-	-
Revisions	-	-
Accretion	40,985	4,217
	<u>804,021</u>	<u>763,036</u>
Less: Current portion for cash flows expected to be incurred within one year	(342,608)	(213,302)
Long-term portion, end of period	<u>\$ 461,413</u>	<u>\$ 549,734</u>

As of January 31, 2014 and April 30, 2013, the Company has \$25,000 of reclamation deposits with authorities to secure certain abandonment liabilities in Missouri.

Expected timing of asset retirement obligations:

	Year Ending April 30,	
2014		339,443
2015		135,556
2016		81,181
2017		212,000
Thereafter		319,112
		<u>1,087,292</u>
Effect of discount		(283,271)
Total		<u>\$ 804,021</u>

6. Related Party Transactions:

Employment Agreements:

- a) Upon completion of the Share Exchange, the Company entered into an Employment Agreement with Scot Cohen, the Company's Executive Chairman (the "Employment Agreement"). On November 20, 2013, the Company amended the Employment Agreement with Scot Cohen. Based on this amendment, the Company granted Mr. Cohen 41,666,667 fair value options to purchase an equal amount of shares of common stock of the Company. The options have a term of 10 years and an exercise price of \$0.059. These options will vest in five equal installments, with the first 20% vesting immediately upon grant (as consideration for the service period from April 29, 2013 to November 20, 2013), and the remaining options vesting in four equal installments on the anniversary of the grant date.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$2,006,227. For the three and nine months ended January 31, 2014, the Company expensed \$59,947 and \$478,197, respectively, to general and administrative expenses.

- b) On November 22, 2013, Petro River Oil Corp. entered into an employment agreement with Ruben Alba. Under the terms of this agreement, Mr. Alba will receive an annual base salary of \$120,000. Mr. Alba was also granted 12,500,000 stock options of the Company pursuant to the Company's 2012 Equity Compensation Plan (the "Plan"), to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Alba's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$575,839. For the three and nine months ended January 31, 2014, the Company expensed \$137,255 to general and administrative expenses.

- c) On November 22, 2013, the Company entered into an employment agreement with Gary Williky, who was appointed Executive Vice President of Business Development of the Company on November 20, 2013. Under the terms of this agreement, Mr. Williky will receive an annual base salary of \$120,000. Mr. Williky was also granted 6,250,000 stock options of the Company pursuant to the Plan, to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Williky's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$287,919. For the three and nine months ended January 31, 2014, the Company expensed \$68,627 to general and administrative expenses.

- d) On November 25, 2013, the Company entered into an employment agreement with Luis Vierma. Under the terms of this agreement, Mr. Vierma will receive an annual base salary of \$84,000. Mr. Vierma was also granted 6,250,000 stock options of the Company pursuant to the Plan, to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Vierma's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$287,919. For the three and nine months ended January 31, 2014, the Company expensed \$68,627 to general and administrative expenses.

- e) On November 26, 2013, the Company entered into a consulting agreement with Brio Financial Group ("Brio") and its Managing Member, David Briones, was appointed the Chief Financial Officer of the Company on August 15, 2013. Under the terms of this agreement, Brio will receive a monthly consulting fee of \$7,500, as well as a grant of 750,000 stock options of the Company pursuant to the Plan. The options will vest in six installments. The first 125,000 options vested immediately upon execution of the consulting agreement, and the remaining 5 installments will vest monthly, on the 26th of each subsequent month.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 65%; and a discount rate of 0.12%. The grant date fair value of the award was \$8,764. For the three and nine months ended January 31, 2014, the Company expensed \$3,408 to general and administrative expenses.

- f) On November 27, 2013, the Company entered into an employment agreement with Daniel Smith. Under the terms of this agreement, Mr. Smith will receive an annual base salary of \$120,000. Mr. Smith was also granted 12,500,000 stock options of the Company pursuant to the Company's 2012 Equity Compensation Plan (the "Plan"), to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Smith's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$575,839. For the three and nine months ended January 31, 2014, the Company expensed \$137,255 to general and administrative expenses.

Board of Director Grants:

On November 20, 2013, the Company's Board of Directors authorized the grants of 3,389,832 stock options to four members of the Board. The option grants have an exercise price equal to the closing price of shares of the Company's common stock as of the date of the grant. All options granted vested immediately upon grant and have a maturity of ten years.

The Company computed the economic benefit of the grants as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the awards were \$147,442. For the three and nine months ended January 31, 2014, the Company expensed \$147,442 to general and administrative expenses.

Separation and Release Agreement:

In addition, in June and July of 2013, the Company signed a series of agreements with Jeffrey Freedman, former Chief Executive Officer, in relation to his departure from the Company. Pursuant to these agreements, the Company has provided to Mr. Freedman the sum of \$12,000 and issued 465,116 options to purchase common stock with a \$56,047 aggregate fair value as of the July 24, 2013 option grant date. These options will expire on July 23, 2016 and have an exercise price of \$0.215. The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.215; Exercise price of \$0.215; expected volatility of 88%; and a discount rate of 0.64%. The options were immediately vested and the Company recorded the \$56,047 into general and administrative expense on the date of grant.

7. Equity:**Securities Purchase Agreement:**

On December 12, 2013, the Company signed a Securities Purchase Agreement (the "Agreement") with Petrol Lakes Holding Limited ("Petrol Lakes"). Pursuant to the terms of the Agreement, Petrol Lakes agreed to purchase: (i) 81,250,000 shares of the Company's common stock, at a per share price of \$0.08, for an aggregate purchase price of \$6,500,000; and (ii) a warrant to purchase shares of the Company's common stock. Under the terms of the warrant, Petrol Lakes may purchase up to 40,625,000 shares of the Company's common stock at a per share price of \$0.1356, for an aggregate purchase price of \$6,500,000. The warrant, which is exercisable in whole or in part, will expire on December 12, 2015. The Company paid issuances costs of \$650,000.

Stock Options:

As of January 31, 2014, the Company has one equity incentive plan. The number of shares reserved for issuance in aggregate under the plan is limited to 90 million shares. The exercise price, term and vesting schedule of stock options granted are set by the board of directors at the time of grant. Stock options granted under the plan may be exercised on a cashless basis, if such exercise is approved by the Board. In a cashless exercise, the employee receives a lesser amount of shares in lieu of paying the exercise price based on the quoted market price of the shares on the trading day immediately preceding the exercise date.

As of April 30, 2013, the Company had 290,000 options outstanding and exercisable with a weighted average exercise price of \$0.50. The options expire during April to June 2014. As of January 31, 2014, the Company had a total of 88,228,281 options outstanding and 24,394,947 exercisable with a weighted average exercise price of \$0.06.

The following table summarizes information about the options outstanding and exercisable at January 31, 2014:

	<u>Options</u>	<u>Weighted Average Exercise Prices</u>
Outstanding – April 30, 2013	290,000	\$ 0.50
Exercisable – April 30, 2013	290,000	\$ 0.50
Granted	87,938,281	\$ 0.06
Exercised	-	\$ -
Forfeited/Cancelled	-	\$ -
Outstanding January 31, 2014	<u>88,228,281</u>	<u>\$ 0.06</u>
Exercisable – January 31, 2014	<u>24,394,947</u>	<u>\$ 0.07</u>
Outstanding - Aggregate Intrinsic Value		<u>\$ 2,344,281</u>
Exercisable - Aggregate Intrinsic Value		<u>\$ 633,547</u>

Intrinsic value is the Company's current per share fair value as quoted on the Over the Counter Bulletin Board on the balance sheet date (\$0.0858) less the current exercise price.

Other than the issuances disclosed in Note 6 and below, during the three and nine months ended January 31, 2014, the Company had no other stock based compensation expense. The Company had no stock based compensation during the three and nine months ended January 31, 2013.

As of January 31, 2014, the Company has \$2,849,138 in unrecognized stock based compensation expense which will be amortized over a weighted average exercise period of 3.80 years.

Advisor Grants:

On November 20, 2013, the Board of Directors authorized the grant of fair value option grants to two consultants. The option grants have an exercise price equal to the closing price of shares of the Company's common stock as of the date of the grant. One consultant was granted 2,333,333 fair value options and the second consultant was granted 1,833,333 fair value options. All options granted vested immediately upon grant and mature in ten years.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the awards was \$218,491. For the three and nine months ended January 31, 2014, the Company expensed \$218,491, respectively, to general and administrative expenses.

Warrants:

As of January 31, 2014 and April 30, 2013, the Company had 40,855,000 and 230,000 warrants outstanding and exercisable with a weighted average exercise price of \$0.1376 and a weighted average remaining life of 1.85 years. The aggregate intrinsic value of the warrants was \$0. Intrinsic value is the Company's current per share fair value as quoted on the Over the Counter Bulletin Board on the balance sheet date (\$0.0858) less the current exercise price.

8. Contingency and Contractual Obligations:

As a result of the Share Exchange, the Company inherited the following contingencies:

(a) In January 2010, the Company experienced a flood in its Calgary office premises as a result of a broken water pipe. There was significant damage to the premises rendering them unusable until remediation had been completed by the landlord. Pursuant to the lease contract, the Company has asserted that rent should be abated during the remediation process and accordingly, the Company has not paid rent since December 2009. During the remediation process, the Company engaged an independent environmental testing company to test for air quality and for the existence of other potentially hazardous conditions. The testing revealed the existence of potentially hazardous mold and the consultant provided specific written instructions for the effective remediation of the premises. During the remediation process, the landlord did not follow the consultant's instructions and correct the potentially hazardous mold situation and subsequently in June 2010 gave notice and declared the premises to be ready for occupancy. The Company re-engaged the consultant to re-test the premises and the testing results again revealed the presence of potentially hazardous mold. The Company has determined that the premises are not fit for re-occupancy and considers the landlord to be in default of the lease and the lease terminated.

The landlord disputes the Company's position and has given notice that it considers the Company to be in default of the lease for failure to re-occupy the premises.

In addition, the landlord has previously claimed that the Company owes monthly rent for the premises from January 2010 to June 30, 2010 in the amount of \$247,348 and has claimed that, as a result of the alleged default, pursuant to the terms of the lease, the Company owes three months accelerated rent in the amount of \$114,837. The landlord has previously also asserted that the Company would be liable for an amount up to the full lease obligation of \$1,596,329 which otherwise would have been due as follows:

Year Ended April 30	
2011	\$ 473,055
2012	473,055
2013	473,055
2014	177,164
Total	<u>\$ 1,596,329</u>

On January 30, 2014, the landlord filed a Statement of Claim against the Company in the amount aggregating approximately \$759,000. The Company is currently assessing the current revised claim and has until March 31, 2014 to respond. At which time it plans to aggressively challenge such claims.

(b) On March 15, 2013, a former employee of the Company (VP-Operations) commenced an action in the Court of Queen's Bench of Alberta claiming wrongful termination and seeking severance in an amount approximating US\$185,000. On May 3, 2013, the Company reached a settlement with the former employee and entered into a formal settlement and release of claims agreement. As consideration for full settlement and mutual release, the Company issued the former employee 200,000 shares of common stock of the Company, valued at \$0.40 per share or \$80,000, and paid \$50,000 during the nine months ended January 31, 2014, respectively.

(c) The Company is from time to time involved in legal proceedings in the ordinary course of business. It does not believe that any of these claims and proceedings against it is likely to have, individually or in the aggregate, a material adverse effect on its financial condition or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Except as otherwise indicated by the context, references in this Quarterly Report to "we", "us", "our" or the "Company" are to the consolidated businesses of Petro River Oil Corp. and its wholly-owned direct and indirect subsidiaries and majority-owned subsidiaries, except that references to "our common stock" or "our capital stock" or similar terms refer to the common stock, par value \$0.00001 per share, of Petro River Oil Corp., a Delaware corporation (the "Registrant").

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide information that is supplemental to, and should be read together with, the Company's condensed consolidated financial statements and the accompanying notes contained in this Quarterly Report. Information in this Item 2 is intended to assist the reader in obtaining an understanding of the condensed consolidated financial statements, the changes in certain key items in those financial statements from quarter to quarter, the primary factors that accounted for those changes, and any known trends or uncertainties that the Company is aware of that may have a material effect on the Company's future performance, as well as how certain accounting principles affect the condensed consolidated financial statements. This includes discussion of (i) Liquidity, (ii) Capital Resources, (iii) Results of Operations, and (iv) Off-Balance Sheet Arrangements, and any other information that would be necessary to an understanding of the company's financial condition, changes in financial condition and results of operations.

Forward Looking Statements

The following is management's discussion and analysis of certain significant factors which have affected our financial position and operating results during the periods included in the accompanying condensed consolidated financial statements, as well as information relating to the plans of our current management and should be read in conjunction with the accompanying condensed consolidated financial statements and their related notes included in this Report. References in this section to "we," "us," "our," or the "Company" are to the consolidated business of Petro River Oil Corp. and its wholly owned and majority owned subsidiaries.

This Report contains forward-looking statements. Generally, the words "believes," "anticipates," "may," "will," "should," "expects," "intends," "estimates," "continues," and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, including the matters set forth in this Report or other reports or documents we file with the SEC from time to time, which could cause actual results or outcomes to differ materially from those projected. Undue reliance should not be placed on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to update these forward-looking statements.

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our condensed consolidated financial statements and their related notes included in this Quarterly Report and our Transition Report on Form 10-K as filed with the SEC for the transition period from January 1, 2013 to April 30, 2013.

BUSINESS OVERVIEW

Prior Operations of Petro River Oil Corp.

Petro River Oil Corp (the "Company") was originally incorporated under the Company Act (British Columbia) on February 8, 2000 under the name Brockton Capital Corp. The Company then changed its name to MegaWest Energy Corp. effective February 27, 2010 before changing it to Gravis Oil Corp. on June 20, 2011. On September 11, 2012, the Company re-organized under the laws of the State of Delaware as a corporation organized under the Delaware General Corporation Law. Prior to September 11, 2012, and at April 30, 2012, the Company was organized under the laws of Alberta, Canada. This re-organization had no impact on the Company's consolidated financial statements.

Petro River Oil LLC (“Petro”) was incorporated under the laws of the State of Delaware on March 3, 2011. Through proceeds received from the issuance of various promissory notes, on February 1, 2012 Petro purchased various interests in oil and gas leases, wells, records, data and related personal property located along the Mississippi Lime play in the state of Kansas from Metro Energy Corporation (“Metro”), a Louisiana company and other interrelated entities, which were in financial distress. These assets were purchased through a court approved order as Metro was undergoing Chapter 11 Bankruptcy proceedings as a Debtor-In-Possession of these various oil and gas assets. Petro purchased these assets for cash consideration of \$2,000,000 as well as a 25% non-managing membership interest in the company. Subsequent to the Metro purchase the company engaged Energy Source Advisors to renew a number of the leases acquired in the Metro purchase and to lease additional acreage. As a result of the asset purchase from Metro and the completion of the additional lease renewals and additional acreage purchases, the company obtained a total of 115,000 gross/85,000 net acres of leases, having unproven reserves at the time of acquisition, in the Mississippi Lime play in Southeast Kansas for total cost of \$12.2 million.

The Share Exchange

On April 23, 2013, the Company executed and consummated a securities purchase agreement (the “Securities Purchase Agreement”) by and among the Company, Petro, and the investors in Petro (the “Investors”), namely, the holders of outstanding secured promissory notes of Petro (the “Notes”), and the members of Petro holding membership interests in Petro (the “Membership Interests”, and, together with the Notes, the “Acquired Securities”) sold by the Company (the “Share Exchange”).

In the Share Exchange, the Investors exchanged their Acquired Securities for 591,021,011 newly issued shares of common stock of the Company. As a result, upon completion of the Share Exchange, Petro became the Company’s wholly-owned subsidiary. The existing shareholders of the Company held 146,096,735 or 20% of the outstanding common shares prior to the reverse acquisition.

As a result of the Share Exchange, the Company acquired 100% of the member units of Petro and consequently, control of the business and operations of Petro. Under generally accepted accounting principles in the United States, (“U.S. GAAP”) because Petro’s former members and note holders held 80% of the issued and outstanding shares of the Company as a result of the Share Exchange, Petro is deemed the accounting acquirer while the Company remains the legal acquirer and reporting entity. Petro adopted the fiscal year of the Company and its operations for the period from February 2, 2012 (Commencement of Operations) to April 30, 2012 were non material. Prior to the Share Exchange, all historical financial statements presented are those of Petro.

Current Business of the Company

The ultimate goal of the management of the Company is to maximize shareholder value. Specific targets include: increasing production by developing our acreage, increasing profitability margins by evaluating and optimizing our production, and executing our business plan to increase property values, reserves, and expanding our asset base.

We benefit from having an experienced management team with proven acquisition, operating and financing capabilities. Mr. Scot Cohen, our Executive Chairman, has over 20 years of financial management experience including five years as managing partner of Iroquois Capital Opportunity Fund, a private equity fund focused on oil and gas. He has raised equity and debt for a number of small and microcap public companies.

Mr. Cohen is joined by Luis Vierma, Daniel Smith and Ruben Alba who make up the Company’s technical leadership. Mr. Vierma has 35 years of experience in oil and gas including VP of Exploration and Production at Petr leos de Venezuela, S.A, (“PDVSA”) the fourth largest oil company in the world. Mr. Vierma has a BS in Chemistry and MS in Geology and leads the Company’s Geological and Geophysical team. Mr. Smith is a registered petroleum engineer with over 15 years’ experience. Mr. Smith spent his career at XTO Energy where he served as an operations engineer responsible for managing fields producing in excess of 100 million cubic feet of natural gas per day. Mr. Alba has been active in the oil and gas industry since 1997. Previously he was with Halliburton Energy Services and Superior Well Services overseeing regional technical staff and operations. Mr. Alba manages the Company’s heavy oil projects in Missouri and Kentucky.

The Company is focused on developing its recently acquired Mississippi Lime acreage in Kansas and also its heavy oil properties in Missouri and Kentucky. Early reservoir projects in Kansas were focused on proving reserve potential in the Bourbon Arch geological region of the Mississippi Lime play. The production response from this region established migration and asset production potential. The Company also engaged an extensive geologic study of its leasehold position using over 26,000 producers and 40 acres of a proprietary 3D data set. The Company plans to raise capital to drill a number of prospective reserve targets.

Projects related to the heavy oil reservoirs are in technical review. The Company has an extensive amount of technical and reservoir information on both the Missouri and Kentucky positions. The data is being utilized in the understanding and test phases to develop an economic heavy oil production reserve base.

The Company continues to explore various opportunities to raise capital to support the growth of the Company. These opportunities include, without limitation, potential joint ventures with various on and off-shore entities and potential private issuances of equity, debt or a combination thereof. There can be no assurance that the Company will enter into any of these transactions. Mr. Cohen and Mr. Vierma have extensive experience in capital markets and oil and gas joint ventures. During his time as VP of Exploration and Production at PDVSA, Mr. Vierma negotiated billions of dollars of joint ventures with foreign oil and gas companies.

On December 12, 2013, the Company signed a Securities Purchase Agreement (the “Agreement”) with Petrol Lakes Holding Limited (“Petrol Lakes”). Pursuant to the terms of the Agreement, Petrol Lakes agreed to purchase: (i) 81,250,000 shares of the Company’s common stock, at a per share price of \$0.08, for an aggregate purchase price of \$6,500,000; and (ii) a warrant to purchase shares of the Company’s common stock. Under the terms of the warrant, Petrol Lakes may purchase up to 40,625,000 shares of the Company’s common stock at a per share price of \$0.1356, for an aggregate purchase price of \$6,500,000. The warrant, which is exercisable in whole or in part, will expire on December 12, 2015. The Company paid issuances costs of \$650,000.

Under the Agreement, Petrol Lakes also has the right to appoint one director to the Company’s Board of Directors, which director shall remain on the Board at least through the first annual meeting of the Company after the one year anniversary of the Agreement. As of the date hereof, Petrol Lakes has not exercised this right.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements. These condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”), which requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities and revenues and expenses, to disclose contingent assets and liabilities on the date of the condensed consolidated financial statements, and to disclose the reported amounts of revenues and expenses incurred during the financial reporting period. The most significant estimates and assumptions include the valuation of accounts receivable, and the useful lives and impairment of property and equipment, goodwill and intangible assets, the valuation of deferred tax assets and inventories and the provision for income taxes. We continue to evaluate these estimates and assumptions that we believe to be reasonable under the circumstances. We rely on these evaluations as the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We believe critical accounting policies as disclosed in this Form 10-Q reflect the more significant judgments and estimates used in preparation of our condensed consolidated financial statements. We believe there have been no material changes to our critical accounting policies and estimates.

The following critical accounting policies rely upon assumptions and estimates and were used in the preparation of our consolidated financial statements:

Oil and Gas Operations

The Company follows the full cost method of accounting for oil and gas operations whereby all costs related to exploration and development of oil and gas reserves are capitalized. Under this method, the Company capitalizes all acquisition, exploration and development costs incurred for the purpose of finding oil and natural gas reserves, including salaries, benefits and other internal costs directly attributable to these activities. Costs associated with production and general corporate activities, however, are expensed in the period incurred. Costs are capitalized on a country-by-country basis. To date, there has only been one cost center, the United States.

Capitalized costs of oil and natural gas properties may not exceed an amount equal to the present value, discounted at 10%, of estimated future net revenues from proved reserves plus the cost of unproven properties. Should capitalized costs exceed this ceiling, impairment is recognized.

The present value of estimated future net cash flows is computed by applying the average first-day-of-the-month prices during the previous twelve-month period of oil and natural gas to estimated future production of proved oil and natural gas reserves as of year-end less estimated future expenditures to be incurred in developing and producing the proved reserves and assuming continuation of existing economic conditions.

Following the discovery of reserves and the commencement of production, the Company will compute depletion of oil and natural gas properties using the unit-of-production method based upon production and estimates of proved reserve quantities. Costs associated with unproved properties are excluded from the depletion calculation until it is determined whether or not proved reserves can be assigned to such properties. Unproved properties are assessed for impairment quarterly. Significant properties are assessed individually.

The Company assesses all items classified as unproved property on a quarterly basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: land relinquishment; intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate impairment, the related exploration costs incurred are transferred to the full cost pool and are then subject to depletion and the ceiling limitations on development oil and natural gas expenditures.

Proceeds from the sale of oil and gas assets are applied against capitalized costs, with no gain or loss recognized, unless a sale would alter the rate of depletion and depreciation by 25 percent or more.

Significant changes in these factors could reduce our estimates of future net proceeds and accordingly could result in an impairment of our oil and gas assets. Management will perform quarterly assessments of the carrying amounts of its oil and gas assets as additional data from ongoing exploration activities becomes available.

Management concluded that for the period ended January 31, 2014, no impairments were necessary.

NEW ACCOUNTING STANDARDS

Recently Adopted Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying condensed consolidated financial statements.

RESULTS OF OPERATIONS

As a result of the April 23, 2013 acquisition and share exchange transaction, Petro River Oil, LLC was deemed the accounting acquirer. All historical financial information is that of Petro River Oil, LLC.

Results of Operations for the Three Months Ended January 31, 2014 compared to Three Months Ended January 31, 2013

The following table sets forth certain information relating to our results of operations, and our condensed consolidated statements of operations as a percentage of net revenue, for the periods indicated:

	Three Months Ended January 31, 2014	Three Months Ended January 31, 2013	Percent Change
Revenue and other income			
Oil and natural gas sales	\$ 117,713	\$ 91,113	29%
Total Income	117,713	91,113	29%
Operating Expenses			
Operating	85,983	30,535	182%
General and administrative	793,189	143,368	453%
Share based compensation	841,052	-	***%
Depreciation, depletion and accretion	27,251	40,646	(33%)
Total Expenses	(1,747,475)	(214,549)	(714%)
Operating income (loss)	(1,629,762)	(123,436)	(1220%)
Other income (expenses)			
Interest and other income	-	-	-%
Interest expense	-	(503,416)	(100%)
Total other income (expenses)	-	(503,416)	(100%)
Net income (loss)	\$ (1,629,762)	\$ (626,852)	(160%)
Earnings per share - basic and diluted	\$ 0.00	\$ (0.00)	

Oil Sales

During the three months ended January 31, 2014, the Company recognized \$117,713 in oil and gas sales. Sales increased from \$91,113 for the three months ended January 31, 2013. The marginal increase is primarily attributable to additional operating activity. The Company is currently raising additional capital in order to continue operating activities.

Operating Expenses

During the three months ended January 31, 2014, operating expenses were \$85,983, as compared to operating expenses for three months ended January 31, 2013 of \$30,535. The increase is primarily attributable to management deploying assets in order to generate oil and gas sales.

General and Administrative Expenses

General and administrative expenses for the three months ended January 31, 2014 were \$793,189, as compared to \$143,368 for the three months ended January 31, 2013. The increase is primarily attributable to the following changes:

	Three Months Ended January 31, 2014	Three Months Ended January 31, 2013
Salaries and benefits	\$ 56,758	\$ -
Professional fees	637,370	119,788
Office and administrative	96,979	22,513
Information technology	2,082	1,067
	\$ 793,189	\$ 143,368

The increases in general and administrative expenses are primarily attributable to the Company ramping up operations after the completion of the Share Exchange. This consists of increases in salary and benefits, insurance costs and other office expenses. In addition, the Company recorded a major increase in professional fees as a result of legal, accounting and audit fees associated with compliance with filing requirements. These increases are offset by a decrease in technology expenses as the Company ramped up its technological infrastructure during the three months ended January 31, 2013.

Share Based Compensation

During the three months ended January 31, 2014, the Company granted certain options in accordance with the following agreements:

Employment Agreements:

- a) Upon completion of the Share Exchange, the Company entered into an Employment Agreement with Scot Cohen, the Company's Executive Chairman (the "Employment Agreement"). On November 20, 2013, the Company amended the Employment Agreement with Scot Cohen. Based on this amendment, the Company granted Mr. Cohen 41,666,667 fair value options to purchase an equal amount of shares of common stock of the Company. The options have a term of 10 years and an exercise price of \$0.059. These options will vest in five equal installments, with the first 20% vesting immediately upon grant (as consideration for the service period from April 29, 2013 to November 20, 2013), and the remaining options vesting in four equal installments on the anniversary of the grant date.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$2,006,227. For the three and nine months ended January 31, 2014, the Company expensed \$59,947 and \$478,197, respectively, to general and administrative expenses.

- b) On November 22, 2013, Petro River Oil Corp. entered into an employment agreement with Ruben Alba. Under the terms of this agreement, Mr. Alba will receive an annual base salary of \$120,000. Mr. Alba was also granted 12,500,000 stock options of the Company pursuant to the Company's 2012 Equity Compensation Plan (the "Plan"), to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Alba's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$575,839. For the three and nine months ended January 31, 2014, the Company expensed \$137,255 to general and administrative expenses.

- c) On November 22, 2013, the Company entered into an employment agreement with Gary Williky, who was appointed Executive Vice President of Business Development of the Company on November 20, 2013. Under the terms of this agreement, Mr. Williky will receive an annual base salary of \$120,000. Mr. Williky was also granted 6,250,000 stock options of the Company pursuant to the Plan, to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Williky's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$287,919. For the three and nine months ended January 31, 2014, the Company expensed \$68,627 to general and administrative expenses.

- d) On November 25, 2013, the Company entered into an employment agreement with Luis Vierma. Under the terms of this agreement, Mr. Vierma will receive an annual base salary of \$84,000. Mr. Vierma was also granted 6,250,000 stock options of the Company pursuant to the Plan, to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Vierma's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$287,919. For the three and nine months ended January 31, 2014, the Company expensed \$68,627 to general and administrative expenses.

- e) On November 26, 2013, the Company entered into a consulting agreement with Brio Financial Group ("Brio") and its Managing Member, David Briones, was appointed the Chief Financial Officer of the Company on August 15, 2013. Under the terms of this agreement, Brio will receive a monthly consulting fee of \$7,500, as well as a grant of 750,000 stock options of the Company pursuant to the Plan. The options will vest in six installments. The first 125,000 options vested immediately upon execution of the consulting agreement, and the remaining 5 installments will vest monthly, on the 26th of each subsequent month.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 65%; and a discount rate of 0.12%. The grant date fair value of the award was \$8,764. For the three and nine months ended January 31, 2014, the Company expensed \$3,408 to general and administrative expenses.

- f) On November 27, 2013, the Company entered into an employment agreement with Daniel Smith. Under the terms of this agreement, Mr. Smith will receive an annual base salary of \$120,000. Mr. Smith was also granted 12,500,000 stock options of the Company pursuant to the Company's 2012 Equity Compensation Plan (the "Plan"), to vest in five equal installments. The first installment vested immediately upon granting. The final four installments will vest on the anniversaries of the initial grant date, subject to the following conditions: (i) the adoption by the Company of an amendment to the Plan, approved by a vote of the shareholders of the Company, to increase the number of shares permitted to be granted under the Plan, and to put in place a stock option grant limitation in accordance with §162(m) of the Internal Revenue Code of 1986, as amended; and (ii) Mr. Smith's continued employment with the Company.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the award was \$575,839. For the three and nine months ended January 31, 2014, the Company expensed \$137,255 to general and administrative expenses.

Board of Director Grants:

On November 20, 2013, the Company's Board of Directors authorized the grants of 3,389,893 stock options to four members of the Board. The option grants have an exercise price equal to the closing price of shares of the Company's common stock as of the date of the grant. All options granted vested immediately upon grant and have a maturity of ten years.

The Company computed the economic benefit of the grants as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the awards were \$147,442. For the three and nine months ended January 31, 2014, the Company expensed \$147,442 to general and administrative expenses.

Advisor Grants:

On November 20, 2013, the Board of Directors authorized the grant of fair value option grants to two consultants. The option grants have an exercise price equal to the closing price of shares of the Company's common stock as of the date of the grant. One consultant was granted 2,333,333 fair value options and the second consultant was granted 1,833,333 fair value options. All options granted vested immediately upon grant and mature in ten years.

The Company computed the economic benefit of the grant as of the date of grant utilizing a Black-Scholes option pricing model. The Company utilized the following assumptions: common share value based on the fair value of the Company's common stock as quoted on the Over the Counter Bulletin Board, \$0.059; Exercise price of \$0.059; expected volatility of 96%; and a discount rate of 2.80%. The grant date fair value of the awards was \$218,491. For the three and nine months ended January 31, 2014, the Company expensed \$218,491 to general and administrative expenses.

Interest Expense

Interest expense is related to the interest on the notes payable issued during the year ended December 31, 2012, prior to the change in fiscal year end and prior to the Share Exchange. Interest was \$0 for three months ended January 31, 2014 as compared to \$503,416 for the three months January 31, 2013. The decrease in interest expense is primarily attributable to the Company accruing interest for the entire period ended July 31, 2012 and converting the notes at the time of the Share Exchange.

Results of Operations for the Nine Months Ended January 31, 2014 compared to Nine Months Ended January 31, 2013

The following table sets forth certain information relating to our results of operations, and our condensed consolidated statements of operations as a percentage of net revenue, for the periods indicated:

	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013	Percent Change
Revenue and other income			
Oil and natural gas sales	\$ 309,806	\$ 101,450	205%
Total Income	309,806	101,450	205%
Operating Expenses			
Operating	232,694	80,542	189%
General and administrative	2,036,111	520,851	291%
Share based compensation	1,315,349	-	***%
Depreciation, depletion and accretion	80,279	84,546	(5%)
Total Expenses	(3,664,433)	(685,939)	434%
Operating loss	(3,354,627)	(584,489)	474%
Other income (expenses)			
Interest and other income	3,245	-	***%
Interest expense	(5)	(1,363,061)	(100%)
Total other income (expenses)	3,240	(1,363,061)	(100%)
Net Loss	(3,351,387)	(1,947,550)	72%
Earnings per share - basic and diluted	(0.00)	(0.00)	

Oil Sales

During the nine months ended January 31, 2014, the Company recognized \$309,806 in oil and gas sales. Sales increased from \$101,450 for the nine months ended January 31, 2013. The increase is primarily attributable to sales from acquired wells. The Company was just beginning to commence operations during the period ended January 31, 2013. The Company is currently raising additional capital in order to continue operating activities.

Operating Expenses

During the nine months ended January 31, 2014, operating expenses were \$232,694, as compared to operating expenses for nine months ended January 31, 2013 of \$80,542. The increase in operating expenses is primarily attributable to the Company newly commencing operations during 2012.

General and Administrative Expenses

General and administrative expenses for the nine months ended January 31, 2014 were \$2,036,111, as compared to \$520,851 for the nine months ended January 31, 2013. The increase is primarily attributable to the following changes:

	Nine Months Ended January 31, 2014	Nine Months Ended January 31, 2013
Salaries and benefits	\$ 44,978	\$ -
Professional fees	1,720,034	362,775
Office and administrative	265,339	80,700
Information technology	5,760	77,376
	\$ 2,036,111	\$ 520,851

The increases in general and administrative expenses are primarily attributable to the Company ramping up operations after the completion of the Share Exchange. This consists of increases in salary and benefits, insurance costs and other office expenses. In addition, the Company recorded a major increase in professional fees as a result of legal, accounting and audit fees associated with the Share Exchange and remaining compliant with required filings. These increases are offset by a decrease in technology expenses as the Company ramped up its technological infrastructure during the nine months ended January 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2014, the Company had working capital of approximately \$8.3 million but has incurred losses since inception and utilized cash in its operating activities. In addition, the Company has a limited operating history. At January 31, 2014, the Company had cash and cash equivalents of approximately \$9.2 million. Management believes that the current level of working capital is sufficient to maintain operations for at least the next 12 months. Management intends to continue to raise capital through debt and equity instruments in order to achieve its business plans.

Our current capital and our other existing resources are sufficient to provide working capital through at least the end of 2014. We will require additional capital to continue to operate our business and to further expand our exploration and development programs. We may be unable to obtain additional capital required. Furthermore, inability to maintain capital may damage our reputation and credibility with industry participants. Our inability to raise additional funds when required may have a negative impact on our consolidated results of operations and financial condition.

The Company is focused on developing its recently acquired Mississippi Lime acreage in Kansas and also its heavy oil properties in Missouri and Kentucky. Early reservoir projects in Kansas were focused on proving reserve potential into the Bourbon Arch geological region of the Mississippi Lime play. The production response from this region established migration and asset production potential. The Company also engaged an extensive geologic study of its leasehold position using over 26,000 producers and 60 square miles of a proprietary 3D data set. The Company plans to raise capital to drill a number of prospective reserve targets.

Projects related to the heavy oil reservoirs were in technical review. The Company has an extensive amount of technical and reservoir information on both Missouri and Kentucky positions. The data is being utilized in the understanding and test phases to develop an economic heavy oil production reserve base.

The ultimate goal of the management is to maximize shareholder value. Specific targets include: increasing production by developing its acreage, increasing profitability margins by evaluating and optimizing its production, and executing its business plan to increase property values, reserves, and expanding our asset base.

Operating Activities

The Company used \$2,062,904 in operating activities during the nine months ended January 31, 2014, as compared to using \$607,265 during the nine months ended January 31, 2013. The Company incurred a net loss during the nine month period ended January 31, 2014 of \$3,351,387 as compared to a net loss of \$1,947,550 during the nine months ended January 31, 2013. The net loss for the nine month period ended January 31, 2014 is inclusive of share based compensation of \$1,315,349.

Investing Activities

During the nine months ended January 31, 2014, the Company incurred \$285,383 of expenditures on oil and gas assets compared to \$9,440,913 during the comparable nine months ended January 31, 2013. In addition, the Company issued \$950,000 in demand loans during the nine months ended January 31, 2013.

Financing Activities

During the nine months ended January 31, 2014, the Company had \$5.85 million in cash provided by financing activities as compared to \$12,779,983 in cash provided by financing activities during the nine months ended January 31, 2013.

On December 12, 2013, the Company signed a Securities Purchase Agreement (the "Agreement") with Petrol Lakes Holding Limited ("Petrol Lakes"). Pursuant to the terms of the Agreement, Petrol Lakes agreed to purchase: (i) 81,250,000 shares of the Company's common stock, at a per share price of \$0.08, for an aggregate purchase price of \$6,500,000; and (ii) a warrant to purchase shares of the Company's common stock. Under the terms of the warrant, Petrol Lakes may purchase up to 40,625,000 shares of the Company's common stock at a per share price of \$0.1356, for an aggregate purchase price of \$6,500,000. The warrant, which is exercisable in whole or in part, will expire on December 12, 2015. The Company paid issuances costs of \$650,000.

Under the Agreement, Petrol Lakes also has the right to appoint one director to the Company's Board of Directors, which director shall remain on the Board at least through the first annual meeting of the Company after the one year anniversary of the Agreement. As of the date hereof, Petrol Lakes has not exercised this right.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any outstanding derivative financial instruments, off-balance sheet guarantees or interest rate swap transactions of foreign currency forward contracts. The Company does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Company does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Company or that engages in leasing, hedging or research and development services with the Company.

INFLATION

It is our opinion that inflation has not had, and is not likely to have, a material effect on our operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

A. Material Weaknesses

As discussed in Item 9A of our Transition Report on Form 10-K for the transition period from January 1, 2013 to April 30, 2013, we identified material weaknesses in the design and operation of our internal controls. The material weaknesses are related to: the Company having a small number of employees, and therefore, limited internal review; and the Company relying on external accounting personnel to prepare financial statements.

To remediate the material weakness identified in internal control over financial reporting of the Company, the Company engaged Brio Financial Group and appointed its Managing Member, David Briones, to act as the Company's Chief Financial Officer on August 15, 2013, and intends to hire additional accounting staff, and operations and administrative executives.

We will continue to monitor and assess our remediation initiatives to ensure that the aforementioned material weaknesses are remediated.

B. Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in the Company's filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The Company's management, with the participation of its principal executive and principal financial officers, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation and solely due to the unremediated material weaknesses described above, the Company's principal executive and financial officers have concluded that such disclosure controls and procedures were not effective for the purpose for which they were designed as of the end of such period. As a result of this conclusion, the financial statements for the period covered by this report were prepared with particular attention to the unremediated material weaknesses previously disclosed. Accordingly, management believes that the condensed consolidated financial statements included in this report fairly present, in all material respects, the Company's financial condition, results of operations and cash flows as of and for the periods presented, in accordance with accounting principles generally accepted in the U.S., notwithstanding the unremediated weaknesses.

C. Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that was identified in connection with such evaluation that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. To begin remediating the material weakness identified in internal control over financial reporting of the Company, the Company engaged Brio Financial Group and appointed its Managing Member, David Briones, to act as the Company's Chief Financial Officer on August 15, 2013, and intends to hire additional accounting staff, and operations and administrative executives.

PART II

ITEM 1. LEGAL PROCEEDINGS.

In January 2010, the Company experienced a flood in its Calgary office premises as a result of a broken water pipe. There was significant damage to the premises rendering them unusable until remediation had been completed by the landlord. Pursuant to the lease contract, the Company has asserted that rent should be abated during the remediation process and accordingly, the Company has not paid rent since December 2009. During the remediation process, the Company engaged an independent environmental testing company to test for air quality and for the existence of other potentially hazardous conditions. The testing revealed the existence of potentially hazardous mold and the consultant provided specific written instructions for the effective remediation of the premises. During the remediation process, the landlord did not follow the consultant's instructions and correct the potentially hazardous mold situation and subsequently in June 2010 gave notice and declared the premises to be ready for occupancy. The Company re-engaged the consultant to re-test the premises and the testing results again revealed the presence of potentially hazardous mold. The Company has determined that the premises are not fit for re-occupancy and considers the landlord to be in default of the lease and the lease terminated.

The landlord disputes the Company's position and has given notice that it considers the Company to be in default of the lease for failure to re-occupy the premises.

In addition, the landlord has previously claimed that the Company owes monthly rent for the premises from January 2010 to June 30, 2010 in the amount of \$247,348 and has claimed that, as a result of the alleged default, pursuant to the terms of the lease, the Company owes three months accelerated rent in the amount of \$114,837. The landlord has previously also asserted that the Company would be liable for an amount up to the full lease obligation of \$1,596,329 which otherwise would have been due as follows:

Year Ended April 30	
2011	\$ 473,055
2012	473,055
2013	473,055
2014	177,164
Total	<u>\$ 1,596,329</u>

On January 30, 2014, the landlord filed a Statement of Claim against the Company in the amount aggregating approximately \$759,000. The Company is currently assessing the current revised claim and has until March 31, 2014 to respond. At which time it plans to aggressively challenge such claims.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

(a) There is no information required to be disclosed on Form 8-K during the period covered by this Form 10-Q that was not so reported.

(b) There were no material changes to the procedures by which security holders may recommend nominees to the registrant's board of directors during the quarter ended January 31, 2014.

ITEM 6. EXHIBITS.

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1(1)	Certificate of Incorporation of the Company
3.2(1)	Bylaws of the Company
10.1(2)	Amendment No. 1 to Employment Agreement of Scot Cohen, dated November 20, 2013
10.2(3)	Employment Agreement, dated November 22, 2013, by and between Petro River Oil Corp. and Ruben Alba
10.3(3)	Employment Agreement, dated November 22, 2013, by and between Petro River Oil Corp. and Gary Williky
10.4(3)	Employment Agreement, dated November 25, 2013, by and between Petro River Oil Corp. and Luis Vierma
10.5(3)	Consulting Agreement, dated November 26, 2013, by and between Petro River Oil Corp. and David Briones
10.6(3)	Employment Agreement, dated November 27, 2013, by and between Petro River Oil Corp. and Daniel Smith
10.7(4)	Securities Purchase Agreement, dated December 12, 2013, by and between Petro River Oil Corp. and Petrol Lakes Holding Limited
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith

- (1) Incorporated by reference to our Form 8-K filed with the Securities and Exchange Commission on September 13, 2012.
- (2) Incorporated by reference to our Form 8-K filed with the Securities and Exchange Commission on November 22, 2013.
- (3) Incorporated by reference to our Form 8-K filed with the Securities and Exchange Commission on November 27, 2013.
- (4) Incorporated by reference to our Form 8-K filed with the Securities and Exchange Commission on December 16, 2013.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PETRO RIVER OIL CORP.

Date: March 17, 2014

By: */s/ Scot Cohen*

Scot Cohen
Executive Chairman

By: */s/ David Briones*

David Briones
Chief Financial Officer

Index to Exhibits

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CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Scot Cohen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Petro River Oil Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2014

/s/ Scot Cohen

Scot Cohen
Executive Chairman

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, David Briones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Petro River Oil Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 17, 2014

/s/ David Briones

David Briones
Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Quarterly Report of Petro River Oil Corp. (the "Company") on Form 10-Q for the period ended January 31, 2014, as filed with the Securities Exchange Commission on the date hereof (the "Report"), I, Scot Cohen, Executive Chairman of the Company, certify, pursuant to 18 U. S. C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2014

/s/ Scot Cohen

Scot Cohen
Executive Chairman

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Quarterly Report of Petro River Oil Corp (the "Company") on Form 10-Q for the period ended January 31, 2014, as filed with the Securities Exchange Commission on the date hereof (the "Report"), I, David Briones, Chief Financial Officer of the Company, certify, pursuant to 18 U. S. C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2014

/s/ David Briones

David Briones

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
