Date of report: August 30, 2016

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 interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the six months ended June 30, 2016 and the annual consolidated financial statements as at and for the year ended December 31, 2015.

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 Company is domiciled in the Province of Ontario and its head office is located at 2455 Cawthra Road, Suite 75, Mississauga, Ontario, Canada. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc., an Alberta Corporation, DRGN Energy Inc., an Ontario Corporation, and Primary Petroleum Company USA Inc, a Montana, USA Corporation, and its wholly owned subsidiaries, Primary Petroleum Company LLC, a Montana, USA Corporation and AP Petroleum Company LLC, a Montana, USA Corporation, collectively ("Primary").

Summary of activities

During the six months ended June 30, 2016, the Company spent $12,275 (six months ended June 30, 2015 – $73,512) on exploration expenses.

The Company is currently evaluating two suspended Spring Hill wells in Teton County, Montana with a view to conducting extended production tests at both locations. The Company is also evaluating and analyzing geological and seismic data to identify hydrocarbon potential in secondary horizons of the existing Montana wells.

In 2016, the Company continues to explore opportunities in and around its properties and weigh the options on future exploration once the commodity prices recover.

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 incurred a net loss of $187,525 for the six months ended June 30, 2016 (six months ended June 30, 2015 - $251,123), has a working capital deficiency in the amount of $1,069,382 and has a deficit in the amount of $22,717,930 as at June 30, 2016. The Company is in the exploration stage and is subject to various risks and challenges including but 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, 2016 will not be sufficient to meet the Company's potential capital and operating expenditures through June 30, 2017. 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 nor 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.

Restatement of prior period

During the fourth quarter of 2015 and included in the Company's consolidated financial statements as at and for the year ended December 31, 2015, the Company finalized its accounting for the acquisition of Primary Petroleum Company USA Inc. ("Primary"), see Note 11. The Company determined that the acquisition of Primary resulted in an excess of fair value of net assets acquired over purchase price of $15,996. Previously, for the six months ended June 30, 2015, the Company reported an excess of fair value of net assets acquired over purchase price of $70,763. The Company also determined that exploration costs of Primary be expensed which was previously capitalized as exploration costs.

The effects of the restatement on the consolidated statement of loss are summarized below.

For Three Months Ended June 30, 2015:

	Previously reported	Adjustments	Restated
EXPENSES			
Professional fees and disbursements	$ 50,124	$ -	$ 50,124
Exploration expenses	18,694	21,491	40,185
Office and general	52,708	-	52,708
Travel	-	-	-
Insurance	7,461	-	7,461
Total expenses	$ 128,987	$ 21,491	$ 150,478
	-	-	-
Loss before undernoted	**(128,987)**	**(21,491)**	**(150,478)**
Excess of fair value over net assets acquired	73,985	(73,985)	-
Gain on foreign exchange	656	-	656
Net realized loss on sale of investments	-	-	-
Net loss for the period	**$ (54,346)**	**$ (95,476)**	**$ (149,822)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	$ (0.000)	$ (0.001)	$ (0.001)

For Six Months Ended June 30, 2015:

	Previously reported	Adjustments	Restated
EXPENSES			
Professional fees and disbursements	$ 59,643	$ -	$ 59,643
Exploration expenses	21,562	51,950	73,512
Office and general	94,390	-	94,390
Travel	3,766	-	3,766
Insurance	14,929	-	14,929
Total expenses	$ 194,290	$ 51,950	$ 246,240
Loss before undernoted	**(194,290)**	**(51,950)**	**(246,240)**
Excess of fair value over net assets acquired	70,763	(54,767)	15,996
Gain on foreign exchange	(42)	-	(42)
Net realized loss on sale of investments	(20,837)	-	(20,837)
Net loss for the period	**$ (144,406)**	**$ (106,717)**	**$ (251,123)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	$ (0.001)	$ (0.001)	$ (0.001)

The effects of the restatement on the consolidated statement of cash flows for the six months ended June 30, 2015 are summarized below.

	Previously reported	Adjustments	Restated
Cash flows used in operating activities			
Net loss for the period	$ (144,406)	$ (106,717)	$ (251,123)
Net realized loss on sale of investments	20,837	-	20,837
Excess of fair value over net assets acquired	(70,763)	86,759	15,996
Accretion of reclamation and decommissioning obligation	909	-	909
	(193,423)	(19,958)	(213,381)
Changes in non-cash working capital balances			
Sundry receivables	11,474	-	11,474
Prepaid expenses	(36,193)	-	(36,193)
Deposits	(375)	-	(375)
Accounts payable and accrued liabilities	47,560	(30,108)	17,452
Cash flows used in operations	(170,957)	(50,066)	(221,023)
Cash flows from investing activities			
Proceeds on sale of investments	54,515	-	54,515
Cash acquired on reverse acquisition	1,884	(1,884)	-
Expenditures on exploration and evaluation assets	(51,950)	51,950	-
Cash flows from investing activities	4,449	50,066	54,515
Net decrease in cash	(166,508)	-	(166,508)
Exchange rate changes	243	-	243
Cash, beginning of period	322,648	-	322,648
Cash, end of period	$ 156,383	$ -	$ 156,383

Exploration and evaluation assets

Exploration and evaluation assets as at June 30, 2016 and December 31, 2015 consist of:

		Alberta (a)
Balance, December 31, 2014	**$**	**505,000**
Reclamation and decommissioning obligation		10,692
Balance, June 30, 2016 and December 31, 2015	**$**	**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.

(b) In January 27, 2015, the Company acquired oil and gas leases (the "Leases") and related data in the Pondera and Teton Counties in Northwestern Montana USA (the "Property") through the acquisition of Primary.

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%. As consideration for the Property, the vendor is entitled to a 1% gross overriding royalty.

Results of Operation

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
		(Restated)		(Restated)
Expenses				
Professional fees and disbursements	$ 9,712	$ 50,124	$ 24,180	$ 59,643
Exploration expenses	9,753	40,185	12,275	73,512
Office and general	45,248	52,708	100,547	94,390
Travel	-	-	-	3,766
Insurance	11,723	7,461	22,975	14,929
Total expenses	$ 76,436	$ 150,478	$ 159,977	$ 246,240
Loss before undernoted	**(76,436)**	**(150,478)**	**(159,977)**	**(246,240)**
Excess of fair value over net assets acquired	-	-	-	15,996
Loss on foreign exchange	(273)	656	(2,076)	(42)
Net change in unrealized loss on investments	(3,440)	-	(27,000)	-
Net realized (loss)/gain on sale of investments	(4,017)	-	1,528	(20,837)
Net loss for the period	**(84,166)**	**(149,822)**	**(187,525)**	**(251,123)**
Other comprehensive income				
Exchange differences on translation of foreign operations	805	243	7,175	243
Total comprehensive loss for the period	**$ (83,361)**	**$ (149,579)**	**$ (180,350)**	**$ (250,880)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	$ (0.000)	$ (0.001)	$ (0.001)	$ (0.001)

Results of Operations:

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

	Q/E June 30, 2016	Q/E March 31, 2016	Q/E Dec 31, 2015	Q/E Sept 30, 2015	Q/E June 30, 2015 Re-stated	Q/E March 31, 2015 - Re-stated	Q/E Dec 31, 2014	Q/E Sept 30, 2014
Revenue	$nil	$nil	$514	$nil	$nil	$nil	$7,228	$nil
Net profit/(loss) for the period	($84,166)	($149,822)	($351,214)	$6,769	($54,346)	($101,301)	($130,888)	($230,996)
Total comprehensive profit/(loss) for the period	($83,361)	($149,579)	($355,701)	$3,863	($54,103)	($101,301)	($130,888)	($230,996)
Net profit/(loss)loss per share based on net loss for the period - basic and diluted	$0.000	($0.001)	($0.001)	$0.000	($0.000)	($0.001)	($0.001)	($0.001)

The Company plans to keep operating expenses at minimum levels to conserve its cash until the general capital markets for resource financing improves.

For six months ended June 30, 2016 and 2015, the Company had no revenue from production at its Lloydminster well nor its wells in Montana, USA. The Company suspended its Lloydminster operations in 2012 due to the continued operating losses it was incurring in the production at the wells.

Three months ended June 30, 2016 and 2015 Results

Total expenses for the three months ended June 30, 2016 were $76,436 (2015 - $150,478). Professional expenses were $9,712 (2015 - $50,124) and largely comprise of accruals for audit fees ($5,200), land management services ($1,980) engineering consulting and disbursements ($2,250). Exploration expenses were $9,753 (2015 – $40,185) mainly comprises annual lease costs ($6,150). Office and general expenses were $45,248 (2015 - $52,708) and mainly comprise of accrued salary for the CEO $25,000, land management software cost ($2,061), rent of $5,040 and accounting services of $12,325. Insurance charges for the period were $11,723 including the Montana assets (2015 - $7,461).

Six months ended June 30, 2016 and 2015 Results

Total expenses for the six months ended June 30, 2016 were $159,977 (2015 - $246,240). Professional expenses were $24,180 (2015 - $59,643) and largely comprise of accruals for audit fees ($10,440), land management services ($6,270) engineering consulting and disbursements ($5,800). Exploration expenses were $12,275 (2015 – $73,512) mainly comprise of payments to Sinopec for land management ($4,059) and annual lease costs ($6,150). Office and general expenses were $100,547 (2015 - $94,390) and mainly comprise of accrued salary for the CEO $50,000, land management software cost ($4,259), rent of $10,080 corporate services of $7,843 and accounting services of $24,675. Insurance charges for the period were $22,975 including the Montana assets (2015 - $14,929).

During the six months ended June 30, 2016, the Company sold all its investment in Keek Inc. for net proceeds of $73,528 resulting in a realized gain on disposal of investments of $1,528 and a net change in unrealized loss in investments of $27,000 which have been reflected in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2016.

Exploration Expenses

The exploration costs during three and six months ended June 30, 2016 and 2015 were as follows:

	Three months ended 30 June,		Six months ended 30 June,	
	2016	2015	2016	2015
Annual lease renewal costs	$ 6,150	$ 36,587	$ 6,150	$ 69,731
Land management	(251)	-	$ 4,059	-
Others	3,854	3,598	2,066	3,781
	$ 9,753	$ 40,185	$ 12,275	$ 73,512

Office and general expenses

The office and general expenses during three and six months ended June 30, 2016 and 2015 were as follows:

	Three months ended 30 June,		Six months ended 30 June,	
	2016	2015	2016	2015
Accounting services	$ 12,325	$ 5,525	$ 24,675	$ 10,525
Management salary	25,000	31,250	50,000	50,000
Corporate services	(676)	150	7,843	5,350
Rent expense	5,040	9,360	10,080	20,200
Computer expenses	2,061	-	4,259	-
Telephone expense	365	236	1,050	472
Transfer Agent	671	781	1,565	1,799
Others	462	5,406	1,075	6,044
	$ 45,248	$ 52,708	$ 100,547	$ 94,390

Cash Flow

During six months ended June 30, 2016, the Company used cash of $105,964 (six months ended June 30, 2015 - $221,023) in operating activities. The net realized gain on disposal of investments of $1,528, net change in unrealized losses on investments of $27,000 and accretion of reclamation and decommissioning costs of $1,361 did not involve any flow of funds.

For six months ended June 30, 2016, sundry receivables decreased by $16,542 as did prepaid expenses by $3,757. Accounts payable and accrued expenses increased by $37,151.

During the six months ended June 30, 2016, the Company generated cash of $78,143 from investing activities as compared to $54,515 for the six months ended June 30, 2015, primarily from proceeds on disposal of investments during six months ended June 30, 2016 of $73,528 (six months ended June 30, 2015 - $54,515).

For six months ended June 30, 2016, the Company had a net decrease in cash of $27,821 offset by a gain from the exchange rate changes on its foreign operations of $7,175 leaving a bank indebtedness balance of $1,147 as at June 30, 2016. For six months ended June 30, 2015, the Company had a net decrease in cash of $166,508 offset by a gain from the exchange rate changes on its foreign operations of $243 leaving a cash balance of $156,383 as at June 30, 2015.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	**30-Jun-16**	**31-Dec-15**
Cash	$ -	$ 19,499
Bank indebtedness	1,147	-
Exploration and evaluation assets	515,692	515,692
Total assets	1,040,319	1,184,879
Total liabilities	1,233,009	1,197,219
Share capital, warrants and contributed surplus	22,525,215	22,525,215
Foreign currency translation reserve	25	(7,150)
Deficit	(22,717,930)	(22,530,405)
Working capital deficiency	(1,069,382)	(892,286)

Currently, 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 flows from operations to fund past liabilities or current obligations as they become 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 $1,069,382 as at June 30, 2016 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.

During the year ended December 31, 2015, Keek Inc., a publicly-traded online social media app developer (TSXV: "KEK") issued 300,000 common shares of Keek Inc. to the Company as settlement of the amount owed to the Company for certain payables assumed by the Company related to Keek expenditures prior to the acquisition (see Note 11 of the notes to the consolidated financial statements as at and for the year ended December 31, 2015). These shares were valued at, $72,000 based on the quoted market price at the time of receipt. As at December 31, 2015, the fair value of the investment in Keek Inc. was $99,000.

During the six months ended June 30, 2016, the Company sold all the Keek shares for net proceeds of $73,528 resulting in a net realized gain on disposal of investments of $1,528 and a net change in unrealized loss on investments of $27,000 which have been reflected in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2016.

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 unless otherwise noted.

(a) Included in professional fees for the six months ended June 30, 2016 is $nil (six months ended June 30, 2015 – $8,389) 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 as at June 30, 2016 is $51,917 (December 31, 2015 - $52,228) owing to this law firm.

(b) Included in accounts payable and accrued liabilities as at June 30, 2016 and December 31, 2015 is $41,999 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.

(c) At June 30, 2016, $251,000 with applicable taxes (December 31, 2015 - $175,000 without applicable taxes) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's Chief Executive Officer and director, Allen Lone.

(d) During six months ended June 30, 2016, the Company paid $nil (six months ended June 30, 2015 - $12,000) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director.

(e) In January 2015, the Company purchased 100% of the issued and outstanding common shares of Primary, a private company incorporated under the laws of Montana, USA. Primary was a wholly owned subsidiary of Keek Inc, in which Gerry Feldman, a director of the Company was a director of Keek at the time of acquisition. (See Note 11).

(f) At June 30, 2016 and December 31, 2015, $39,818 is included in accounts payable and accrued liabilities, relating to services provided by a former director and officer (Nick Tsimidis).

(g) At June 30, 2016 and December 31, 2015, $10,625 is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).

(h) At June 30, 2016 and December 31, 2015, $169,092 is included in accounts payable and accrued liabilities to a company controlled by a former director and officer of the Company (Richard Cohen).

(i) At June 30, 2016 and December 31, 2015, $2,000 is included in accounts payable and accrued liabilities to a director of the Company, Mario DiGenova.

(j) At June 30, 2016 and December 31, 2015, $2,000 is included in accounts payable and accrued liabilities to the CFO of the Company, Alan Myers.

(k) At June 30, 2016 and December 31, 2015, $791 has been included in accounts payable and accrued liabilities for Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO, is a partner, for taxation services provided during three and six months ended June 30, 2016.

(l) During the six months ended June 30, 2016, the Company paid $5,775 (six months ended June 30, 2015 - $12,082) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At June 30, 2016, $5,775 (December 31, 2015 - $5,578) has been included in accounts payable and accrued liabilities.

Acquisition of Primary Petroleum Company USA Inc.

In January 2015, the Company purchased 100% of the issued and outstanding common shares of Primary, a private company incorporated under the laws of the Montana, USA. Primary was a wholly owned subsidiary of Keek Inc. The Company paid $1 for Primary and the acquisition was accounted for as a business combination. 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 Montana.

Details of the acquisition of Primary are as follows:

		As at January 27, 2015
Purchase price		
Cash paid	$	1
Fair value of Primary's net assets acquired		
Current assets	$	65,117
Less: total liabilities		(49,121)
Excess of fair value of net assets acquired over purchase price	$	15,996

The excess of the fair value of the net assets of Primary over the purchase price, in the amount of $15,996, was recognized in the consolidated statement of loss and comprehensive loss for the six months ended June 30, 2015 (as restated).

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Key Management Compensation

The compensation of key management of the Company is 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.

		Three months ended June 30, 2016		Three months ended June 30, 2015		Six months ended June 30, 2016		Six months ended June 30, 2015
Short-term compensation (Note 8(c)	$	25,000	$	31,250	$	50,000	$	50,000

These transactions are in the normal course of operations.

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, 2016, totaled to a deficiency of $192,690 (December 31, 2015 – $12,340).

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 since the year ended December 31, 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 six months. As of June 30, 2016, 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 June 30, 2016.

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, 2016, the Company had a bank indebtedness of $1,147 (at December 31, 2015 – $19,499) and current liabilities of $1,116,705 (At December 31, 2015 - $1,079,554). The Company has a working capital deficiency of

$1,069,382 at June 30, 2016 (December 31, 2015 – $892,286). See "Going Concern" section elsewhere in this MD&A.

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 the Canadian dollar. As at June 30, 2016, the Company's US dollar net monetary liabilities totaled $41,264. Accordingly a 5% change in the US dollar exchange rate as at June 30, 2016 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $2,063.

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 Mooncor 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 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:

Capital Stock

At June 30, 2016, the authorized share capital comprised an unlimited number of common shares with no par value.

Common shares outstanding as of June 30, 2016 and the date of this MD&A are as follows;

	# of Common Shares		Amount
Balance, December 31, 2015	**167,536,185**	**$**	**20,175,578**
Transaction during 6 months ended June 30, 2016	-		-
Balance, June 30, 2016	**167,536,185**	**$**	**20,175,578**

Warrants

On April 1, 2016, 10,000,000 warrants with an exercise price of $0.10 per share expired unexercised.

As at the date of this MD&A, warrants outstanding are as follows:

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-Oct-14	7,601,665	1-Oct-16		0.10		193,430
	19,050,157		**$**	**0.10**	**$**	**234,530**

Stock options

The following table summarizes information about the options outstanding and exercisable as at the date of this MD&A are as follows:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$0.25	19-Nov-20	4.39
75,000	0.20	8-Apr-21	4.78
67,500	0.23	4-May-21	4.85
211,250	0.14	29-Nov-21	5.42
623,750	**$0.20**		**4.84**

Segmented Information

The Company currently operates in one reportable segment, being the acquisition, exploration and evaluation of oil and gas interests. Non-current assets segmented by geographical area are as follows:

As of June 30, 2016

		Canadian Operation		US Operation		Total
Total assets	$	964,772	$	76,694	$	1,041,466
Exploration and evaluation assets	$	515,692	$	-	$	515,692

As of December 31, 2015

		Canadian Operation		US Operation		Total
Total assets	$	1,065,692	$	119,187	$	1,184,879
Exploration and evaluation assets	$	515,692			$	515,692

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 audited 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, 2016 and 2015.

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.

Change in accounting policies

The interim consolidated statements follow the same accounting policies and methods of computation as those described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2015, except as follows:

(a) IAS 1, *Presentation of Financial Statements* ("IAS 1") - On January 1, 2016, the Company implemented certain amendments to IAS 1, which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statement of operations and the statement of comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(b) IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures (2011)* ("IAS 28") - the Company implemented certain amendments to IFRS 10 and IAS 28 on January 1, 2016. These amendments relate to the sale or contribution of assets between an investor and its associate or joint venture and require the recognition of a full gain or loss when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The implementation of amendments to IFRS 10 and IAS 28 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(c) IFRS 11, *Joint Arrangements* ("IFRS 11") - Amendments to IFRS 11 address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business and requires that such transactions be accounted for using the principles related to business combinations accounting as outlined in IFRS 3, *Business Combinations*. The Company implemented the amendments to IFRS 11 effective January 1, 2016. The implementation of amendments to IFRS 11 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

(d) IAS 16, *Property, Plant and Equipment* ("IAS 16") and IAS 38, *Intangible Assets* ("IAS 38") - On January 1, 2016, the Company implemented amendments to IAS 16 and IAS 38, which eliminated the use of a revenue-based depreciation method for items of property, plant and equipment and eliminated the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The implementation of amendments to IAS 16 and IAS 38 had no impact to the Company's interim consolidated statements for the three and six months ended June 30, 2016.

Future accounting pronouncements

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2015, are described in Note 3 to the annual consolidated financial statements as at and for the year ended December 31, 2015. There have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2015 that are expected to have a material effect on the Company's interim consolidated statements.

Investor relations:

The Company's management performed its own investor relations duty for the three months ended June 30, 2016.

Additional information:

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