

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Date of report: August 28, 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 unaudited interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three and six months ended June 30, 2015 and the annual consolidated financial statements as at and for the year ended December 31, 2014.

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

Mooncor Oil & Gas Corp.

Management's Discussion and Analysis

For Three and Six Months Ended June 30, 2015 and 2014

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 Oil & Gas Corp. (the "Company" or "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 also in the process of exploring other opportunities. The Company is domiciled in the province of Ontario and its head office is located at 151 Randall Street, Suite 101, Oakville, Ontario, Canada.

The Company is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol "MOO". These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, DRGN Energy Inc. ("DRGN"), an Ontario Corporation, Primary Petroleum Company U.S. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company ("APLLC"), a Montana, USA Corporation.

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Going concern

These interim consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has a working capital deficiency in the amount of \$585,083 (December 31, 2014 - \$323,178) and for the six months ended June 30, 2015 had a net loss of \$144,406 (six months ended June 30, 2014- \$232,417) and has a deficit in the amount of \$22,174,719 as at June 30, 2015 (December 31, 2014 - \$22,030,313).

The Company is in the exploration stage and is subject to various risks and challenges. Including, 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.

Management estimates that the funds available as at June 30, 2015 will not be sufficient to meet the Company's potential capital and operating expenditures through June 30, 2016. 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.

Exploration and evaluation assets

Exploration and evaluation assets as at June 30, 2015 and December 31, 2014 consists of:

	Alberta (a)	Montana (b)	Net
Balance, December 31, 2013	\$ 505,000	\$ -	\$ 505,000
Reclamation and decommissioning obligation	10,692	-	10,692
Balance, December 31, 2014	515,692	-	515,692
Net additions	-	248,739	248,739
Foreign currency translation	-	1,111	1,111
Balance, June 30, 2015	\$ 515,692	\$ 249,850	\$ 765,542

Net book value of exploration and evaluation assets on June 30, 2015 was \$765,542 (December 31, 2014 - \$515,692).

(a) In 2008, the Company acquired two suspended heavy oil wells and leases and related petroleum and natural gas rights in the Lloydminster area of Alberta for cash proceeds of \$400,000. During 2011, the Company entered an agreement to sell to Madeira Minerals Ltd. ("Madeira"), all of the Company's right, title and interest in the two wells. Madeira is a capital pool company, and the

Mooncor Oil & Gas Corp.

Management's Discussion and Analysis

For Three and Six Months Ended June 30, 2015 and 2014

transaction is intended to constitute Madeira's qualifying transaction under Policy 2.4 of the TSXV. Madeira will acquire the leases by issuing an aggregate of 6,000,000 common shares of its capital stock to the Company at a price of \$0.20 per share. 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.

- (b) On January 27, 2015, the Company acquired oil and gas leases (the "Leases") and related data over approximately 320 sections (net acres of 219,000) in the Pondera and Teton Counties in Northwestern Montana USA (the "Property") through the acquisition of Primary Petroleum Company USA, Inc. The acquisition relates to undeveloped leasehold mineral rights. The Property consists of a working interest in freehold and state petroleum and natural gas rights (surface to basement) which have up to eight years remaining on the Leases. Mooncor will be the operator of the working interests. Mooncor's working interest will be 70% in all the Property except for the spacing drilled by a major U.S. based industry partner (the "JV Partner") in which case Mooncor's working interest will be 30%. The JV Partner previously paid \$7.5 million and spent \$41 million on the initial exploration program in order to acquire an average of 30% in all the Property except for the spacing drilled by the JV Partner where the JV Partner earned a working interest of 70% in each drilling space unit plus one additional spacing unit. Mooncor will pay the vendor a 1% gross overriding royalty and assume its working interest share of the reclamation costs relating to the previous drilled wells and the ongoing lease payments on the Property.

During the six months ended June 30, 2015, the Company spent \$51,951 on the Property for operating leases.

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Statements of comprehensive loss

The Company's income statements for the three and six months ended June, 2015 and 2014 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
EXPENSES				
Professional fees and disbursements	\$ 50,124	\$ 4,108	\$ 59,643	\$ 13,363
Operational expenses	18,694	878	21,562	23,367
Office and general	52,708	25,604	94,390	34,707
Finance costs	-	-	-	-
Travel	-	-	3,766	-
Insurance	7,461	6,729	14,929	15,078
Total expenses	<u>\$ 128,987</u>	<u>\$ 37,319</u>	<u>\$ 194,290</u>	<u>\$ 86,515</u>
Loss before undernoted	(128,987)	(37,319)	(194,290)	(86,515)
Gain from bargain purchase	75,576	-	72,354	-
Losses on foreign exchange	656	-	(42)	-
Unrealized loss on investments	-	(145,902)	-	(145,902)
Net investment loss on sale of shares	-	-	(20,837)	-
Net loss for the period	<u>(52,755)</u>	<u>(183,221)</u>	<u>(142,815)</u>	<u>(232,417)</u>
Other comprehensive loss				
Exchange differences on translation of foreign operations	(1,350)	-	(1,350)	-
Total comprehensive loss for the period	<u>\$ (54,105)</u>	<u>\$ (183,221)</u>	<u>\$ (144,165)</u>	<u>\$ (232,417)</u>
Weighted average shares outstanding - basic and diluted	<u>167,536,185</u>	<u>154,934,520</u>	<u>167,536,185</u>	<u>154,934,520</u>
Net loss per share based on net loss for the period - basic and diluted	<u>\$ (0.001)</u>	<u>\$ (0.001)</u>	<u>\$ (0.001)</u>	<u>\$ (0.002)</u>

See accompanying notes to the interim condensed consolidated financial statements.

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Results of Operations:

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

	Q/E June 30, 2015	Q/E March 31, 2015	Q/E Dec 31, 2014	Q/E Sept 30, 2014	Q/E June 30, 2014	Q/E March 31, 2014	Q/E Dec 31, 2013	Q/E Sept 30, 2013
Revenue	\$nil	\$nil	\$7,228	\$nil	\$10,880	\$nil	\$10,880	\$nil
Net loss for the period	(\$54,346)	(\$90,060)	(\$130,888)	(\$230,996)	(\$183,221)	(\$49,197)	(\$101,572)	(\$67,139)
Total comprehensive loss for the period	(\$54,103)	(\$90,060)	(\$130,888)	(\$230,996)	(\$183,221)	(\$49,197)	(\$101,572)	(\$67,139)
Net loss per share based on net loss for the period - basic and diluted	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.003)	(\$0.001)	\$0.000

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

For the six months ended June 30, 2015 and 2014, the Company had no revenue from production at its Lloydminster well. The Company suspended its Lloydminster operations in 2012 due to the continued operating losses it was incurring in the production at the wells.

Total expenses for the six months ended June 30, 2015 were \$194,290 (2014 - \$86,515). The increase in expenses is largely due to the acquisition of Primary/activities on the Montana property and for general corporate expenses that have not previously been accrued. Professional expenses of \$59,643 (2014 - \$13,363) largely comprises accrual for legal fees and disbursements (\$9,344) and audit fee (\$7,800), engineering (\$9,554), consulting and disbursements (\$9,445), land management (\$5,775) and map services (\$9,256). Operational expenses were \$21,562 (2014 - \$23,367) comprises mainly lease renewal costs. Office and general expenses were \$94,390 (2014 - \$34,707) and mainly comprises accrued salary for the Allen Lone, the Company's chief executive officer ("CEO") of \$50,000 (2014 - \$nil), corporate services and transfer agents fees of \$7,148, rent of \$20,200 and accounting fees of \$10,525. Travel costs were \$3,766 (2014 - \$nil). Insurance charges for the year were \$14,929 (2014 - \$15,078).

During the six months ended June 30, 2015, the Company sold 519,672 Pinetree shares for sale proceeds of \$54,515 and recorded a loss on disposal of the shares (\$20,837) which has been reflected in the consolidated statement of comprehensive loss.

During the six months ended June 30, 2015, the acquisition of Primary resulted in an excess of fair value of net assets acquired over the purchase price which was recorded as a gain from bargain purchase in the amount of \$70,763 recognized in the interim condensed consolidated statements of comprehensive loss.

Net loss per share based on net loss for the six months ended June 30, 2015 – both diluted and basic – was \$0.001 (2014 – \$0.002).

2015 2nd Quarter Results

Total expenses for the three months ended June 30, 2015 were \$128,987 (2014 - \$37,319). The increase in expenses is largely due to the acquisition of Primary/activities on the Montana property and for general corporate expenses that have not previously been accrued. Professional expenses of \$50,124 (2014 - \$4,108) and largely comprises accrual for legal fees and disbursements (\$5,344) and audit fee (\$3,900), engineering (\$9,554), consulting and disbursements (\$9,445), land management (5,775) and map services (\$9,256). Operational expenses were \$18,694 (2014 - \$878) comprises mainly lease renewal costs. Office and general expenses were \$52,708 (2014 - \$25,604) and mainly comprises accrued salary for the CEO \$31,250 (2014 - \$nil), corporate services and transfer agents fees \$1,948, rent of \$10,981 and accounting fees of \$5,525. Travel costs were \$nil (2014 - \$nil). Insurance charges for the year were \$7,461 (2014 - \$6,729).

During the three months ended June 30, 2015, the acquisition of Primary resulted in an excess of fair value of net assets acquired over the purchase price which was recorded as a gain from bargain purchase in the amount of \$73,985 recognized in the interim condensed consolidated statements of comprehensive loss. The allocation of the purchase price is preliminary as the final valuation of certain items are not yet complete.

Cash Flow

During the six months ended June 30, 2015 the Company used \$170,957 in operating activities compared to \$48,597 during the six months ended June 30, 2014. The realized loss on sale of investments of \$20,837 and the gain from the bargain purchase of Primary of \$70,763 did not involve any flow of funds. For the six months ended June 30, 2015, the cash flow from non-working capital balances of sundry receivables, prepaid expenses, deposits, and accounts payable and accrued liabilities were net of the amounts acquired or assumed on the purchase of Primary. See the "Acquisition of Primary Petroleum Company USA Inc." elsewhere in this MD&A.

For the six months ended June 30, 2015 sundry receivables increased by \$11,474 (net of \$74,012 acquired upon the acquisition of Primary). For the six months ended June 30, 2015 accounts payable and accrued expenses increased by \$47,560 (net of \$73,357 assumed upon the acquisition of Primary). For the six months ended June 30, 2015 deposits increased by \$375 (net of \$66,325 acquired upon the acquisition of Primary). For the six months ended June 30, 2015, prepaid expenses increased by \$36,193 (net of \$1,898 acquired upon the acquisition of Primary). The net decrease in receivables and net increase in payables has meant that some of the losses were financed by the payables and by collecting on the receivables. Net increase in prepaid expenses has meant some cash was tied up to finance the prepayment.

During the six months ended June 30, 2015, net cash generated in investing activities was \$4,449 as compared to nil in the six months ended June 30, 2014. Proceeds on disposal of investments during the six months ended June 30, 2015 was \$54,515 and the acquisition of Primary resulted in receiving net cash of \$1,885. The Company also had expenditures on exploration and evaluation assets of \$51,951 for lease payments (Montana, USA). For the six months ended June 30, 2015, the Company had a net decrease in cash and cash equivalents of \$166,508 as compared to \$48,597 for the six months ended June 30, 2014. For the six months ended June 30, 2015, the Company also had a gain from the exchange rate changes on its foreign operations' cash balances of \$243 leaving cash and cash equivalents balance of \$156,383 as at June 30, 2015 as compared to \$19,676 as at June 30, 2014.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	30-Jun-15	31-Dec-14
Cash and cash equivalent	\$ 156,383	\$ 322,648
Exploration and evaluation assets	765,542	515,692
Total assets	1,492,409	1,316,847
Total liabilities	1,141,670	821,945
Share capital, warrants and contributed surplus	22,525,215	22,525,215
Foreign currency translation reserve	243	-
Deficit	(22,174,719)	(22,030,313)
Working Capital (Deficit)	(585,083)	(323,178)

At this time, the Company does not generate any revenue from its exploration and evaluation assets, 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 has a working capital deficiency of \$585,083 as at June 30, 2015 and its cash and cash equivalents balance is not sufficient to meet the Company's liabilities. 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.

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 the 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. At that time, Gerry Feldman, a director of the Company was an officer of Pinetree.
- c. Included in professional fees for the three and six months ended June 30, 2015 are \$4,389 and \$8,389, respectively, (three and six months ended June 30, 2014 – \$16,320; \$16,320) for legal

Mooncor Oil & Gas Corp.

Management's Discussion and Analysis

For Three and Six Months Ended June 30, 2015 and 2014

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 June 30, 2015 are \$47,867 (December 31, 2014 - \$51,478) owing to this law firm.

- d. Included in accounts payable and accrued liabilities at June 30, 2015 and December 31, 2014 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. At June 30, 2015, \$125,000 (December 31, 2014 - \$75,000) has been included in accounts payable and accrued liabilities for remuneration of the Company's CEO.
- f. During the three and six months ended June 30, 2015, the Company paid \$6,000 and \$12,000, respectively, (three and six months ended June 30, 2014 - \$1,050; \$1,050) of rent to Fox-Tek Inc., a company with common management.

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.

	3 Months ended June 30, 2015	3 Months ended June 30, 2014	6 Months ended June 30, 2015	6 Months ended June 30, 2014
Short-term compensation	\$31,250	\$nil	\$50,000	\$nil

These transactions are in the normal course of operations.

Acquisition of Primary Petroleum Company USA Inc.

In January 2015, the Company purchased 100% of the issued and outstanding common shares of Primary Petroleum Company USA Inc. ("Primary"), a private company incorporated under the laws of the Montana, USA. Primary was a wholly owned subsidiary of Keek Inc, a publicly traded technology company on the TSX under the symbol "KEK". The Company paid \$1 for Primary and the acquisition was accounted for by the purchase method. The results of operations of Primary are included in the accounts from the effective date of acquisition on January 27, 2015. Primary holds direct interests in oil & gas properties in the United States ("USA").

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Details of the acquisition of Primary are as follows:

	As at January 27, 2015
Purchase price	
Cash paid	\$ 1
	1
Fair value of Primary's net assets acquired	
Current assets	\$ 144,121
Oil and gas property interest	196,788
	340,909
Less : total liabilities	(270,145)
Fair value of Primary's net assets assumed	\$ 70,764
Excess of fair value of net assets acquired over purchase price	\$ 70,763
Excess of fair value of net assets acquired over purchase price, net of income taxes	\$ 61,387
Allocation of the excess fair value:	
Gain from bargain purchase (i)	\$ 70,763

- i. The excess of the fair value of net assets of Primary over the purchase price, in the amount of \$70,763, was recognized in the interim condensed consolidated statements of comprehensive loss.
- ii. The allocation of the purchase price is preliminary as the final valuation of certain items are not yet complete. The actual fair value of the deficit of net assets acquired may differ from the amounts disclosed above upon finalization of the acquisition.

Operational Expenses

The operation costs during the six months ended June 30, 2015 and 2014 were as follows:

	3 Months ended June 30,		6 Months ended June 30,	
	2015	2014	2015	2014
Annual lease renewal costs	\$ 15,096	\$ 878	\$ 17,781	\$ 23,367
Others	3,598	-	3,781	-
	\$ 18,694	\$ 878	\$ 21,562	\$ 23,367

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Office and general expenses

The office and general expenses during the six months ended June 30, 2015 and 2014 were as follows:

	3 Months ended June 30,		6 Months ended June 30,	
	2015	2014	2015	2014
Accounting services	\$ 5,525	\$ 5,000	\$ 10,525	\$ 10,000
Management salary	31,250	-	50,000	-
Corporate Services	150	8,029	5,350	10,350
Rent Expense	10,981	1,050	20,200	1,050
Telephone Expense	236	400	472	400
Transfer Agent	781	9,603	1,799	9,603
Others	3,785	1,522	6,044	3,304
	\$ 52,708	\$ 25,604	\$ 94,390	\$ 34,707

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 June 30, 2015, totaled \$350,739 (December 31, 2014 - \$494,902).

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 six months ended June 30, 2015.

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 June 30, 2015, 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 August 28, 2015.

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. There were no changes to the Company's risks, objectives, policies and procedures from the previous year.

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.

At June 30, 2015, the Company had a cash balance of \$156,383 (December 31, 2014 – \$322,648) to settle current liabilities of \$858,639 (December 31, 2014 - \$737,722). The Company has a working capital deficiency of \$585,083 at June 30, 2015 (December 31, 2014 – \$323,178).

Foreign exchange

The Company operates primarily in Canada and the United States.

The presentation currency is Canadian dollars and the functional currency of the parent company is Canadian dollars. As at June 30, 2015, the Company's US dollar net monetary liabilities totaled \$2,570. Accordingly a 5% change in the US dollar exchange rate as at June 30, 2015 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by \$128.

Other risks

The Company's financial condition, results of operation and business are subject to certain risks, which may negatively affect them. Certain of these risks are described below in addition to elsewhere in this MD&A.

(a) Exploration and Development

The business of exploring for, developing and producing oil and gas involves a high degree of risk. Oil and gas reserves may never be found or, if discovered, may not be result in production at reasonable costs or profitability. The business of exploring, developing and producing is also capital intensive and, to the extent that cash flows from operating activities and external sources become limited or unavailable, the ability of Brownstone and of its operating partners to meet their respective financial obligations which are necessary to maintain their interests in the underlying properties could be impaired, resulting in those of the interests.

(b) Investment Risks:

The Company acquires securities of public and private companies from time to time, which are primarily junior or small-cap resource companies. The market values of these securities can experience significant fluctuations in the short and long term due to factors beyond the Company's control. Market value can be reflective of the actual or anticipated operating results of the companies and/or the general market conditions that affect the oil and gas sector as a whole, such as fluctuations in commodity prices and global political and economical conditions. The Company's investments are carried at fair value, and unrealized gains/losses on the securities and realized losses on the securities sold could have a material adverse impact on the Company's operating results. The recent decline in stock prices of the types of companies in which the Company invests have been very significant and such prices might take an extended time, to recover if they do at all.

(c) Environmental:

The Company's oil and gas operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner, which will likely require stricter standards and enforcement, increased costs, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests which are presently unknown to the Company and which have been caused by previous or existing owners or operators of the properties or by illegal mining activities.

(d) Governmental:

Government approvals and permits are often generally required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of properties. Amendments to current laws, regulations and permits governing operations and activities of oil and gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

development of new properties. Although the governments of the various countries in which Mooncor operates have been stable recently, there is no assurance that political and economic conditions will remain stable. Political and economic instability may impede the Company's ability to continue its exploration activities in the manner currently contemplated.

(e) **Fluctuations in Crude Oil, Natural Gas, and Natural Gas Liquid Prices:**

The price of the Company's common shares, and consolidated financial results and exploration, development and other oil and gas activities may in the future be significantly and adversely affected by declines in the price of crude oil, natural gas, and/or natural gas liquid (collectively "oil and gas"). The price of oil and gas fluctuates widely and is affected by numerous factors beyond the Company's control, such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the US dollar and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major oil and gas producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future material price declines could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the price of oil and gas, cash flow from the Company's operations may not be sufficient and the Company could be forced to discontinue production and may lose the Company's interest in, or may be forced to sell, some of the Company's properties. Future production from the Company's properties is dependent upon the price of oil and gas being adequate to make these properties economic.

Share Data:

At August 28, 2015 and December 31, 2014, the authorized share capital comprised an unlimited number of common shares with no par value.

As at August 28, 2015, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities are as follows:

	No. of shares
Common shares outstanding	167,536,185
Stock options outstanding to purchase common shares	623,750
Warrants outstanding to purchase common shares	29,050,157
Fully diluted common shares outstanding	197,210,092

Additional information about the Company's share capital can be found in note 6 of the notes to the interim consolidated statements for the three and six months ended June 30, 2015 and 2014.

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

Segmented Information

The Company's reportable segments are strategic business units that are located in and operate in Canada and in the USA. They are managed separately because each segment requires different strategies and involves different aspects of management expertise.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company carries out its operations through wholly-owned entities.

For Six Months Ended June 30, 2015

	Canadian Operation	US Operation	Total
EXPENSES			
Professional fees and disbursements	49,841	9,802	59,643
Operational expenses	20,307	1,255	21,562
Office and general	91,488	2,902	94,390
Travel	3,766	-	3,766
Insurance	13,039	1,890	14,929
Total expenses	\$ 178,441	\$ 15,849	\$ 194,290
Loss before undernoted	(178,441)	(15,849)	(194,290)
Gain from bargain purchase	-	70,763	70,763
Losses on foreign exchange	-	(42)	(42)
Net investment loss on sale of shares	(20,837)	-	(20,837)
Net loss for the period	(199,278)	54,872	(144,406)
Other comprehensive loss			
Exchange differences on translation of foreign operations	-	243	243
Total comprehensive loss for the period	\$ (199,278)	\$ 55,115	\$ (144,163)
As Of June 30, 2015			
Total assets	\$ 1,106,421	\$ 385,988	\$ 1,492,409
Exploration and evaluation assets	\$ 515,692	\$ 249,850	\$ 765,542

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

For Three Months Ended June 30, 2015

	Canadian Operation	US Operation	Total
EXPENSES			
Professional fees and disbursements	40,322	9,802	50,124
Operational expenses	17,622	1,073	18,694
Office and general	49,806	2,902	52,708
Insurance	6,520	941	7,461
Total expenses	\$ 114,269	\$ 14,718	\$ 128,987
Loss before undernoted	(114,269)	(14,718)	(128,987)
Gain from bargain purchase	-	73,985	73,985
Losses on foreign exchange	-	656	656
Net investment loss on sale of shares	-	-	-
Net loss for the period	(135,106)	59,923	(54,346)
Other comprehensive loss	-	-	-
Exchange differences on translation of foreign operations	-	243	243
Net and comprehensive loss for the period	\$ (135,106)	\$ 60,166	\$ (54,103)
As Of June 30, 2015			
Total assets	\$ 1,106,421	\$ 385,988	\$ 1,492,409
Exploration and evaluation assets	\$ 515,692	\$ 249,850	\$ 765,542

Mooncor Oil & Gas Corp.
Management's Discussion and Analysis
For Three and Six Months Ended June 30, 2015 and 2014

For Six Months Ended June 30, 2014

	Canadian Operation	US Operation	Total
EXPENSES			
Professional fees and disbursements	13,363	-	13,363
Operational expenses	23,367	-	23,367
Office and general	34,707	-	34,707
Insurance	15,078	-	15,078
Total expenses	\$ 86,515	\$ -	\$ 86,515
Loss before undernoted	(86,515)	-	(86,515)
Unrealized loss on investments	(145,902)	-	(145,902)
Net and comprehensive loss for the period	(232,417)	-	(232,417)
As Of June 30, 2014			
Total assets	\$ 1,316,847	\$ -	\$ 1,316,847
Exploration and evaluation assets	\$ 515,692	\$ -	\$ 515,692

For Three Months Ended June 30, 2014

	Canadian Operation	US Operation	Total
EXPENSES			
Professional fees and disbursements	4,108	-	4,108
Operational expenses	878	-	878
Office and general	25,604	-	25,604
Insurance	6,729	-	6,729
Total expenses	\$ 37,319	\$ -	\$ 37,319
Loss before undernoted	(37,319)	-	(37,319)
Unrealized loss on investments	(145,902)	-	(145,902)
Net and comprehensive loss for the period	(183,221)	-	(183,221)
As Of June 30, 2014			
Total assets	\$ 1,316,847	\$ -	\$ 1,316,847
Exploration and evaluation assets	\$ 515,692	\$ -	\$ 515,692

Investor Relations:

The Company management performed its own investor relations duty for 6 months ended June 30, 2015.

Critical accounting estimates:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's interim financial statements include the Company's estimate of recoverable fair value on exploration assets, the valuation related to the Company's taxes and deferred taxes, and the Company's estimation of decommissioning and restoration costs and the timing of expenditure.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation assets, costs to sell the properties and the appropriate discount rate. Reductions in oil price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable oil reserves or adverse current economics can result in an impairment of the carrying amounts of the Company's exploration and evaluation.

There were no impairment charges during the six months ended June 30, 2015 and 2014.

Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually during the life of an oil well to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the oil well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

During the six months ended June 30, 2015, the Company recorded \$909 in decommissioning expenses.

Changes in Accounting Policies:

The same accounting policies and methods of computation were followed in the preparation of the interim consolidated statements as were followed in the preparation and described in note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2014.

As at the date of authorization of the interim consolidated statements, the IASB and the International Financial Reporting Interpretations Committee has issued the following new and revised Standards and Interpretations that are not yet effective for the relevant reporting periods and the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. The Company intends to adopt these standards, if applicable, when the standards become effective:

- (a) IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, which replaced IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 15 on its consolidated financial statements.

- (b) In July 2014, the IASB issued the final version of IFRS 9, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39

Mooncor Oil & Gas Corp.

Management's Discussion and Analysis

For Three and Six Months Ended June 30, 2015 and 2014

Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 introduces a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value, such that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of evaluating the impact of adopting these amendments on the Company's consolidated financial statements.

Additional Information:

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