MOUNT DAKOTA ENERGY CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS PERIOD ENDED OCTOBER 31, 2019

December 20, 2019 - 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 condensed consolidated interim financial statements for the nine months ended October 31, 2019 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 currently listed on the NEX on the TSX Venture Exchange. The Company is in the process of re-organizing and seeking opportunities outside of the petroleum and natural gas sector. The Company is pursuing the divestment of its petroleum assets. 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 unaudited condensed consolidated interim financial statements for the nine months ended October 31, 2019, which are discussed in this MD&A, have been prepared in accordance with International Financial Reporting Standards ("IFRS")

The significant accounting policies used by Mount Dakota are disclosed in Note 3 to the unaudited condensed consolidated 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 to 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 production to report during the nine months ended October 31, 2019. 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 nine months ended October 31, 2019 was $Nil compared to $NIL during the previous period ending in 2018. The Company has decided to abandon its oil and gas assets as they were deemed uneconomic by management. The Company is exploring business interests outside of the oil and gas sector.

Operating Income	For nine months ended October 31, 2019 ($)	For nine months ended October 31, 2018 ($)
Revenues	-	-
Royalties (refund)	-	-
Production Costs	-	731
Gross Operating Profit (Loss)	-	(731)

General and Administrative

General and administrative expenditures for the nine months ended October 31, 2019 were $169,870 as compared to $204,350 for 2018. As of October 31, 2019, $1,694,489 (2018 - $1,592,490) was due to related parties and parties related to a director of the Company and remains unpaid and has been accrued as due to related parties. The outstanding amounts are non-interest bearing, unsecured and due on demand.

Cash Flow From Operations and Net Income

For the nine months ended October 31, 2019 the Company reported a comprehensive loss of $168,496 compared to a loss of $204,195 for the comparative period in 2018.

Operating Income	For nine months ended October 31, 2019 ($)	For nine months ended October 31, 2018 ($)
Gain (loss)	(168,496)	(204,195)
Basic/diluted Income (loss) per share	(0.01)	(0.02)
Total Assets	133,915	276,560
Total Liability	2,128,928	2,072,380

Summary Information of the Eight Most Recently Completed Quarters:

Three-Month Period Ended	IFRS October 31, 2019	IFRS July 31, 2019	IFRS April 30, 2018	IFRS January 31, 2018
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	Nil	Nil	Nil
General & Administrative	54,638	70,241	44,991	50,819
Other Income	507	250	616	121
Total (Loss)	(54,131)	(69,990)	(44,375)	(50,698)
Loss Per Common Share - Basic & Diluted	(0.00)	(0.00)	(0.00)	(0.01)

Three-Month Period Ended	IFRS October 31, 2018	IFRS July 31, 2018	IFRS April 30, 2017	IFRS January 31, 2017
Revenue	Nil	Nil	Nil	Nil
Oil & Gas Expenditures	Nil	731	Nil	Nil
General & Administrative	71,453	87,014	45,883	50,052
Other Income	329	379	178	314
Total (Loss)	(71,124)	(87,366)	(45,705)	(49,738)
Loss Per Common Share - Basic & Diluted	(0.01)	(0.01)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended October 31, 2019, the Company reported a net loss of $168,496, negatives cash flows from operating activities of $44,894, an accumulated deficit of $8,623,268 and a working capital deficiency of $2,090,598. 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 $2,128,928.

OUTSTANDING SHARES

As of the date of this MD&A, 13,362,562 common shares are outstanding and no Class A or B preference shares have been issued.

RELATED PARTY TRANSACTIONS

During the nine months ended October 31, 2019, the Company entered into the following related party transactions:

(a) Accounting expense totalling $8,100 (2018 - $8,100) provided by a company controlled by a director of the Company has been paid or accrued during the period. As at October 31, 2019, $Nil (January 31, 2019 - $Nil) has been included in due to related parties.

(b) Rent totalling $27,000 (2018 - $27,000) for office premises provided by a company controlled by a director of the Company has been charged to operations. As at October 31, 2019, $12,000 (January 31, 2019 - $Nil) has been included in due to related parties.

(c) The Company entered into the following loan agreements with a party related to a director of the Company:

- On March 31, 2014, the Company signed a loan agreement with a director of the Company to borrow an aggregate of $100,000 at a rate of 15% per annum, the principal of which had been repaid during the year ended January 31, 2017. A total amount of $58,546 (2018 - $41,548) in interest has been accrued and is included in loans payable relating to this loan.
- During fiscal 2016 and 2017, the Company entered into three additional loan agreements to borrow an aggregate amount of $60,000 at a rate of 15% per annum, of which $50,000 had been repaid during the fiscal year ended January 31, 2017. The outstanding principal balance of $10,000 and total accrued interest of $5,698 (January 31, 2019 - $4,573) has been included in loans payable relating to these loans.
- On January 3, 2018, the Company received $20,000 from a director of the Company at a rate of 15% per annum. The outstanding principal balance of $20,000 and total accrued interest of $5,480 (January 31, 2019 - $3,230) has been included in loans payable relating to this loan.

(d) Advances of $7,800 at a rate of 15% per annum received during 2017 from a party related to a director of the Company remain outstanding. As at October 31, 2019, total advance of $7,800 (January 31, 2019 - $7,800) and total accrued interest of $3,884 (January 31, 2019 - $3,007) has been included in loans payable relating to the advances.

(e) As at October 31, 2019, the total loan principal balance outstanding is $37,800 (January 31, 2019 - $37,800) with total accrued interest of $62,430 (January 31, 2019 - $58,177). During the period ended October 31, 2019, the Company incurred interest expense of $4,252 (2018 - $4,145) relating to the loans.

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

(g) Consulting expenses totalling $90,000 (2018 – $90,000) provided by a director of the Company and a company controlled by a director of the Company have been accrued during the period. As at October 31, 2019, $565,750 (January 31, 2019 - $475,750) has been included in due to related parties.

BUSINESS PROSPECTS AND OUTLOOK

The Company is exploring opportunities to acquire assets and/or businesses beyond the oil and gas sector within which it is currently operating. Management and the board of directors believe that the drop in global oil prices since 2014 has made it challenging for exploration and junior resource issuers to, among other things, raise capital and increase shareholder value. As a result, the Company believes that it should seek, pursue and evaluate other opportunities beyond the resource sector which may present themselves.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's 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 (d) to the audited annual financial statements.

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 October 31, 2019, the Company did not have any off-balance sheet arrangements or proposed transactions.

FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The Company classified its financial instruments as follows:

	October 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 35,396	$ -	$ 35,396
Accounts payable and accrued liabilities	-	(164,032)	(164,032)
Due to related parties	-	(1,694,489)	(1,694,489)
Loans payable	-	(100,230)	(100,230)
	$ 35,396	$(1,958,751)	$(1,923,355)

	January 31, 2019		
Financial instruments	FVTPL	Amortized cost	Total
Cash	$ 80,289	$ -	$ 80,289
Accounts payable and accrued liabilities	-	(151,975)	(151,975)
Due to related parties	-	(1,592,490)	(1,592,490)
Loans payable	-	(95,977)	(95,977)
	$ 80,289	$(1,840,442)	$(1,760,153)

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 October 31, 2019 are as follows:

	Balance at October 31, 2019 $	Quoted Prices in Active Markets for Identical Assets (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Financial Assets:				
Cash	35,396	35,396	–	–

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 cash equivalents and accounts receivable. To minimize the credit risk related to cash and cash equivalents, 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 October 31, 2019, cash and cash equivalents do not exceed the amounts covered by federal deposit insurance. The Company continuously monitors accounts receivable to minimize risk. As at October 31, 2019, the Company's maximum risk exposure to credit risk is the carrying value of accounts receivable of $1,559.

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 October 31, 2019, the Company had a working capital deficiency of $2,090,598. 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 October 31, 2019, $37,800 in loans and $60,943 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.

RECENT ACCOUNTING PROUNCEMENTS AND 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 these consolidated financial statements:

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 disclosure 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 eventual application of this standard is not expected to have a significant impact on the Company's existing accounting policies or the financial statement presentation.

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 October 31, 2019. 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.

SUBSEQUENT EVENTS

There are no subsequent events to report.