MOUNT DAKOTA ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED APRIL 30, 2012

June 28, 2012-The following Management Discussion and Analysis of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") should be read in conjunction with the Company's with the Company's unaudited interim financial statements for the three months ended April 30, 2012 and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on TSX Venture Exchange under the symbol "MMO.V".

Mount Dakota is a Company engaged in the acquisition and drilling of oil & gas producing properties. The Company's success relies on its ability to grow the reserves and production by drilling exploration wells. The reader of this management discussion should be aware that the oil & gas exploration business is highly volatile, with the underlying commodity prices of oil & gas determined by forces outside of the control of the Company. Additionally, oil & gas wells themselves are very dynamic entities, which can suddenly, without prior notice, freeze-up, breakdown, and encounter water problems amongst other things. Therefore, the management of the Company wishes to inform shareholders of the Company, and potential shareholders, that shares in the Company should be rated as "highly speculative", and are not suitable for risk adverse individuals or portfolios. Please consult with your registered financial advisor as to the appropriateness of having or holding shares in a "highly speculative" security.

On February 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). Prior to the transition, the Company prepared its interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The unaudited consolidated financial statements for the three months ended April 30, 2012, which are discussed in this MD&A, have been prepared in accordance with IFRS accounting policies which the Company has adopted in its three months ended April 30, 2012.

The significant accounting policies used by Mount Dakota are disclosed in Note 2 to the unaudited interim financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. All dollar amounts included herein are in Canadian dollars except where noted.

Barrels of Oil Equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand two hundred and ninety cubic feet per barrel (6.29 mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

OPERATIONS

Mount Dakota produced an average of 2 barrels of oil per day during the three months ended April 30, 2012 compared to 28 barrels of oil equivalent the previous three months ended April 30, 2011. The sale of the Garrington well in November 2011 and prolonged shut down of the Company's only producing well were responsible for the significant decline in production. Rainy weather conditions prevented the Company from delivering oil due to poor road conditions, forcing the Company to shut down its well for a significant portion of the quarter. The completion of the Company's new well "Alsike 2" was delayed significantly because of technical difficulties related to the down hole pump. The Company will complete the Alsike 2 when the weather conditions improve.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the three months ended April 30, 2012 was $66,569 compared to $62,218 during the previous period ending in 2011. $48,048 USD received from Chesapeake Exploration, LLC for the lease of the Company's North Dakota property offset the significantly lower revenues from operations. The sale of the Garrington well and weather related delivery problems were accounted for significantly lower revenues from operations. There is generally a sixty day delay from the time of production to the recovery of revenues from the Company's operator. The year end receivable is, therefore, recovered in the following fiscal period. There is also a sixty day delay in discharging payables to the operator which results in the year-end payable being discharged in the following fiscal period.

Operating Income	For three months ended April 30, 2012 ($)	For three months ended April 30, 2011 ($)
Revenues	66,569	62,218
Royalties	1,357	6,452
Production Costs	9,348	25,949
Gross Operating Profit	55,865	29,817

General and Administrative

General and administrative expenditures for the three months ended April 30, 2012 were $37,616 as compared to $109,086 for 2011. General and administrative expenditures decreased significantly because management and consulting fees charged by companies owned and controlled by two directors of the Company were voluntarily suspended until the Company's financial situation improves. As of January 31, 2012 $1,268,739 in consulting fees, management fees, and office rent owed to companies controlled by two directors of the Company remains unpaid and has been accrued as due to related parties. The outstanding amounts are non-interest bearing, unsecured and due on demand.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Loan and Interest Costs

On April 30, 2009, the Company received a loan from an arms-length party for $25,000 having an interest rate of 6% per year. During the year ended January 31, 2011, the Company paid $1,475 in interest and repaid $12,500, half of the outstanding principal. On May 1, 2011, the Company negotiated an extension of the agreement. Under the new terms, the Company is to pay a onetime extension payment of $1,000 and continuous monthly interest payments of $200 for as long as the loan principal is outstanding. During the three months ended April 30, 2012, the Company paid $4,000 in principal and $400 in interest.

Cash Flow From Operations and Net Income

For the three months ended April 30, 2012, the Company reported a gain from operations of $18,394, compared to a loss from operations of $79,269 for the comparative period in 2011. The indefinite suspension of management and consulting fees were responsible for the significant changes

Operating Income	For three months ended April 30, 2012 ($)	For three months ended April 30, 2011 ($)
Net Income (loss)	18,394	(79,269)
Basic/diluted Income (loss) per share	0.00	(0.01)
Total Assets	488,522	448,915
Total Liability	1,471,133	1,330,472

Depletion

There were depletion and depreciation charges of $10,222 for the three months ended April 30, 2012 compared to $13,835 for the comparative 2011 year.

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS April 30, 2012	IFRS January 31, 2012	IFRS October 31,	IFRS July 31, 2011
Revenue	66,569	27,036	70,044	60,658
Oil & Gas Expenditures	10,704	42,265	65,093	26,020
General & Admin.	37,616	66,851	144,976	139,578
Other Income	-	124,046	–	–
Total Income (Loss)	18,394	41,968	(140,025)	(104,941)
Gain/(Loss) Per Share basic & diluted	0.00	0.00	(0.01)	(0.01)

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Summary Information of the Eight Most Recently Completed Quarters (continued)

Three-Month Period Ended	IFRS April 30, 2011	IFRS January 31, 2011	IFRS October 31, 2010	IFRS July 31, 201010
Revenue	62,218	84,279	84,606	77,545
Oil & Gas Expenditures	32,401	56,306	49,018	57,463
General & Admin.	109,086	116,797*	120,510**	143,879*
Other Income	–	–	–	–
Total Income (Loss)	(79,269)	(88,824)*	(84,922)*	(123,797)
Gain/(Loss) Per Share basic & diluted	(0.01)	(0.01)	(0.01)	(0.01)

*Adjustments were made to depletion and depreciation charges due to conversion to IFRS and have resulted in changes from previous reports.

LIQUIDITY AND CAPITAL RESOURCES

The Company depends on loans by companies controlled by directors as well as credit from vendors to maintain operations. The directors of the Company will continue the loans until Mount Dakota is self sufficient and the Company has good relationships with its vendors. At April 30, 2012 the Company had a working capital deficiency of $1,228,679. The Company currently has no bank loans outstanding. The net debt outstanding is $1,471,133. Management is confident that minimal success in the field will enable the Company to repay all loans and payables as well as operate profitably.

RESERVES

(Proved Plus Probable Constant Price Discounted at 10%)

	January 31, 2012	January 31, 2011	Change
Net Reserves (BOE)	17,400	47,400	-63%
Net Present Value ($) Before Taxes	574,000	943,000	-39%

The sale of the Garrington well is responsible for the decline in reserves and net present value. Production for the Company's wells have been projected to year 2031 in 2012 compared to 2030 in 2011 by the engineering firm that conducted the reserve report. Management believes the reserve life of the Company's wells are long lived based on the consistent daily production. Additional information can be found in the Company's NI 51-101 disclosure on SEDAR at www.sedar.com.

OUTSTANDING SHARES

As of April 30, 2012, Mount Dakota had the following securities outstanding: 8,460,087 common shares and 846,000 stock options.

RELATED PARTY TRANSACTIONS

During the year ended January 31, 2012, the Company entered into the following related party transactions:

(a) Rent totaling $10,500 (2011 - $10,500) was accrued to a company controlled by a director of the Company;

(b) Accounting expense totaling $3,900 (2011 - $3,090) was provided by a company controlled by a director of the Company;

As at January 31, 2012, included in loans from companies controlled by directors was $1,268,739 for the above services.

These transactions were in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

SUBSEQUENT EVENTS

The Company signed an oil and gas lease agreement ("Agreement") with Chesapeake Exploration, LLC ("Chesapeake") granting Chesapeake the mineral rights to the Company's 80 mineral acres in Billings County, North Dakota, USA. The Company received $48,048 USD and a royalty of 3% of all future production in return for the three year lease. Chesapeake has the right to renew the Agreement for another two years after three years expire. The effective date of the Agreement is January 21, 2012 and payment was received June 11, 2012.

BUSINESS PROSPECTS AND OUTLOOK

One of the keys to the successful future growth of a junior oil & gas company is to acquire leases to drill, or to induce others to drill and receive a carried interest. Gas prices have remained weak throughout the year which has impacted the Company negatively. The delay in the completion of the Alsike 2 well was significantly longer than expected. The Company has addressed the technical issues and is in the process of testing the Alsike 2 over the next four weeks. Management is optimistic that the Alsike 2 will be a successful well.

BUSINESS RISKS

The oil and gas industry is subject to risks in (among others):

- Finding and developing reserves.
- Commodity prices received for such reserves.
- Availability of equipment, manpower and supplies.
- Availability and cost of capital to achieve projected growth.
- Effect of weather on drilling and production.
- Operating in an environmentally appropriate fashion.

Mount Dakota mitigates these business risks by:

- Maintaining cost-effective operations.
- Operating our own properties to control the amount and timing of capital expenditures.
- Minimizing costs by re-entering existing wells to explore missed pay zones
- Restricting operations to western, central and southern Alberta where locations are accessible, operating and capital costs are reasonable and on-stream times are shorter.
- Drilling wells in areas with multiple high deliverability zone potential.

DISCLOSURE CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurances that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), and that management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in National Instrument 52-109 of the Canadian Securities Administrators and has concluded that such disclosure controls and procedures are effective. However, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors or fraud. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO of Mount Dakota are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company assessed the design of its internal control over financial reporting as of April 30, 2012. During this process, management identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the nature of the joint venture agreements, the Company is completely reliant on joint venture partners for revenue and cost statements for some of the Company's wells; the Company's limited size does not make it economically feasible to establish a staff to audit the statements of the Company's partners

- Due to the limited number of staff, the Company does not have the sufficient number of financial personnel with the technical accounting knowledge to address all the complex and non-routine accounting transactions that may arise

These weaknesses in internal controls over financial reporting result in a possibility that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting, however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has updated the descriptions of its accounting policies for the changeover to IFRS, as applicable, in the notes of the consolidated financial statements with transitional differences identified as described in note 15 as at February 1, 2010 and January 31, 2011.

READER ADVISORY

Statements in this document may contain forward-looking information. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward looking information.