

Novus Energy Inc.
(formerly Regal Energy Ltd.)
Interim Financial Statements
June 30, 2009
(unaudited)

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Novus Energy Inc.
(formerly Regal Energy Ltd.)
Interim Balance Sheets
(unaudited)

	June 30, 2009	September 30, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,360,853	\$ -
Accounts receivable	1,460,660	2,298,600
Deposits and prepaid expenses	324,635	484,460
	7,146,148	2,783,060
Property and equipment (Note 3)	20,657,156	28,367,818
Intangible assets	-	24,993
	\$ 27,803,304	\$ 31,175,871
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank debt (Note 4)	\$ -	\$ 2,593,819
Accounts payable and accrued liabilities	1,685,157	3,288,808
	1,685,157	5,882,627
Asset retirement obligation (Note 6)	982,494	950,799
	2,667,651	6,833,426
Commitments and contingencies (Note 13)		
Subsequent event (Note 14)		
SHAREHOLDERS' EQUITY		
Equity instruments (Note 5(b) and (c))	105,555,081	93,641,650
Contributed surplus (Note 5(e))	3,101,526	2,298,280
Deficit	(83,520,954)	(71,597,485)
	25,135,653	24,342,445
	\$ 27,803,304	\$ 31,175,871

See accompanying notes.

Approved on behalf of the Board:

(signed) "Hugh G. Ross"
Hugh G. Ross - Director

(signed) "Harry L. Knutson"
Harry L. Knutson - Director

Novus Energy Inc.
(formerly Regal Energy Ltd.)
Interim Statements of Operations, Comprehensive Loss and Deficit
(unaudited)

	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>
REVENUE				
Production revenues	\$ 804,001	\$ 1,433,031	\$ 2,967,428	\$ 2,922,991
Royalties	(22,488)	(266,571)	(534,151)	(539,513)
	781,513	1,166,460	2,433,277	2,383,478
EXPENSES				
Operating	510,744	372,488	1,610,292	1,022,525
Transportation	35,837	9,192	104,777	39,420
General and administrative (Note 7)	706,937	227,243	2,754,978	719,388
Interest	1,435	73,506	83,493	169,761
Stock-based compensation (Note 5(d))	10,558	-	58,194	27,522
Depletion and depreciation (Note 3)	905,933	541,671	9,651,825	1,307,790
Accretion	22,763	9,073	51,561	27,553
Amortization of intangible assets	-	24,993	24,993	74,980
	2,194,207	1,258,166	14,340,113	3,388,939
Loss before income taxes	(1,412,694)	(91,706)	(11,906,836)	(1,005,461)
Current income taxes	2,478	-	16,633	-
Net loss and comprehensive loss for the period	(1,415,172)	(91,706)	(11,923,469)	(1,005,461)
Deficit, beginning of period	(82,105,782)	(69,425,585)	(71,597,485)	(68,511,830)
Deficit, end of period	\$ (83,520,954)	\$ (69,517,291)	\$ (83,520,954)	\$ (69,517,291)
Net loss per share				
Basic and diluted (Note 5(f))	\$ (0.00)	\$ (0.00)	\$ (0.05)	\$ (0.02)

See accompanying notes.

Novus Energy Inc.
(formerly Regal Energy Ltd.)
Interim Statements of Cash Flows
(unaudited)

CASH PROVIDED BY (USED IN)	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
OPERATING ACTIVITIES				
Net loss for the period	\$ (1,415,172)	\$ (91,706)	\$ (11,923,469)	\$ (1,005,461)
Non-cash and other items:				
Stock-based compensation	10,558	-	58,194	27,522
Depletion and depreciation	905,933	541,671	9,651,825	1,307,790
Accretion	22,763	9,073	51,561	27,553
Amortization of intangible assets	-	24,993	24,993	74,980
Asset retirement expenditures	(32,504)	-	(32,504)	-
Change in non-cash working capital (Note 9)	1,019,907	(338,299)	171,461	(91,044)
	511,485	145,732	(1,997,939)	341,340
FINANCING ACTIVITIES				
Proceeds from (repayment of) bank debt, net	-	(117,436)	(2,593,819)	1,712,058
Proceeds from issuance of equity instruments, net of issuance costs	-	-	12,658,483	-
Proceeds from bridge financing	-	-	-	400,000
Change in non-cash working capital (Note 9)	(463,185)	-	-	-
	(463,185)	(117,436)	10,064,664	2,112,058
INVESTING ACTIVITIES				
Capital expenditures, net of proceeds on disposition	(328,639)	206,060	(1,928,525)	(1,143,907)
Change in non-cash working capital (Note 9)	(843,023)	(234,356)	(777,347)	(1,309,491)
	(1,171,662)	(28,296)	(2,705,872)	(2,453,398)
Increase (decrease) in cash and cash equivalents	(1,123,362)	-	5,360,853	-
Cash and cash equivalents, beginning of period	6,484,215	-	-	-
Cash and cash equivalents, end of period	\$ 5,360,853	\$ -	\$ 5,360,853	\$ -

See accompanying notes.

Novus Energy Inc.
(formerly Regal Energy Ltd.)
Notes to the Interim Financial Statements
As at and for the three and nine months ended June 30, 2009
(unaudited)

1. Accounting policies:

The interim financial statements of Novus Energy Inc. (formerly Regal Energy Ltd., and referred to as “Novus” or the “Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and actual results could differ from those estimates.

The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended September 30, 2008, except as disclosed in Note 2. These interim financial statements do not include all note disclosures required for annual financial statements and the disclosure provided herein is incremental to the disclosure included in the annual financial statements. The interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2008.

2. Changes in accounting policies:

Adoption of new accounting policies

a) Goodwill and intangible assets

Effective October 1, 2008, the Company adopted the new standard for Goodwill and Intangible Assets, which states that upon their initial identification, intangible assets are to be recognized as assets only if they meet the definition of an intangible asset and the recognition criteria. It also provides further information on the recognition of internally generated intangible assets, including research and development costs. These new standards did not impact the Company’s financial statements.

b) Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee (“EIC”) issued a new abstract EIC 173 “Credit risk and the fair value of financial assets and financial liabilities”. This abstract concludes that an entity’s own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not impact the Company’s financial statements.

Accounting pronouncements

a) International Financial Reporting Standards (“IFRS”)

In January 2006, the Canadian Institute of Chartered Accountants (“CICA”) Accounting Standards Board (“AcSB”) adopted a strategic plan for the direction of accounting standards in Canada. In February 2008, the AcSB confirmed the changeover from Canadian GAAP to IFRS will be required for publicly accountable enterprises effective for fiscal years beginning on or after January 1, 2011. In July 2009, the International Accounting Standards Board adopted certain amendments and exemptions to IFRS 1 including standards relating to the transition to IFRS for resource based companies. Although the Company has not yet completed the development of an IFRS changeover plan, it anticipates completing its project scoping during the latter part of 2009 as the Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

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2. Changes in accounting policies continued:

b) Business combinations

In January 2009, the AcSB issued CICA Handbook Section 1582, "Business Combinations" which replaces previous guidance on business combinations. This Section applies to business combinations entered into on or after January 1, 2011 with earlier adoption permitted. The Company will monitor and assess the impact of the new Section on its financial statements and whether or not it will elect to adopt the standards in advance of the transition to IFRS.

c) Consolidated financial statements

In January 2009, the AcSB issued CICA Handbook Section 1601, "Consolidations" and 1602, "Non-controlling Interests". Section 1601 carries forward the requirements of Section 1600, "Consolidated Financial Statements", other than those relating to non-controlling interests which would be covered in Section 1602. These standards are effective for annual and interim periods beginning on or after January 1, 2011 with earlier adoption permitted. The Company will monitor and assess the impact of the new Sections on its financial statements and whether or not it will elect to adopt the standards in advance of the transition to IFRS.

d) Financial instruments

In May 2009, the AcSB amended CICA Handbook Section 3862, "Financial Instruments – Disclosures" to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. These amendments are effective for the Company on December 31, 2009.

3. Property and equipment:

	Jun 30, 2009	Sep 30, 2008
Petroleum and natural gas properties including exploration and development thereon	\$ 41,865,526	\$ 39,948,844
Other assets	323,512	299,032
	\$ 42,189,038	\$ 40,247,876
Accumulated depletion and depreciation	(21,531,882)	(11,880,058)
	\$ 20,657,156	\$ 28,367,818

Costs of unproved properties in the amount of \$2,748,126 at June 30, 2009 and \$3,591,441 at September 30, 2008 were excluded from depletable costs. Costs of acquiring seismic resources in the amount of \$nil at June 30, 2009 and \$742,419 at September 30, 2008 were also excluded from depletable costs. Future development costs of \$5,617,000 were included in the depletion calculations at June 30, 2009 and September 30, 2008. The Company did not capitalize any general and administrative expenditures during the three and nine months ended June 30, 2009 (2008 – \$nil).

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3. Property and equipment continued:

As at March 31, 2009, the Company performed stage one of the ceiling test calculation which indicated its undiscounted future net revenues from proved reserves, plus carrying values for undeveloped land less impairment allowances, were less than the carrying value of its oil and gas assets. Consequently, the Company performed stage two of the ceiling test calculation which indicated its future net revenues from proved and probable reserves discounted at 5%, plus carrying values for undeveloped land less impairment allowances, were less than the carrying value of its oil and gas assets. As a result of the ceiling test calculations, the Company recorded an impairment provision of \$7,000,000 at March 31, 2009, which is included in the depletion and depreciation expense.

The following table outlines the benchmark reference prices used in the ceiling test calculations:

	Edmonton Light Crude \$Cdn/BBL	Hardisty Bow River Crude \$Cdn/BBL	AECO Natural Gas \$Cdn/MMBTU
2009 (Apr - Dec)	66.79	54.69	4.94
2010	73.61	56.68	6.93
2011	81.29	61.78	7.71
2012	85.99	65.35	7.97
2013	90.92	69.10	8.16
2014	97.84	74.36	8.47
2015	99.82	75.86	8.75
2016	101.83	77.39	8.94
2017	103.89	78.96	9.13
2018	105.99	80.55	9.33
2019+	2% per year thereafter	2% per year thereafter	2% per year thereafter

4. Bank debt:

At June 30, 2009 the Company had no bank debt. The Company has available a revolving operating demand facility of \$2,250,000 which bears interest at the bank prime rate plus 1¼%. The above facility is secured by a general assignment of book debts and a \$15,000,000 debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges on the Company's major producing petroleum properties. The credit facility is subject to a covenant that requires the Company to maintain a working capital ratio, as defined by the bank, of no less than 1:1. The Company was in compliance with this requirement at June 30, 2009, as this ratio was 5.6:1. The next scheduled review is to take place on or before October 1, 2009.

As the Company's lending facility bears interest at a floating rate, the Company is exposed to interest rate risk on any outstanding balance.

5. Equity instruments:

a) Authorized

Unlimited number of common shares.

Unlimited number of non-voting preferred shares, issuable in series. The Board of Directors may fix from time to time the number of shares that comprise a series and the rights, privileges, restrictions and conditions for the series. Preferred shares of any series may be convertible into or exchangeable for common shares.

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5. Equity instruments continued:

b) Common shares

On March 31, 2009, the Company completed a private placement financing of 277,500,000 units at \$0.05 per unit for gross proceeds of \$13,875,000 (net \$12,658,483). Under the terms of the financing, each unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to acquire an additional common share at a price of \$0.075 to be adjusted upwards on an equivalent basis for the consolidation of the common shares on the basis of up to 15 common shares for one common share pursuant to customary adjustment provision (and if such consolidation of common shares does not occur prior to the first anniversary of issuance, each warrant will have an exercise price of \$0.10, subject to customary adjustment provisions). The term of the warrant is 36 months, provided however, that if at any time from four months after closing, the daily volume-weighted average trading price of the common shares on the TSX-V exceeds \$0.12 for 25 consecutive trading days and the Company gives written notice to the warrant holders within ten trading days of the end of such period, the expiry date will be reduced to 30 days from the giving of notice.

	Shares	Stated Value
Balance - September 30, 2008	150,050,209	\$ 90,677,305
Private placement issued for cash	277,500,000	9,102,000
Share issue costs	-	(1,216,517)
Balance - June 30, 2009	427,550,209	\$ 98,562,788

c) Warrants

	Number of Warrants	Number of Underlying Shares	Stated Value
Balance - September 30, 2008	41,360,689	41,360,689	\$ 2,964,345
Issued	277,500,000	277,500,000	4,773,000
Expired	(8,360,689)	(8,360,689)	-
Cancelled	(8,849,000)	(8,849,000)	(745,052)
Balance - June 30, 2009	301,651,000	301,651,000	\$ 6,992,293
Total Common Shares and Warrants ("Equity Instruments") outstanding June 30, 2009			\$ 105,555,081

The fair value of warrants issued on March 31, 2009 was calculated using the following assumptions:

- Risk-free interest rate	1.1%
- Expected volatility	103%
- Expected life	2 years
- Expected dividend yield	0%
- Fair value per warrant	\$0.0172

The following table summarizes warrants by the expiry date:

Date of Issue	Number of warrants	Exercise Price	Date of Expiry
Jul 17, 2007	1,850,000	\$ 0.35	Jul 16, 2009
Jul 10, 2008	22,301,000	\$ 0.26	Jul 10, 2010
Mar 31, 2009	277,500,000	\$ 0.075	Mar 31, 2012
	301,651,000		

On July 16, 2009, the 1,850,000 warrants expired without exercise.

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5. Equity instruments continued:

d) Stock options

The following tables summarize the status of the Company's stock option plan and the activity during the nine month period ended June 30, 2009:

	Number of Options	Weighted Average Exercise Price
Balance - September 30, 2008	13,375,000	\$ 0.28
Forfeited	(8,276,670)	\$ 0.29
Balance - June 30, 2009	5,098,330	\$ 0.26
Exercisable - June 30, 2009	2,531,660	\$ 0.32

Date of Grant	Number Outstanding at June 30, 2009	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Date of Expiry	Number Exercisable at June 30, 2009
Jan 1, 2006	350,000	\$ 0.95	1.51	Jan 1, 2011	350,000
Feb 12, 2007	500,000	0.30	2.62	Feb 12, 2012	500,000
Jul 16, 2008	4,248,330	0.20	4.05	Jul 16, 2013	1,681,660
	5,098,330	\$ 0.26	3.73		2,531,660

Compensation costs of \$10,558 for the three months ended June 30, 2009 (2008 - \$nil) and \$58,194 for the nine months ended June 30, 2009 (2008 - \$27,522) have been expensed and have resulted in corresponding increases in contributed surplus in the respective periods.

e) Contributed surplus

The following table presents changes in contributed surplus:

	Amount
Balance - September 30, 2008	\$ 2,298,280
Stock-based compensation expense	58,194
Cancellation of warrants	745,052
Balance - June 30, 2009	\$ 3,101,526

f) Per share amounts

Basic loss per share is calculated using the weighted average number of common shares of 427,550,209 for the three months ended June 30, 2009 (2008 - 48,137,590) and 243,566,693 for the nine months ended June 30, 2009 (2008 - 48,137,590). All outstanding options and warrants were excluded from the dilution calculation as they were anti-dilutive for all periods.

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6. Asset retirement obligation:

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties:

	June 30, 2009	September 30, 2008
Asset retirement obligation, beginning of period	\$ 950,799	\$ 397,558
Change in estimates	-	(31,191)
Liabilities incurred	12,638	7,761
Liabilities acquired	-	629,191
Liabilities disposed	-	(84,719)
Liabilities settled	(32,504)	(5,161)
Accretion expense	51,561	37,360
Asset retirement obligation, end of period	\$ 982,494	\$ 950,799

The inflated, undiscounted amount of the future cash flows required to settle the obligation is estimated to be \$2,604,404. The obligation was calculated using a credit adjusted risk free discount rate of 9% and an inflation rate of 2%. It is expected that this obligation will be funded from general Company resources at the time the costs are incurred with the majority of costs expected to occur between 2010 and 2021.

7. General and administrative expenditures:

The following is a summary of costs included in general and administrative expenditures:

	Three month period ended		Nine month period ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Recurring expenditures	\$ 658,149	\$ 210,052	\$ 1,880,872	\$ 727,067
Bad debts	(70)	29,953	237,595	29,953
Reorganization costs	-	-	636,892	-
Merger and acquisition activity	61,665	-	61,665	-
Recoveries	(12,807)	(12,762)	(62,046)	(37,632)
	\$ 706,937	\$ 227,243	\$ 2,754,978	\$ 719,388

8. Income taxes:

The following is a summary of the estimated tax pools of the Company as at June 30, 2009:

Classification	Amount
Non-capital losses	\$ 31,023,000
Scientific research and development	18,900,000
Canadian development expenditures	14,208,000
Canadian oil and gas property expenditures	13,525,000
Capital cost allowance	13,322,000
Canadian exploration expenditures	13,105,000
Shares issue and other costs	2,796,000
	\$ 106,879,000

Of the \$31,023,000 in non-capital losses, \$9,767,000 expire September 30, 2009, \$5,721,000 expire September 30, 2010, and the remainder expire between 2014 and 2029.

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9. Supplemental cash flow information:

	Three month period ended		Nine month period ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Changes in non-cash working capital related to:				
Accounts receivable	\$ 312,399	\$ 466,477	\$ 837,940	\$ (315,632)
Deposits and prepaid expenses	36,134	(98,444)	159,825	(162,956)
Accounts payable and accrued liabilities	(634,834)	(940,688)	(1,603,651)	(921,947)
	\$ (286,301)	\$ (572,655)	\$ (605,886)	\$ (1,400,535)
Changes in non-cash working capital related to:				
Operating activities	\$ 1,019,907	\$ (338,299)	\$ 171,461	\$ (91,044)
Investing activities	(843,023)	(234,356)	(777,347)	(1,309,491)
Financing activities	(463,185)	-	-	-
	\$ (286,301)	\$ (572,655)	\$ (605,886)	\$ (1,400,535)
Cash and cash equivalents consist of:				
Cash on deposit:	\$ 5,360,853	\$ -	\$ 5,360,853	\$ -
Interest paid	\$ 1,435	\$ 73,506	\$ 83,493	\$ 169,761
Income taxes paid	\$ 2,478	\$ -	\$ 16,633	\$ -

10. Financial instruments:

Credit Risk

Substantially all of the Company's accounts receivable are with customers and joint interest partners in the oil and gas industry and are subject to normal industry credit risks. The Company markets its oil and natural gas to predominantly one marketer. Historically, the Company has not experienced any collection issues with this marketer. Receivables from joint venture partners are typically collected within one to three months of the joint venture billing being issued, however collection is dependent on industry factors such as commodity price fluctuations, escalating costs, the risk of unsuccessful drilling, and disputes amongst partners. The Company attempts to mitigate credit risk from joint venture partners by obtaining partner approval of significant capital costs prior to expenditure. While the Company does not typically obtain collateral from joint venture partners, it may cash call a partner in advance of the work being done. In addition, the Company has the ability to withhold production from partners in the event of non-payment. Should any of the Company's customers or partners be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to losses arising from accounts receivable and cash and cash equivalents is equal to their total carrying amounts on the balance sheet. During the nine months ended June 30, 2009, the Company recorded an allowance for doubtful accounts in the amount of \$237,595 and recorded the corresponding amount as a bad debt expense.

As at June 30, 2009, the Company's accounts receivables were comprised of the following:

Sales revenue receivables	\$ 248,369
Joint interest receivables	964,268
Cash call receivables	3,421
Accrued and other receivables	224,602
Total accounts receivables	\$ 1,460,660

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10. Financial instruments continued:

As at June 30, 2009, the Company estimates its accounts receivables to be aged as follows:

Total accounts receivable	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
\$ 1,460,660	\$ 202,163	\$ 370,101	\$ 102,033	\$ 786,363

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to ensure that it has sufficient resources available to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn. At June 30, 2009, the Company's accounts payable and accrued liabilities were \$1,685,157 all of which are due for payment within normal terms of trade, which are generally between 30 and 60 days. The Company also has a credit facility available to manage its liquidity and settlement of liabilities.

The Company's financial liabilities are summarized below:

	Total	0 to 30 days	31 to 60 days	61 to 90 days	Greater than 90 days
Total accounts payable and accrued liabilities	\$ 1,685,157	\$ 805,006	\$ 104,111	\$ 125,006	\$ 651,034

Foreign currency exchange risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no forward exchange rate contracts in place, nor any significant working capital items denominated in foreign currencies, as at or during the three and nine months ended June 30, 2009.

Commodity price risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are not only impacted by the relationship between the Canadian and United States dollar as outlined above, but also by world economic events that dictate the levels of supply and demand. The Company had no commodity contracts locking in petroleum or natural gas prices as at or during the three and nine months ended June 30, 2009.

Interest rate risk

This is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its bank debt which bears a floating rate of interest. From time to time, the Company may attempt to mitigate this risk by utilizing short-term bankers' acceptances to lock in a portion of its bank debt at fixed rates. No interest rate swaps or financial contracts were in place as at or during the three and nine months ended June 30, 2009.

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10. Financial instruments continued:

Fair value of financial instruments

The Company's financial instruments as at June 30, 2009 consist of cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying value due to their short-term nature.

11. Related party transaction:

Pursuant to the March 31, 2009 private placement financing (note 5(b)), the Company paid a fee of 1% of the gross proceeds of the financing, or \$138,750, to Nova Bancorp Securities Ltd., a company related at that time to two directors of Novus, for the provision of certain advisory services in connection with the private placement. The transaction was in the normal course of business and has been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. Capital disclosures:

The Company considers its capital structure to include share capital, working capital, and bank indebtedness. The Company manages its capital structure in order to meet its financial obligations, and to support the exploration and development of its existing properties. The Company's Officers are responsible for managing the Company's capital and do so through quarterly meetings and regular review of financial information including budgets and forecasts. The Company's Directors are responsible for overseeing this process. Methods used by the Company to manage its capital include the issuance of new share capital and warrants which have historically been accomplished through private placements. There were no changes in the Company's approach to capital management during the quarter.

The Company's share capital is not subject to any external restrictions, however its credit facility is subject to periodic reviews. The Company's credit facility is also subject to a covenant that requires the Company to maintain a working capital ratio, as defined by the bank, of no less than 1:1. The Company was in compliance with this requirement at June 30, 2009, as the ratio was 5.6:1.

13. Commitments and contingencies:

At June 30, 2009, the Company had commitments for lease payments for office space expiring in December, 2009 totaling \$141,000.

At June 30, 2009, the Company had commitments for rental compressors totaling \$61,806 in 2009. These rental agreements are subject to 30 days cancellation notices.

Canada Revenue Agency ("CRA") has conducted an audit of transfer pricing on international transactions between SiberCore Technologies Incorporated and its United States subsidiary, SiberCore America Inc. for the years 2000, 2001 and 2002. SiberCore Technologies Incorporated was the predecessor company of Azeri Capital Inc. and ultimately Novus Energy Inc. The Company has received a proposed settlement letter from CRA that would result in a reduction of tax pools in the amount of \$1,501,453. CRA has also proposed to charge a cash penalty of approximately \$150,000. The Company has responded to the proposed settlement letter and provided further information supporting management's view that CRA's position has no merit and intends to object to any notice of assessment that may be received. The outcome of this audit is uncertain at this time and as such, no provisions have been made in these financial statements.

Novus Energy Inc.
(formerly Regal Energy Ltd.)
Notes to the Interim Financial Statements
As at and for the three and nine months ended June 30, 2009
(unaudited)

14. Subsequent event:

On August 5, 2009, the Company changed its name from Regal Energy Ltd. to Novus Energy Inc. and consolidated its common shares on the basis of one common share for every 10 common shares outstanding.

15. Comparative interim financial statements:

Certain figures in the comparative interim financial statements have been reclassified to be consistent with the presentation in the current period.