

Date of report: April 30, 2015

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Mooncor Oil & Gas Corp. ("Mooncor" or the "Company") should be read in conjunction with Mooncor's audited consolidated financial statements ("audited consolidated statements") and notes thereto as at and for the year ended December 31, 2014 and the annual consolidated financial statements as at and for the year ended December 31, 2013.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's expectations regarding its exploration and development activities, including expectations regarding the timing, costs and results of seismic acquisition, drilling and other activities, and future production volumes and sales, receipt of regulatory and governmental approvals, the Company's future working capital requirements, including its ability to satisfy such requirements, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use tax resource pools and loss carry-forwards, fees to be incurred by foreign subsidiaries and changes in accounting policies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to oil and gas exploration activities generally, including the availability and cost of seismic, drilling and other equipment; our ability to complete our capital programs; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; our ability to secure adequate transportation for our products; potential losses which would stem from any disruptions in production, including work stoppages or other labour difficulties, or disruptions in the transportation network on which we are reliant; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; our ability and the ability of our partners to attract and retain the necessary labour required to explore and develop our projects;

potential conflicting interests with our joint venture partners; our failure or the failure of the holder(s) of licenses or leases to meet specific requirements of such licenses or leases; the failure by counterparties to make payments or perform their operational or other obligations in compliance with the terms of contractual arrangements between us and such counterparties; adverse claims made in respect of our properties or assets; operating hazards and other difficulties inherent in the exploration for and production and sale of crude oil and natural gas; political and economic conditions in the countries in which our property interests are located; obtaining the necessary financing for operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, and other risks included elsewhere in this MD&A under the heading "Risk Management" and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

About Mooncor:

Mooncor is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and natural gas interests which are not yet in substantial commercial production. The Company is in the process of exploring other opportunities.

The Company is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol "MOO". The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, and DRGN Energy Inc. ("DRGN"), an Ontario Corporation.

Changes in accounting policies

The Company has adopted the following amendments effective January 1, 2014.

IAS 32 - Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

IAS 36 - Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

IFRIC 21 - Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

There was no impact on the adoption of these amendments on the consolidated financial statements.

Going concern

The consolidated statements have been prepared on the going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has a working capital deficiency of \$323,178 on December 31, 2014 (December 31, 2013 - \$637,089) and has an accumulated deficit of \$22,030,313 on December 31, 2014 (December 31, 2013 – \$21,436,011). The working capital deficiency and accumulated losses incurred limit the Company's ability to carry on operations.

The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration and ability to secure adequate financing to meet the minimum capital required to successfully complete its projects, political risk relating to maintaining property licenses in good standing and continuing as a going concern.

On April 1, 2014, Mooncor completed the purchase of 819,672 common shares in the capital of Pinetree Capital Ltd. ("Pinetree"). Pursuant to the terms of the securities purchase agreement (i) Pinetree subscribed for 10,000,000 units of Mooncor at a price of \$0.05 per unit comprised of one common share of Mooncor and one common share purchase warrant entitling Pinetree to acquire one common share of Mooncor at \$0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of

\$0.61 per share. During the year ended December 31, 2014 the Company sold 300,000 Pinetree shares for proceeds of \$60,220. The remaining shares were sold in 2015 for a proceeds of \$54,515.

On October 2014, the Company closed a previously announced non-brokered private placement financing pursuant to which Mooncor raised gross proceeds of \$456,100 through the issuance of 7,601,665 common share units at a price of \$0.06 per unit. Each unit consists of one common share of Mooncor and one common share purchase warrant of Mooncor. Each warrant shall entitle the holder thereof to acquire one common share of Mooncor at an exercise price of \$0.10 per share until October 15, 2016.

The funds from dispositions of the Pinetree shares and the capital raised from the non-brokered private placement would alleviate the immediate working capital requirements. Management estimates that the funds available as at December 31, 2014 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2015. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

The challenges of securing requisite funding and the continued estimated operating losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Property interests

Net book value of property interest on December 31, 2014 is \$515,692 (2013 - \$505,000). During 2011, the Company commenced production on its heavy oil wells in Lloydminster, Alberta and as a result reclassified its Lloydminster E&E asset to property and equipment. In 2012 the Company suspended all operations on its oil wells. The Company is currently reviewing its operational plans in light of the present financial position.

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For the Year Ended December 31, 2014

Income Statements

The Company's income statements for the most recent three years are:

	Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Production revenue	\$ -	\$ -	\$ 54,975
Interest income	7,228	11,082	12,391
TOTAL REVENUE	\$ 7,228	\$ 11,082	\$ 67,366
EXPENSES			
Consulting	-	-	43,529
Share-based payments	-	-	146,483
Professional fees and disbursements	55,373	121,007	205,557
Exploration and evaluation expenses	-	-	39,464
Production expenses	-	-	195,224
Operational expenses	(8,716)	86,500	-
Clean up expenses	32,246	-	-
Office and general	128,776	28,937	76,553
Finance costs	-	45,334	104,484
Travel	2,319	2,246	8,964
Bad debt expense	-	43,995	10,470
Amortization and depletion	-	-	28,171
Insurance	27,104	14,422	36,932
Total expenses	\$ 237,102	342,441	895,831
Loss before undernoted	(229,874)	(331,359)	(828,465)
Unrealized loss on investments	(241,648)	-	-
Realized loss on sale of investment	(122,780)	-	-
Gain on debt settlement	-	1,348,558	-
Impairment of exploration and evaluation assets	-	-	(2,745,029)
(Loss)/income before income tax	(594,302)	1,017,199	(3,573,494)
Deferred income tax recovery	-	-	13,989
Net (loss)/income and comprehensive (loss)/income for the year	\$ (594,302)	\$ 1,017,199	\$ (3,559,505)
Weighted average shares outstanding - basic and diluted	159,093,232	136,902,476	121,953,956
Net (loss)/income per share - basic and diluted	\$ (0.004)	\$ 0.01	\$ (0.03)

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Results of Operations:

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

	Q/E Dec 31, 2014	Q/E Sept 30, 2014	Q/E June 30, 2014	Q/E Mar 31, 2014	Q/E Dec 31, 2013	Q/E Sept 30, 2013	Q/E June 30, 2013	Q/E Mar 31, 2013
Revenue	\$7,228	\$ nil	\$nil	\$Nil	\$10,880	\$Nil	\$101	\$101
Net income/(loss) and comprehensive (loss)/income for the period	(\$130,888)	(\$230,996)	(\$183,221)	(\$49,197)	(\$101,572)	(\$67,139)	\$1,254,860	(\$68,949)
Net (loss)/income per share	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)	\$0.000	(\$0.000)	\$0.008	(\$0.001)

The Company plans to keep operating expenses at reduced levels to conserve its cash until the general market for financing opens up.

In 2013 and 2014, the Company focused on efforts to identify potential joint venture partners for its Hamburg – Chinchaga property. With the current market conditions of the industry being poor, the Company was unable to obtain any financing or progress on marketing the property's potential. The Company has also been working with Madeira Minerals Ltd. ("Madeira") with respect to the proposed acquisition of the Lloydminster, Alberta heavy oil wells (the purchase and sale agreement was signed in November 2011). On January 5, 2015, the agreement was amended to include additional cash consideration of \$224,035. The transaction is subject to a number of conditions precedent which include completion of due diligence reviews by the parties, successful negotiation of a definitive purchase agreement (completed during 2012), completion of a concurrent financing by Madeira, and receipt of all required regulatory and TSXV approvals. The closing date per the amended agreement was March 31, 2015; however, the transaction has not been completed as of the date of these financial statements. The Company believes that the transaction may not close and is seeking alternatives.

For the year ended December 31, 2014 and 2013, the Company had no revenue from production at its Lloydminster well. The Company suspended its operations in 2012 due to the continued operating losses it was incurring in the production at the wells.

Total expenses for the year ended December 31, 2014 were \$237,102 (2013 - \$342,441). Professional expenses of \$55,373 were lower than last year (2013 - \$121,007) and largely comprises legal fees and disbursements (\$29,414) and audit fee (\$19,055). Office and general expenses were \$128,776 (2013 - \$28,937) and comprises \$75,000 accrued salary for the CEO, corporate services and transfer agents fees \$31,045 and accounting fees of \$20,000. Insurance charges for the year were \$27,104 (2013 - \$14,422). Operational expenses were a credit of \$8,716 (2013 - \$86,500) as a result of reversals of accruals from previous year. In June 2014, there was a flow-line rupture on the Lloydminster lease and the clean-up costs were \$32,246. Travel costs were \$2,319 for the year (2013 - \$2,246). Finance costs for the year were \$nil (2013 - \$45,334) as outstanding convertible debentures were converted to shares and warrants.

The impairment in the fair value of the investment in Pinetree shares of \$241,648 (2013 - \$nil) has been reflected in the consolidated statement of comprehensive loss as an unrealized loss.

During the year ended December 31, 2014, the Company sold 300,000 Pinetree shares for sale proceeds of \$60,220 and recorded a loss on disposal of the shares (\$122,780) which has been reflected in the consolidated statement of comprehensive loss.

Net loss per share – both diluted and basic – was \$0.00 for the year (2013 – net income per share of \$0.01).

4th Quarter Results

As noted above, the Company had no revenue from production at its Lloydminster well in 2014 or 2013. The Company suspended its operations in 2012 due to the continued operating losses it was incurring in the production at the wells.

Net loss for the three months ended December 31, 2014 were \$130,888 (2013 – \$101,572). Total expenses for the quarter ended December 31, 2014 were \$74,337 (2013 - \$158,138). Professional expenses, largely legal fees and disbursements, corporate services and accrued audit fees amounting to \$9,310 (2013 - \$69,411). Operational expenses was a credit of \$23,965 as previously booked accruals were reversed as the actual costs were lower than anticipated. As noted above, there was a flow-line rupture on the Lloydminster lease in June 2014 and the clean-up costs for the 3 months ended December 31, 2014 were \$1,621. Office and general expenses including CEO's accrued salary of \$75,000, rent and other expenses were \$78,741 (2013 – credit of \$19,117). Insurance charges for the quarter were \$6,312 (2013 - \$5,047). Finance costs for the quarter were \$nil (2013 - \$nil) as outstanding convertible debentures were converted to shares and warrants in June 2013. Travel costs were \$2,319 for this quarter of 2014 (2013 - \$nil).

During the quarter, the Company recognized an unrealized gain in the fair value of the investment in Pinetree shares of \$17,231 (2013 - \$nil).

During the three months ended December 31, 2014 the Company sold 180,000 Pinetree shares for sale proceeds of \$28,790 resulting in a loss on disposal of the shares (\$81,010).

Cash Flow

During the year ended December 31, 2014, the comprehensive loss was \$594,302 (2013 – income of \$1,017,199). During the year ended December 31, 2014, the Company used \$224,715 in operating activities compared to \$136,507 during the year ended December 31, 2013. Accounts payable and accrued expenses increased by \$12,339 meaning that some of the losses were financed by the payables. Sundry receivables increased by \$2,932 and prepaid expenses increased by \$545 tying up some of the cash. During the year ended December 31, 2014, the Company used \$212,576 (2013 - \$136,507). Proceeds on disposal of investments during the year ended December 31, 2014 was \$60,220 while the non-brokered private placement raised \$456,100.

The Company's cash and cash equivalents as at December 31, 2014 was \$322,648 as compared to \$68,273 as at December 31, 2013.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	31-Dec-14	31-Dec-13
Cash and cash equivalents	\$ 322,648	\$ 68,273
Property and Equipment	515,692	505,000
Total assets	1,316,847	942,675
Total liabilities	821,945	797,433
Share capital, warrants and contributed surplus	22,525,215	21,581,153
Deficit	(22,030,313)	(21,436,011)
Working Capital (Deficit)	(323,178)	(637,089)

At this time, the Company does not generate any revenue from its oil and gas properties, as all wells are shut in. Accordingly, it does not have any cash flow from operations to fund past debt or current obligations as they come due. In prior years, the Company raised funds for exploration, development and general overhead and other expenses through equity and debt financings.

The Company's cash and cash equivalents are not sufficient at December 31, 2014 to meet the Company's liabilities. The Company has a working capital deficiency of \$323,178 as at December 31, 2014. The Company is using its current cash and cash equivalents to fund required payments to keep the Company in good standing and to pay the expenses associated with being a reporting issuer listed on the TSXV, until it can raise funds to pay its remaining creditors. There is no assurance that the Company can raise sufficient capital to continue as a going concern.

On April 1, 2014, Mooncor completed the purchase of 819,672 common shares in the capital of Pinetree. Pursuant to the terms of the securities purchase agreement (i) Pinetree subscribed for 10,000,000 units of Mooncor at a price of \$0.05 per unit comprised of one common share of Mooncor and one common share purchase warrant entitling Pinetree to acquire one common share of Mooncor at \$0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of \$0.61 per share. During the year ended December 31, 2014 the Company sold 300,000 Pinetree shares for proceeds of \$60,220. The remaining shares were sold in 2015 for a proceeds of \$54,515.

On October 2014, the Company closed a previously announced non-brokered private placement financing pursuant to which Mooncor raised gross proceeds of \$456,100 through the issuance of 7,601,665 common share units at a price of \$0.06 per unit. Each unit consists of one common share of Mooncor and one common share purchase warrant of Mooncor. Each warrant shall entitle the holder thereof to acquire one common share of Mooncor at an exercise price of \$0.10 per share until October 15, 2016.

The funds from dispositions of the Pinetree shares and the capital raised from the non-brokered private placement would alleviate the immediate working capital requirements. Management estimates that the funds available as at December 31, 2014 may not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2015. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

The challenges of securing requisite funding and the continued estimated operating losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Related party transactions:

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand.

- a. Officers and directors and a corporation controlled by an officer and director of the Company subscribed for 3,001,666 units in the October 2014 private placement for gross proceeds of \$180,100.
- b. On April 1, 2014, pursuant to the terms of a securities purchase agreement (i) Pinetree Capital Ltd. ("Pinetree") subscribed for 10,000,000 units of the Company at a price of \$0.05 per unit comprised of one common share and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at \$0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of \$0.61 per share based on the quoted price of Pinetree shares on the purchase date. A director of the Company was an officer of Pinetree.

- c. Included in professional fees for the year ended December 31, 2014 are \$59,275 (2013 - \$2,844) of which \$12,138 relates to share issue costs for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities on December 31, 2014 are \$51,478 (December 31, 2013 - \$1,873) owing to this law firm.
- d. Included in accounts payable and accrued liabilities at December 31, 2014 and 2013 is \$28,330 for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.
- e. During the year ended December 31, 2014, \$nil (2013 - \$6,750) is included in professional fees paid to a former director and officer (Nick Tsimidis) or to related companies for CFO services pursuant to a consulting agreement. At December 31, 2014 and 2013, \$39,818 is included in accounts payable and accrued liabilities, relating to these services.
- f. In 2013, \$2,500 of debt owing to Darrell Brown, the former CEO was settled through the issuance of 50,000 shares at a fair value of \$250. At December 31, 2014 and 2013, the remaining debt of \$10,625 is included in accounts payable and accrued liabilities.
- g. Pursuant to a management agreement between the Company, Richard Cohen and a company controlled by this individual, the Company is obligated to pay the company controlled by him for consulting services rendered in 2011, the Company is obligated to pay the company controlled by this individual \$169,092. At December 31, 2014 and 2013, this amount is included in accounts payable and accrued liabilities.
- h. At December 31, 2014, \$75,000 (2013 - \$nil) has been included in accounts payable and accrued liabilities for remuneration of the CEO.
- i. In 2013, two of the directors advanced \$2,000 each to the Company and these amounts have been included in accounts payable and accrued liabilities at December 31, 2014 and 2013.
- j. At December 31, 2014, the Company paid \$9,150 (2013 - \$5,628) of rent to Fox-Tek, a company with common management.
- k. In 2014, the Company's CEO loaned \$47,000 to the Company, this amount is due on demand, unsecured and non-interest bearing. \$15,000 was repaid during the year and \$32,000 was applied towards his share subscription of the private placement that closed on October 15, 2014.

Key Management Compensation

The compensation of the directors and other key management of the Company are included in the summary table below. Key management is those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	2014	2013
Short-term compensation	\$ 75,000	\$ 6,750
Total	\$ 75,000	\$ 6,750

Management of capital:

The Company's objectives when managing capital are as follows:

- a. To safeguard the Company's ability to continue as a going concern.
- b. To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties.
- c. To raise sufficient capital to meet its general and administrative expenditures.

The Company considers its capital to be equity, which comprises capital stock, contributed surplus, warrants and deficit, which at December 31, 2014, totaled \$494,902 (2013 - \$145,242).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets' underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the year.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Off- Balance Sheet Arrangements

The Company has no off balance sheet arrangements as at April 30, 2015 or at any time during the year ended December 31, 2014.

RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, or cash flow risks arising from the financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, deposits and sundry receivable. Cash and cash equivalents and deposits are held at large Canadian Financial Institutions.

The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote. The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains a majority of its surplus funds in interest bearing accounts with Canadian financial institutions, which pay interest at a floating rate.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses which may damage the Company's reputation.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market price risk

Market price risk is the risk that the fair value of investments will fluctuate because of changes in market prices of the investments in the stock exchange. On December 31, 2014 the Company had investments with a fair value of \$75,352. A 10% change in the market price of the investments will result in a gain or loss of \$7,535 in the fair value of the investments held by the Company.

The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash is always available to settle financial liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Share Data:

Capital Stock

At December 31, 2014 and 2013, the authorized share capital comprised an unlimited number of common shares with no par value.

In April 2014, the Company issued 10,000,000 common shares to Pinetree, as part of a securities purchase agreement between the two companies (see Note 4 of the financial statements).

In October 2014, the Company issued a further 7,601,665 common shares as part of a non-brokered private placement financing.

	# of Common Shares	Amount
Balance, December 31, 2012	121,953,956	\$ 18,447,248
Issued on settlement of debt (a) (b)	27,980,564	139,903
Expired warrants	-	1,055,680
Balance, December 31, 2013	149,934,520	19,642,831
Issued for investment (c)	10,000,000	280,124
Issued for cash (d)	7,601,665	259,487
Share issue costs	-	(6,864)
Balance, December 31, 2014 and on April 30, 2015	167,536,185	\$ 20,175,578

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Warrants

Details of warrant transactions for the years ended December 31, 2014 and 2013 are as follows:

	# of Warrants	Amount	Weighted Average Exercise Price
Balance, December 31, 2012	14,834,548	\$ 1,055,680	\$ 0.24
Expired warrants	(14,834,548)	(1,055,680)	0.24
Warrants issued (a)	11,448,492	41,100	0.10
Balance, December 31, 2013	11,448,492	41,100	0.10
Warrants issued April 1, 2014 (c)	10,000,000	219,876	0.10
Warrants issued October 15, 2014 (d)	7,601,665	196,613	0.10
Warrants issue costs	-	(5,274)	
Balance, December 31, 2014 and on April 30, 2015	29,050,157	\$ 452,315	\$ 0.10

- a. On June 13, 2013, the Company issued 22,896,986 common shares and one half of a warrant exercisable for up to 11,448,492 common shares for five years at \$0.10 per share in satisfaction of indebtedness of \$1,144,849 which included amounts owed to the holders of secured convertible debentures. The fair value of the warrants were estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.63%; expected dividend yield – nil; expected stock price volatility – 155% (based on the Company's historical share price); a share price of \$0.005 and expected warrant life of 5 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.
- b. During the year ended December 31, 2013, the Company issued 5,083,578 common shares valued at \$25,418 in settlement of debt of \$254,179 owed to arm's length service providers and vendors.
- c. On April 1, 2014, the Company completed a securities purchase agreement with Pinetree. Pursuant to the terms of the securities purchase agreement, Pinetree subscribed for 10,000,000 units of the Company at a price of \$0.05 per unit comprised of one common share of the Company and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at \$0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.07%; expected dividend yield – nil; expected stock price volatility of 219% (based on the Company's historical share price); a share price of \$0.028 and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.
- d. On October 15, 2014, the Company completed a non-brokered private placement financing. Pursuant to the terms of the financing agreement, the subscribers subscribed for 7,601,665 units of the Company at a price of \$0.06 per unit comprised of one common share of the

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Company and one common share purchase warrant to acquire one common share of the Company at \$0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 0.91%; expected dividend yield – nil; expected stock price volatility of 204% (based on the Company's historical share price); a share price of \$0.03 and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

Issue date	# of warrants	Expiry date	Exercise price	Estimated fair value on issue date
			\$	
13-Jun-13	11,448,492	13-Jun-18	0.10	\$ 41,100
1-Apr-14	10,000,000	1-Apr-16	0.10	217,785
1-Oct-14	7,601,665	1-Oct-16	0.10	193,430
			\$	
	29,050,157		0.10	\$ 452,315

Stock options

Details of stock option transactions for the years ended December 31, 2014 and 2013 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2012	7,567,625	\$ 0.21
Expired	(5,615,125)	0.19
Balance, December 31, 2013	1,952,500	0.22
Expired	(1,328,750)	0.24
Balance, December 31, 2014 and April 30, 2015	623,750	\$ 0.20

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The following table summarizes information about the options outstanding at December 31, 2014:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life
270,000	\$ 0.25	19-Nov-20	5.89
75,000	0.20	08-Apr-21	6.27
67,500	0.23	04-May-21	6.35
211,250	0.14	29-Nov-21	6.92
623,750	\$ 0.20		6.32

Investor Relations:

The Company management performed its own investor relations duty for the year ended December 31, 2014.

Acquisition of oil and gas leases in Montana, USA

In January 2015, the Company acquired oil and gas leases in the Pondera and Teton Counties in Northwestern Montana through the acquisition of Primary Petroleum Company USA, Inc. for nil consideration.

The Company will pay the vendor a 1% gross overriding royalty and assume its working interest share of the reclamation costs relating to the previously drilled wells and the ongoing lease payments.

Additional Information:

Additional information relating to Mooncor may be found under the Company's profile on SEDAR at www.sedar.com.