MOUNT DAKOTA ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED APRIL 30, 2011

July 29, 2011-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 unaudited interim financial statements for the three months ended April 30, 2011 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.

The significant accounting policies used by Mount Dakota are disclosed in Note s 3 and 4 to the 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 20 boe per day during the three months ended April 30, 2011 consisting of sales in oil and natural gas liquids ("NGL") and compared to 25 boe in the comparative period ended in April 30, 2010. On a volume basis, natural gas accounted for 75 percent of total sales for the three months ended April 30, 2011 and oil and liquids accounted for the balance. The decline of production on the Alsike1 well and well maintenance shut down were responsible for the lower production. Testing for the Alsike 2 has been delayed because of heavy rainfall preventing access to the well site. The rainfall has also interrupted the delivery of production for Alsike 1.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the three months ended April 30, 2011 was $62,218 compared to $98,905 during the previous period ending in 2010. The decline in production was responsible for the lower revenues. 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, 2011 ($)	For three months ended April 30, 2010 ($)
Revenues	62,218	98,905
Royalties	6,452	7,558
Production Costs	25,949	49,495
Gross Operating Profit	29,817	41,852

General and Administrative

General and Administrative expenditures for the three months ended April 30, 2011 were $109,086 as compared to $141,171 for 2010. As of April 30, 2011 $1,080,717 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 loans from companies controlled by the two directors. The outstanding amounts are non-interest bearing, unsecured and due on demand.

Bank Loan and Interest Costs

On March 15, 2007, the Company obtained an operating line of credit facility of $100,000 from a Canadian financial institution, bearing interest at a variable rate equal to the institution's prime rate, which was 6% at March 15, 2007 plus 5%. On October 26, 2007, the operating line of credit facility limit was temporarily raised to $150,000. On May 1, 2008, the credit facility was reduced back to $100,000. On October 1, 2008 the credit facility was increased to $150,000. On February 2010, the credit facility was reduced to $80,000. On May 27, 2010 the line of credit facility was cancelled. 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 period ending April 30, 2011 the Company paid $600 in interest and half of the outstanding principle.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Cash Flow From Operations & Net Income

For the three months ended April 30, 2011, the Company reported a loss from operations of $89,434, compared to a loss from operation of $94,539 for the comparative period in 2010.

Operating Income	For three months ended April 30, 2011 ($)	For three months ended April 30, 2010 ($)
Net Income (loss)	79,269	99,319
Basic/diluted Income (loss) per share	(0.01)	(0.01)
Total Assets	448,915	527,054
Total Liability	1,330,472	1,044,354

Depletion

There was a depletion and depreciation charge of $13,835 for the three months ended April 30, 2011 compared to $20,080 for the comparative 2010 year.

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS April 30, 2011	GAAP January 31, 2011	GAAP October 31, 2010	GAAP July 31, 2010
Revenue	62,218	84,279	84,606	77,545
Oil & Gas Expenditures	32,401	56,306	49,018	57,463
General & Admin.	109,086	134,513*	110,470*	134,617*
Total Income (Loss)	(72,269)	(106,539)*	(74,882)*	(114,535)*
Gain/(Loss) Per Share basic & diluted	(0.01)	(0.01)	(0.01)	(0.01)

Continued:

Three-Month Period Ended	IFRS April 30, 2010	GAAP January 31, 2010	GAAP October 31, 2009	GAAP July 31, 2009
Revenue	98,905	101,042	82,536	76,089
Oil & Gas Expenditures	57,053	95,373	58,111	38,281
General & Admin.	131,291*	121,585*	125,272*	163,725*
Total Income (Loss)	(89,433)*	615,549*	(95,949)*	(375,523)*
Gain/(Loss) Per Share basic & diluted	(0.01)	0.07*	(0.01)	(0.04)

*Adjustments were made to depletion charges in these previous years that have resulted in the 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, 2011 the Company had a working capital deficiency of $1,282,496. The Company currently has no bank loans outstanding. The net debt outstanding is $1,319,816. 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, 2011	January 31, 2010	Change
Net Reserves (BOE)	47,400	57,800	-18%
Net Present Value ($) Before Taxes	943,000	1,286,000	-27%

Production for the Company's wells have been projected to year 2030 in 2011 compared to 2029 in 2010 by the engineering firm that conducted the reserve report. Management believes the reserve lives of the Company's wells are long based on the consistent daily production. The natural decline of the current wells account for the decrease of reserves. Additional information can be found in the Company's NI 51-101 disclosure on SEDAR at www.sedar.com.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

OUTSTANDING SHARES

As of April 30, 2011, Mount Dakota had the following securities outstanding: 8,460,087 common shares and 1,076,000 stock options.

RELATED PARTY TRANSACTIONS

During the three months ended April 30 2011, the Company entered into the following related party transactions:

(a) Management and Consulting fees of $72,000 (2010 - $72,000) were accrued to a company controlled by a director of the Company;

(b) Rent totaling $10,500 (2010 - $10,500) was accrued to a company controlled by a director of the Company;

(c) Accounting expense totaling $3,090 (2010-$3,090) was provided by a company controlled by a director of the Company

As at April 30, 2011, included in loans from companies controlled by directors was $1,080,717 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.

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. Management is optimistic that potential new discoveries will turn the Company's financial circumstances to a positive direction.

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.

ACCOUNTING POLICY CHANGES

Effective January 1, 2011, Canadian public companies are required to adopt International Financial Reporting Standards ("IFRS"). In the time leading up to the conversion date, some existing Canadian standards will change to converge with IFRS. The Company's financial statements up to and including the January 31, 2011 financial statements continued to be reported in accordance with Canadian GAAP as it exists on each reporting date. Financial statements for the quarter ended April 30, 2011, including comparative amounts, is prepared on an IFRS basis. A transition plan is in place to convert the financial statements to IFRS. The Corporation continues to assess the effect of the transition on information systems, internal controls over financial reporting and disclosure controls and procedures. Systems and controls are being updated as IFRS accounting processes are implemented. Analysis and quantification of differences between IFRS and the Corporation's current accounting policies is continuing. Some accounting policies may change on adoption of IFRS even though the Corporation's current accounting policies are acceptable under IFRS. Changes in accounting policy may materially impact the financial statements. There are several significant accounting policy changes anticipated on adoption of IFRS. Changes in IFRS prior to adoption may result in other accounting policy changes which could significantly impact the financial statements. Numerous accounting policy changes will be made under IFRS, with the most significant changes expected to include accounting for petroleum and natural gas ("P&NG"), assets and equipment accounting for business combinations and accounting for future taxes.

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.