MOUNT DAKOTA ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JANUARY 31, 2017

The following Management Discussion and Analysis ("MD&A") of financial results of Mount Dakota Energy Corp. ("Mount Dakota" or "the Company") is prepared as of May 26, 2017 and should be read in conjunction with the Company's audited annual financial statements for the year ended January 31, 2017 and the accompanying notes thereto. Additional information relating to the Company is available on SEDAR at www.sedar.com. Mount Dakota is listed on the 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 and analysis 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 audited consolidated financial statements as at and for the year ended January 31, 2017, which are discussed in this MD&A, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the audited annual consolidated 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 did not have any significant production to report during the year ended January 31, 2017. The Company decided that mechanical failures and the low price of crude oil did not justify continued investment in the operations of Alsike I.

FINANCIAL RESULTS

Gross petroleum and natural gas revenue during the year ended January 31, 2017 was $1,944 compared to $53,101 during the previous year ending in 2016. Several mechanical failures disrupted production and is responsible for the lower production compared to the previous year. Significantly lower oil prices were also 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 year.

Operating Income	For year ended January 31, 2017 ($)	For year ended January 31, 2016 ($)
Revenues	1,944	53,101
Royalties (Refund)	-	-
Production Costs	5,649	85,306
Gross Operating Profit (Loss)	(3,705)	(32,205)

General and Administrative

General and administrative expenditures for the year ended January 31, 2017 were $258,202 as compared to $281,336 for 2016. Lower legal fees and lower office expenses were responsible for the lower general and administrative charges for the year ending 2017 compared to 2016. As of January 31, 2017, $1,376,239 (2016-$1,255,519) has been accrued to parties related to a director of the Company. The outstanding amounts are non-interest bearing, unsecured and due on demand.

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

Cash Flow from Operations and Net Income

For the year ended January 31, 2017, the Company reported a loss from operations of $374,119 compared to a loss from operations of $458,421 for the comparative period in 2016. Higher general and administrative expenses and a write down of the exploration and evaluation of assets was responsible for the higher loss compared to the previous year.

	Year ended January 31, 2017	2016
Loss for the year	($374,119)	($458,421)
Loss per share	($0.10)	($0.13)

Depletion

There were depletion and depreciation charges of $1,614 for the year ended January 31, 2017 compared to $20,961 for the comparative 2016 year.

Annual Financial Information

Year Ended	IFRS January 31, 2017	IFRS January 31, 2016	IFRS January 31, 2015
Financial Results			
Revenue	$ 1,944	$ 53,101	$ 88,292
Oil & Gas Expenditures	5,649	85,306	79,189
General & Administrative	258,202	281,336	171,975
Loss for the Year	(374,119)	(458,421)	(222,125)
Loss Per Common Share (Basic & Diluted)	(0.10)	(0.13)	(0.09)
Financial Position			
Working Capital (Deficiency)	(1,765,311)	(1,626,493)	(1,334,257)
Petroleum and Natural Gas Properties	1	117,500	159,764
Exploration and Evaluation Assets	-	-	46,371
Total Assets	115,526	193,215	409,906
Share Capital	5,921,154	5,630,103	5,630,103
Deficit	(8,001,136)	(7,627,017)	(7,168,596)

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS January 31, 2017	IFRS October 31, 2016	IFRS July 31, 2016	IFRS April 30, 2016
Revenue	Nil	Nil	Nil	1,944
Oil & Gas Expenditures	751	194	2,062	2,642
General & Administrative	50,141	56,712	86,575	64,774
Other Income	136	137	130	109
Total (Loss)	(163,479)	(56,769)	(88,508)	(65,363)
Loss Per Common Share - Basic & Diluted	(0.04)	(0.02)	(0.02)	(0.02)

Three-Month Period Ended	IFRS January 31, 2016	IFRS October 31, 2015	IFRS July 30, 2015	IFRS April 30, 2015
Revenue	2,937	11,465	23,147	15,552
Oil & Gas Expenditures	18,629	15,313	34,988	16,376
General & Administrative	68,618	49,954	96,816	65,948
Other Income	112	111	129	141
Total (Loss)	(84,198)	(53,690)	(108,528)	(66,630)
Loss Per Common Share - Basic & Diluted	(0.02)	(0.00)	(0.01)	0.00

MANAGEMENT DISCUSSION AND ANALYSIS (continued):

THREE MONTH PERIOD ENDING JANUARY 31, 2017

The Company had no revenue to report during the three months ending January 31, 2017, as a result of equipment failure on the Alsike I well. There was a write down of $121,994 for the Alsike assets during the quarter. The Alsike I write down was responsible for the higher loss for the three months ending January 31, 2017. Management has decided to pursue opportunities outside of the oil and gas industry due to a negative outlook for the future of crude prices and increasing costs associated with growing regulations in the oil and gas sector.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended January 31, 2017, the Company reported a net loss of $374,119, negative cash flows from operating activities of $157,119, an accumulated deficit of $8,001,136 and a working capital deficiency of $1,765,311. These factors raise significant doubt about the Company's ability to continue as a going concern. The continuance of the Company's operations is dependent on obtaining and maintaining sufficient debt or equity financing in order to realize the recoverability of the Company's investments in petroleum and natural gas properties, which is dependent upon the existence of economically recoverable reserves and market prices for petroleum and natural gas. The Company currently has no bank loans outstanding. The net debt outstanding is $1,808,407.

RESERVES

(Proved Plus Probable Constant Price Discounted at 10%)

	January 31, 2017	January 31, 2016	Change
Net Reserves (BOE)	-	14,000	-100%
Net Present Value ($) Before Taxes	-	330,000	-100%

There was no reserve value given to the Company's assets because production had been suspended over six months. The reserve engineer will only allocate reserve values for assets that have been producing six months or longer.

OUTSTANDING SHARES

PRIVATE PLACEMENT

On January 3, 2017, the Company closed a private placement offering of 3,747,500 common shares at a price of $0.08 per share for gross proceeds of $299,800.

Proceeds of the offering were used for general operating expenditures relating to the Company's oil and gas properties and for repaying certain debts.

As of the date of this MD&A, 7,362,562 common shares are outstanding and no Class A or B preference shares have been issued.

RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key management personnel. The compensation costs for key management personnel and companies related to them were recorded as follows:

(a) Accounting expense totalling $10,800 (2016 - $10,800) provided by a company controlled by Peter Kohl, a director of the Company, has been paid or accrued during the year. As at January 31, 2017, $Nil (2016-$3,780) has been included in due to related parties.

(b) Rent totalling $36,000 (2016 - $36,000) for office premises provided by a company controlled by John Kim, a director of the Company, has been charged to operations. $19,500 (2016-$18,000) is owing as at January 31, 2017 and has been included in due to related parties.

(c) On March 31, 2014, the Company signed a loan agreement with a party related to Steve Loo, a director of the Company, to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which has been repaid during the year ended January 31, 2017. A total amount of $41,548 (2016-$27,500) in interest has been accrued and is included in loans payable.

    During the year ended January 31, 2017, the Company signed loan agreements with a party related to Steve Loo, a director of the Company, to borrow an additional $50,000 (2016-$10,000) at a rate of 15% per annum, of which $50,000 has been repaid during the year. Total accrued interest of $7,393 has been included in loans payables relating to these loans.

    Further, the Company received unsecured, non-interest bearing advances of $5,016 from John Kim, a director of the Company, and $7,800 from a relative of Steve Loo, a director of the Company. $2,486 has been repaid during the year and a total of $10,330 is included in loans payable.

    During the year ended January 31, 2017, the Company charged a total amount of $21,441 (2016 - $15,000) of accrued interest owing to related parties to operations.

    As at January 31, 2017, the outstanding amount of total loan principal is $20,330 (2016 - $110,000) and total interest is $48,941 (2016 - $27,500).

(d) On March 31, 2014, the Company entered into debt assignment agreements with parties related to Steve Loo, a director of the Company, for total amounts owing of $1,116,739 which is included in due to related parties.

(e) Consulting expenses totalling $120,000 (2016 – $120,000) provided by Steve Loo and a company controlled by John Kim, both directors of the Company, have been accrued during the year. As at January 31, 2017, $240,000 (2016 - $117,000) has been included in due to related parties.

BUSINESS PROSPECTS AND OUTLOOK

The dramatic decline in crude oil prices has become an unforeseen challenge for the Company. The Company has decided to seek business opportunities outside of the oil and gas sector.

BUSINESS RISKS

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

- Volatility in crude oil prices
- 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of the recovery of accounts receivable, amortization, depreciation, depletion and impairment of property and equipment and exploration and evaluation assets, petroleum and natural gas reserves, decommissioning provisions, and deferred income tax assets and liabilities. Actual results could differ from these estimates.

Oil and Gas Accounting—Reserves Determination
The process of estimating reserves is complex. It requires significant estimates based on available geological, geophysical, engineering and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Company incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes as described in Note 3(e).

Property and Equipment
The Company evaluates its long- lived assets (petroleum and natural gas properties) for impairment if indicators exist. Cash flow estimates for the impairment assessments require assumptions and estimates about the following primary elements—future prices, future operating and development costs, remaining recoverable reserves and discount rates. In assessing the carrying values of the unproved properties, the Company makes assumptions about its future plans for those properties, the remaining terms of the leases and any other factors that may be indicators of potential impairment.

Decommissioning Provisions
In estimating the future decommissioning provisions, the Company makes assumptions about activities that occur many years into the future including the cost and timing of such activities. The ultimate financial impact is not clearly known as asset removal and remediation techniques and costs are constantly changing, as are legal, regulatory, environmental, political, safety and other such considerations. In arriving at amounts recorded, numerous assumptions and estimates are made on ultimate settlement amounts, inflation factors, discount rates, timing and expected changes in legal, regulatory, environmental, political and safety environments.

Depreciation and depletion
Depletion of petroleum and natural gas properties is provided using the unit-of-production method based on production volumes before royalties in relation to total estimated reserves as determined annually by independent engineers and internal reserve evaluations. Changes in forward price estimates, production levels or results of future drilling may change the economic status of reserves and may result in reserves being revised.

Share-based payments
The fair value of share options granted is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility, expected life of the options, expected dividends and the risk-free interest rate. These estimates will impact the amount of share-based payments recognized. When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

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.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

As of January 31, 2017, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

As at January 31, 2017, the Company's financial instruments consist of cash, deposits, accounts payable and accrued liabilities, due to related parties, and loans payable.

The Company classifies its cash as fair value through profit or loss, its deposits as loans and receivables and its accounts payable and accrued liabilities, due to related parties, and loans payable as other financial liabilities. The fair values of these financial instruments approximate their carrying values because of their current nature.

	January 31, 2017	January 31, 2016
	$	$
Fair value through profit or loss	36,688	5,838
Loans and receivables	72,429	59,017
Other financial liabilities	1,808,407	1,643,191

IFRS 7 *Financial Instruments – Disclosures*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. The financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of January 31, 2017 are as follows:

	Balance at January 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	$	$	$	$
Financial Assets:				
Cash	36,688	36,688	–	–

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risk exposures is described below.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable. To minimize the credit risk related to cash, the Company places these instruments with high credit quality financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. As at January 31, 2017, cash does not exceed the amounts covered by federal deposit insurance. The Company continuously monitors accounts receivable to minimize risk. As at January 31, 2017, the Company's maximum risk exposure to credit risk is the carrying value of accounts receivable of $Nil.

FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate cash and credit facilities with financial institutions and other parties. The Company continuously monitors and reviews both actual and forecasted cash flows. As at January 31, 2017, the Company had a working capital deficiency of $1,765,311. The carrying value of balances due within 12 months approximate their fair values due to their relatively short period to maturity.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. The Company is not exposed to significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at January 31, 2017, $69,271 in loans and interest payable is owing and is subject to compound interest at a fixed rate of 15% per annum. The Company is therefore not exposed to significant interest rate risk on its financial instruments.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of its commodities. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

Accounting standards issued but not yet effective

The following new accounting standards and interpretations are not yet effective and have not been applied in the preparation of the consolidated financial statements:

IFRS 9, Financial Instruments – IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely. In December 2011, the IASB extended the mandatory effective date for IFRS 9 to on or after January 1, 2018 with early adoption permitted.

New accounting standards effective for the Company on February 1, 2018:

IFRS 15, Revenue from Contracts with Customers – IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31*, Revenue – Barter Transactions involving Advertising Service*.

New accounting standards effective for the Company on February 1, 2019:

IFRS 16, Leases – IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclo9sure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The Company is currently assessing the impact of these standards on its consolidated financial statements.

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 January 31, 2017. 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.

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.