MOONCOR OIL & GAS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF MOONCOR OIL & GAS CORP. TO BE HELD ON NOVEMBER 10, 2016

DATED OCTOBER 14, 2016

MOONCOR OIL & GAS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 10, 2016

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders (the "**shareholders**") of common shares ("**shares**") of Mooncor Oil & Gas Corp. ("**Mooncor**") will be held at Mooncor's office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario at 11:00 a.m. (Toronto time) on November 10, 2016, for the following purposes:

1. to receive and consider the audited consolidated financial statements of Mooncor for the financial year ended December 31, 2014 and 2015, together with the notes thereto and the auditors' report thereon;

2. to approve the appointment of McGovern, Hurley, Cunningham LLP as auditors of Mooncor for the ensuing year at such remuneration as may be fixed by the Board;

3. to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in the Information Circular (as defined below) prepared for the purposes of the Meeting, to approve Mooncor's stock option plan;

4. to consider and, if deemed advisable, to approve, with or without variation, a special resolution, the full text of which is set forth in the Information Circular (as defined below) prepared for the purposes of the Meeting, to approve a consolidation of its common shares on the basis of one (1) post-consolidation common share for up to every twenty (20) pre-consolidation common shares outstanding;

5. to elect the board of directors of Mooncor (the "**Board**") for the ensuing year; and

6. to transact any other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The details of all matters proposed to be put before the shareholders at the Meeting are set forth in the Information Circular accompanying this Notice of Annual and Special Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be valid, the proxy must be received by Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Ontario) prior to the Meeting or any adjournment or postponement thereof. Registered shareholders may also use the Internet (https://www.investorvote.com) to vote their shares.

The record date for determination of the shareholders entitled to receive notice of and to vote at the Meeting is October 7, 2016 (the "**Record Date**"). Only the shareholders whose names have been entered in the register of shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. To the extent that a shareholder transfers the ownership of any shares after the Record Date and the transferee of those shares establishes ownership of such shares and demands, not later than ten (10) days before the Meeting, to be included in the list of the shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

The persons named in the enclosed form of proxy for Mooncor are directors and/or officers of Mooncor. Each shareholder has the right to appoint a proxy holder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a Mooncor shareholder should be delivered by facsimile to Computershare Trust Company of Canada at 1-866-249-7775.

DATED at the City of Toronto, Ontario, this 14th day of October, 2016.

BY ORDER OF THE BOARD OF DIRECTORS OF MOONCOR OIL & GAS CORP.

(signed) *"Allen Lone"*
Chief Executive Officer

MOONCOR OIL & GAS CORP.

MANAGEMENT INFORMATION CIRCULAR

Introduction

This management information circular (the "**Information Circular**") is furnished to the shareholders of Mooncor Oil & Gas Corp. ("**Mooncor**") in connection with the solicitation of proxies by the management of Mooncor for use at the annual and special meeting of shareholders (the "**Meeting**") to be held at Mooncor's office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario at 11:00 a.m. (Toronto time) on November 10, 2016, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Meeting.

The information contained herein is given as of October 14, 2016, except where otherwise indicated. Enclosed herewith is a form of proxy for use at the Meeting. Each shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and shareholders are urged to vote on matters to be considered in person or by proxy.

Persons Making the Solicitation

This solicitation is made on behalf of the management of Mooncor. The costs incurred in the preparation of both the form of the proxy and this Information Circular will be borne by Mooncor. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of Mooncor who will not be directly compensated therefor.

In accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**")**,** Mooncor has determined to deliver the proxy solicitation materials directly to the non-objecting beneficial owners of shares ("**NOBOs**"). The costs thereof will be borne by Mooncor.

Mooncor does not intend to pay for intermediaries to deliver proxy-related materials or Form 54-101F7 —*Request for Voting Instructions Made by Intermediary* to the objecting beneficial owners of shares ("**OBOs**") and as such, OBOs will not receive such materials unless their intermediary assumes the costs thereof (OBOS and NOBOs are herein collectively referred to as the "**Non-Registered shareholders**").

Proxy Related Information

Appointment and Revocation of Proxies

Those shareholders desiring to be represented at the Meeting by proxy must deposit their respective forms of proxy with Computershare Trust Company ("**Computershare**"), Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Ontario) prior to the Meeting or any adjournment or postponement thereof. A proxy must be executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized. A proxy is valid only at the Meeting in respect of which it is given or any adjournment or postponement of the Meeting.

Registered shareholders may also use the internet (www.investorvote.com) to vote their shares. Shareholders will be prompted to enter the control number which is located on the form of proxy when voting by the Internet. Votes by the internet must be received not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Ontrio) prior to the time of the Meeting or any adjournment or postponement thereof. The internet may also be used to appoint a proxyholder to attend and vote at the Meeting on the shareholder's behalf and to convey a shareholder's voting instructions.

Mooncor may refuse to recognize any instrument of proxy deposited in writing or by the internet received later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Ontario) prior to the Meeting or any adjournment or postponement thereof.

The persons named in the enclosed form of proxy are officers and directors of Mooncor. Each shareholder submitting a proxy has the right to appoint a person, who need not be a shareholder, to represent him/her or it at the Meeting other than the persons designated in the form of proxy furnished by Mooncor. A shareholder may exercise this right by

inserting the name of the desired representative in the blank space provided in the form of proxy or by completing another form of proxy and, in either case, depositing the proxy with Olympia, at the place and within the time specified above for the deposit of proxies.

A shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing (or if the shareholder is a corporation, under its seal or by an officer or attorney thereof duly authorized), deposited either at Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, and upon either of such deposits, the proxy is revoked.

Exercise of Discretion

All shares represented at the Meeting by properly executed proxies will be voted or withheld from voting in accordance with the instructions of the shareholder where voting is by way of a show of hands or by ballot and, if the shareholder specifies a choice with respect to any matter to be voted upon, the shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instructions, the persons whose names appear on the enclosed form of proxy will vote in favour of the matters set forth in the Notice of Meeting and in this Information Circular.**

The enclosed form of proxy confers discretionary authority on the persons named therein with respect to any amendments or variations of those matters specified in the form of proxy and Notice of Meeting and with respect to any other matters which may be properly brought before the Meeting or any adjournment or postponement thereof. If any such amendment, variation or other matter should come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxies in accordance with their best judgment, unless the shareholder has specified to the contrary or that shares are to be withheld from voting. At the time of printing of this Information Circular, management of Mooncor knows of no such amendment, variation or other matter.

Advice to Non-Registered shareholders

The information in this section is of significant importance to many shareholders, as a substantial number do not hold their shares in their own name. Non-Registered shareholders are advised that only proxies from shareholders of record can be recognized and voted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of Mooncor. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms).

Voting by Non-Registered shareholders

Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Non-Registered shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of Mooncor do not know for whose benefit the shares registered in the name of CDS & Co. are held, and directors and officers of Mooncor do not necessarily know for whose benefit the shares registered in the name of any broker or agent are held. Non-Registered shareholders who complete and return a form of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder.

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Non-Registered shareholders in advance of shareholders' meetings. Every broker and other intermediary have its own mailing procedure, and provide its own return instructions, which should be carefully followed. The form of proxy supplied by brokers and other intermediaries to Non-Registered shareholders may be very similar and in some cases identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Non-Registered shareholder.

In Canada, the vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered shareholders and asks Non-Registered shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Non-Registered shareholder who receives a Broadridge voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted.**

Although a Non-Registered shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his broker, a Non-Registered shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares in that capacity. **Non-Registered shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

Non-Registered shareholders should contact their broker or other intermediary through which they hold shares if they have any questions regarding the voting of such shares.

Voting Securities and Principal Holders of Voting Securities

Voting Rights

The authorized share capital of Mooncor consists of an unlimited number of shares without nominal or par. As at the date hereof, there are 149,934,520 shares issued and outstanding. Each share entitles the holder thereof to one vote on all matters properly coming before the Meeting or any adjournment or postponement thereof.

Record Date

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting or any adjournment or postponement thereof is October 7, 2016 (the **"Record Date**").

Mooncor will prepare or cause to be prepared a list of the shareholders recorded as holders of shares on its register of shareholders as of the close of business on the Record Date, each of whom shall be entitled to vote the shares shown opposite their name on the list at the Meeting or any adjournment or postponement thereof, except to the extent that: (a) any such shareholder has transferred ownership of any of their shares subsequent to the Record Date; and (b) the transferee produces properly endorsed share certificates evidencing the transfer or otherwise establishes that the transferee owns the transferred shares and demands, not later than ten (10) days before the Meeting, that they be included on the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote the transferred shares at the Meeting or any adjournment or postponement thereof.

In addition, persons who are Non-Registered shareholders as of the Record Date will be entitled to exercise their voting rights in accordance with the procedures established under NI 54-101. See *"Proxy Related Information —Advice to Non-Registered shareholders"*.

Principal Holders of shares

To the knowledge of the directors and executive officers of Mooncor, no person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of the issued and outstanding shares as at the date of this Information Circular.

Quorum

Under the by-laws of Mooncor, a quorum of shareholders is present at a meeting if at least two individuals are present in person, each of whom is entitled to vote at a meeting , and who hold or represent by proxy in the aggregate not less than 5% of the total number of shares entitled to be voted at the meeting. If any share entitled to be voted at a meeting of shareholders is held by two or more persons jointly, the persons or those of them who attend the meeting of shareholders constitute only one shareholder for the purpose of determining whether a quorum of shareholders is present.

Interest of Certain Persons in Matters to be acted Upon

No person who has been a director or executive officer of Mooncor at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of Mooncor, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors of Mooncor.

Executive Compensation

Compensation Discussion and Analysis

The Canadian Securities Administrators (the "**CSA**") has implemented Form 51-102F6 - Statement of Executive Compensation ("**Form 51-102F6**"), which governs the disclosure of executive compensation for reporting issuers. The Form 51-102F6, defines "**Named Executive Officers**" as the Chief Executive Officer, the Chief Financial Officer and each of the Corporation's three most highly compensated officers other than the Chief Executive Officers and Chief Financial Officer, whose total compensation was more than $150,000.

All dollar amounts set forth in this Management Information Circular are in Canadian dollars, except where otherwise indicated.

The Corporation's executive compensation program is comprised of the following components: base salary and long-term incentives. Together, these components support the Corporation's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

With respect to the grant of Options, the Chief Executive Officer of Mooncor recommends to the Board the individual equity incentive awards for each executive officer and director. The Board then takes these recommendations into consideration when making final decisions on compensation for those executive officers. The Board does not use formulas or benchmarks for each grant, but is restricted by the policies of the TSX Venture Exchange and the terms of the Mooncor stock option plan (the "**Option Plan**") in how many Options it may grant. Options under the Option Plan are awarded to executive officers and employees by the Board based upon the level of responsibility and contribution of the individuals towards Mooncor's goals and objectives. Previous grants of Options to a particular individual will be taken into account when considering future grants of Options to that particular individual.

Risks of Compensation Policies and Practices

Mooncor's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage Mooncor's executives from taking unnecessary or excessive risk: (i) Mooncor's business strategy and related compensation philosophy; and (ii) the effective balance, in each case, between near-term and long-term focus, corporate and individual performance, and financial and non-financial performance.

Based on this review, the Board believes that Mooncor's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Financial Instruments

Mooncor has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

Share Based and Non-Equity Incentive Plan Compensation

Mooncor has not at any time granted any share-based awards nor has it provided any awards pursuant to a non-equity incentive plan.

Compensation Governance

For a discussion on policies and practices by the Board to determine the compensation of Mooncor's directors and executive officers, see "Executive Compensation — Compensation Discussion and Analysis". The current members of the Compensation Committee of the Board are Gerald Feldman, Mario DiGenova and Alan Myers. The Compensation Committee is responsible for: (i) reviewing and approving the compensation of the Chief Executive Officer, the Chief Financial Officer and other senior vice presidents; (ii) recommending to the Board other executive compensation, incentive-based plans and equity-based plans; (iii) approving and monitoring trading by insiders and share ownership policies; and (iv) reviewing compensation disclosure in public documents.

The Compensation Committee in consultation with other board members, develop the compensation for the CEOs, the CFO and other senior vice presidents. Other senior management may be asked by the Compensation Committee to prepare compensation information (such as current and historical compensation data). While the Compensation Committee delegates to the CEOs decisions on compensation levels for the other Named Executive Officers, it ensures that total compensation paid to all Named Executive Officers is fair, reasonable and consistent with the compensation philosophy of Mooncor.

The Compensation Committee makes recommendations to the Board with respect to fixed compensation for the Named Executive Officers and performance based compensation for the Named Executive Officers and a broader management group, described below.

Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans

Mooncor currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers (as defined below) or directors of Mooncor.

Compensation of Named Executive Officers

Named Executive Officers - Summary Compensation and Outstanding Option-Based Awards

For the financial year ended December 31, 2015, Allen Lone, the Chief Executive Officer of Mooncor and Manny Bettencourt, the Chief Financial Officer are referred to herein as the "**Named Executive Officers**". For the fiscal year ended December 31, 2015, the Named Executive Officers received salary, bonus and option-based awards, but did not receive any share-based awards, non-equity incentive plan compensation, pension value or other compensation. The Chief Executive Officer is also a director of Mooncor; however, he did not receive any compensation in his capacity as director of Mooncor.

Summary Compensation Table

The summary compensation table sets out particulars of compensation paid for the fiscal years ended December 31, 2015, 2104 and 2013 to the Named Executive Officers and the other executive officers whose total salary and other compensation during such period exceeded $150,000.

Name and Principal Position	Year	Salary ($)	Share based awards ($)	Option based awards ($) [12]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Allen Lone [1] CEO	2015 2014 2013	$100,000 $75000 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	$100,000 $75,000 Nil

Allan Myers [2] CFO	2015 2014 2013	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil

Notes:
(1) Mr. Lone was appointed Chief Executive Officer effective April 2, 2012.
(2) Mr. Myers was appointed Chief Financial Officer effective July 11, 2012.

Employment Agreements

As of the date of this Information Circular, no employment agreements have been entered into between Mooncor and the Named Executive Officers.

Outstanding Option-Based Awards for Named Executive Officers

The table below reflects all option-based awards for each Named Executive Officer outstanding as at December 31, 2015 (including option-based awards granted to a Named Executive Officer before such fiscal year). The Corporation does not have any other equity incentive plans other than its Stock Option Plan.

Name of Named Executive Officer	Number of Securities Underlying Unexercised Options	Option Exercise Price (CDN$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN$) [1]
Allen Lone Chief Executive Officer	Nil	Nil	Nil	Nil
Allan Myers Chief Financial Officer	Nil	Nil	Nil	Nil

Notes:
(1) All of the options vested on the day they were granted. This column contains the aggregate value of in-the-money unexercised options as at December 31, 2015, calculated based on the difference between the market price of the Common Shares underlying the options as at the close of day on December 31, 2015, being $Nil, and the exercise price of the options. The foregoing options were not in-the-money at that time

Director's Compensation

Individual Director Compensation

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended December 31, 2015. Except as otherwise disclosed below, the Corporation did not pay any fees or compensation to directors for serving on the Board (or any subcommittee) beyond reimbursing such directors for travel and related expenses and the granting of stock options under the Stock Option Plan.

Director Compensation Table For Fiscal Year Ended December 31, 2015

Name	Fee Earned (CDN$)	Option-Based Awards (CDN$)	Non-Equity Incentive Plan Compensation (CDN$)	All Other Compensation (CDN$)	Total (CDN$)
Mario DiGenova	Nil	Nil	Nil	Nil	Nil
Gerry Feldman	Nil	Nil	Nil	Nil	Nil

Director Outstanding Option-Based Awards

The table below reflects all option-based awards for each director outstanding as at December 31, 2015 (including option-based awards granted to a director before each such fiscal year). Mooncor does not have any equity incentive plan other than the Stock Option Plan.

Director Option–Based Awards Outstanding as at December 31, 2015

Name of Director	Number of Securities Underlying Unexercised Options	Option Exercise Price (CDN$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN$)
Mario DiGenova	Nil	Nil	Nil	Nil
Gerry Feldman	Nil	Nil	Nil	Nil

Director Incentive Award Plans

The following table provides information concerning the incentive award plans of Mooncor with respect to each director during the fiscal year ended December 31, 2015. The only incentive award plan of Mooncor during such fiscal year was its Stock Option Plan.

Incentive Award Plans
Value Vested or Earned During the Fiscal Year Ended December 31, 2015

Name of Director	Option-Based Awards – Value Vested During Fiscal Year Ended December 31, 2015 (CDN$)	Non-Equity Incentive Plan Compensation Value Vested During Fiscal Year Ended December 31, 2015 (CDN$)
Mario DiGenova	Nil	Nil
Gerry Feldman	Nil	Nil

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth Mooncor's equity compensation plans under which equity securities are authorized for issuance as at December 31, 2015, the end of the most recently completed financial year.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
The Option Plan	623,750	0.20	14,369,702
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	623,750 (1)	N/A	14,369,702

Note:
(1) The Option Plan is a "rolling" stock option plan which reserves for issuance a maximum of 10% of the issued and outstanding shares at the time of the Option grant.

Corporate Governance Disclosure

General

The Board views effective corporate governance as an essential element for the effective and efficient operation of Mooncor. Mooncor believes that effective corporate governance improves corporate performance and benefits all of its shareholders. The following statement of corporate governance practices sets out the Board's review of Mooncor's governance practices relative to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 - *Corporate Governance Guidelines*.

Board of Directors

The Board, which is responsible for supervising the management of the business and affairs of Mooncor, is currently comprised of four (4) directors, of which Mario DiGenova and Gerry Feldman would be considered to be independent, as such term is defined in NI 58-101 and National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). Allen Lone and Alan Myers are not independent by virtue of being members of Mooncor's management or a related party thereto.

The Board has plenary power to manage and supervise the management of the business and affairs of Mooncor and to act in the best interest of Mooncor. The Board is responsible for the overall stewardship of Mooncor and approves all significant decisions that affect Mooncor before they are implemented. The Board also considers their implementation and reviews the results.

Chair of the Board

The Board of Directors is led by a non-executive, independent member, which Mooncor believes contributes to the Board's ability to function independently of management. Mr. Gerald Feldman was appointed Chair in November, 2011 after being elected as director. Mr. Gerald Feldman is responsible for overseeing the Board in carrying out its roles and responsibilities, which includes overseeing that the Board's duties and responsibilities are carried out independently of management.

Conflicts of Interest

In accordance with applicable law and Mooncor's policy, each director is required to disclose to the Board any potential conflict of interest he or she may have in a matter before the Board or committee thereof at the beginning of the Board or committee meeting. A director who is in a potential conflict of interest must not attend any part of the meeting during which the matter is discussed or participate in a vote on such matter.

Election of Directors

As the Board has not adopted a policy for the selection and nomination of directors, it is the Board's responsibility to monitor the composition of the Board and select qualified candidates eligible to stand for election as directors of Mooncor and recommend such candidates to the Board should there be any vacancy or should any Board member decides not to stand for election. The Board assesses the competencies, skills, personal qualities, availability, geographical representation, business background and diversified experience of the Board members and Mooncor's circumstances and needs. From time to time, the Board may appoint, at its discretion, an ad hoc nominating committee composed of Board members to select and recommend to the Board candidates eligible to stand for election or fill any vacancy.

Committees of the Board

The Board has established the Audit Committee and has delegated to this committee certain responsibilities that are set forth in their respective mandates.

<u>Audit Committee</u>

The Audit Committee is comprised of three directors, being Messrs. Gerald Feldman (Chair), Mario DiGenova and Allen Lone, of which Messieurs DiGenova and Feldman are "independent" and "financially literate" under applicable securities rules. The Audit Committee adopted a written charter outlining its primary responsibilities and duties, which include:

- appointing, compensating, retaining and overseeing the work of the accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services and reviewing and appraising the audit efforts of our independent accountants;
- engaging independent counsel and other advisers, as necessary;
- determining funding of various services provided by accountants or advisers retained by the committee;
- reviewing Mooncor's financial reporting processes and internal controls;
- reviewing and approving related-party transactions or recommending related-party transactions for review by

independent members of the Board of Directors; and

- providing an open avenue of communication among the independent accountants, financial and senior management and the Board.

The full text of the Audit Committee charter is attached hereto as Schedule "A".

Board and Committee Meetings

The Board and the committees meet on a quarterly basis and as circumstances warrant it. To maintain independence from management, the independent Board members may meet at each quarterly and special Board meeting, without the presence of management and under the chairmanship of the independent Chairman of the Board. Similarly, each of Mooncor's committees may hold separate sessions without management present under the chairmanship of its committee Chair at each quarterly and special committee meeting

Ethical Business Conduct

Mooncor's Code of Ethics (the "Code of Ethics") is applicable to all Mooncor's directors, senior managers and financial officers and has been developed to promote the honest and ethical conduct of its directors, senior managers and financial officers, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by Mooncor; and to promote compliance with all applicable rules and regulations that apply to Mooncor and its officers.

The Code of Ethics addresses several matters, including conflicts of interest, integrity of corporate records, confidentiality of corporate information, protection and use of corporate assets and opportunities, insider trading, compliance with laws and reporting of unethical or illegal behaviour. No waiver has ever been granted to a director or executive officer in connection with the Code of Ethics.

In addition to monitoring compliance with the Code of Ethics, the Board has adopted whistleblowing procedures for reporting unethical or questionable acts by Mooncor or employees thereof. Complaints can be made via email to the Corporate Secretary or the Chair of the Audit Committee, who is responsible to oversee the whistleblowing procedures.

Board, Committees and Directors Performance Assessment

On an annual basis, the Chairman of the Board is responsible for the process of assessing the performance and effectiveness of the Board as a whole, the Board Committees, Committee Chairs and individual directors. Questionnaires are distributed to each director for the purpose of (i) evaluating the Board's responsibilities and functions, its operations, how it compares with boards of other companies on which the directors serve and the performance of the Board's Committees and (ii) inviting directors to make suggestions for improving the performance of the Chairman of the Board, Committee Chairs and individual directors. The questionnaire completed by the Chairman of the Board is submitted to the Chair of the Audit Committee. The results of the questionnaires are compiled by the Corporate Secretary on a confidential basis to encourage full and frank commentary. In addition, the Chairman of the Board discusses with each Board member individually in order to discuss the questionnaires and also meets the Chair of the Audit Committee who is responsible for his assessment. The results of the questionnaires as well as any issues raised during individual discussions are presented and discussed at a following meeting of the Board. At all times, Board members are free to discuss among themselves the performance of a fellow director, or submit such a matter to the Chairman of the Board. Based on the outcome of the discussion, the Chairman of the Board then presents to the Board the assessment's findings and its recommendations to enhance the performance and effectiveness of the Board and its committees.

Director Selection

<u>Skills and Experience of Directors</u>

The process by which the Board establishes new candidates for Board nominations lies within the discretion of the Board of Directors with a view of the best interests of the company and in accordance with the corporate governance guidelines.

<u>Nomination of Directors</u>

Before making a recommendation on a new director candidate, the Chairman of the Board and different Board members meet with the candidate to discuss the candidate's interest and ability to devote the time and commitment required to serve on the Board. In certain circumstances, the Board may also retain an independent recruiting firm to identify director candidates and fix such firm's fees and other retention terms.

The Board does not impose nor does it believe that it should establish term limits or retirement age limits on its directors, as such limits may cause the loss of experience and expertise important to the optimal operation of the Board.

Diversity and Gender Diversity

Mooncor does not have a formal policy on diversity on the Board of Directors or in senior management positions. Mooncor is, however, mindful of the benefit of diversity of the Board of Directors and senior management, including the representation of women on the Board and in senior management positions, and the need to maximize their effectiveness and respective decision making abilities. Accordingly, in searches for new candidates, while the company seeks to recruit or appoint the most qualified individuals for particular positions, it considers the merit of potential candidates based on a balance of skills, background, experience and knowledge, including taking into consideration diversity such as gender, age and geographic areas.

Other Reporting Issuer Experience

Certain of Mooncor's directors or nominee directors are currently directors or officers or have served as directors or officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Exchange	Position	Term
Allen Lone	Augusta Industries Inc.	TSXV	Director	Feb 2013 – present
	ThreeD Capital Inc.	CDN	Director	March 2015 - present

AUDIT COMMITTEE

The following information is provided in accordance with Form 52-110F2 under NI 52-110.

Audit Committee Charter

NI 52-110, relating to the composition and function of audit committees, was implemented for Ontario reporting companies effective March 30, 2004 and, accordingly, applies to every TSX Venture Exchange listed company, including Mooncor, as upon listing, every listed company becomes a reporting issuer in Ontario. NI 52-110 requires Mooncor to have a written audit committee charter and to make the disclosure required by Form 52-110F2, which includes disclosure of the text of the audit committee charter, in the Information Circular of Mooncor wherein management solicits proxies from the security holders of Mooncor for the purpose of electing directors to the Board. A copy of the Charter of the Audit Committee is annexed hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee of the Board currently consists of Gerald Feldman, Allen Lone and Mario DiGenova. All of the members of the Audit Committee are Financially Literate, as such terms are defined in NI 52-110.

Relevant Education and Experience of Audit Committee Members

Gerald Feldman, CPA, CA – Mr. Feldman is a Chartered Professional Accountant with over 30 years of experience in the accounting, finance, and capital markets field. He is a partner of DNTW Toronto LLP, a Chartered Professional Accountant and Licensed Public Accounting firm and is the Chief Financial Officer and Corporate Secretary of ThreeD Capital Inc., an investment company. In addition, Mr. Feldman has held senior officer and director positions in several junior companies that are listed on the TSX and TSX Venture Exchanges, including Vice President, Corporate Development and Chief Financial Officer of Pinetree Capital Ltd. (from May 2010-April 2015) and Chief Financial Officer of Mega Uranium Ltd. (from May 2010 – December 2015)..

Allen Lone has been the President & CEO & Director of Augusta Industries Inc TSXv (AAO). (formerly Marcon International Inc.) since 1991. He currently serves as Director of Three D Capital. He served as Director of Ammonite Energy Ltd. 2008 - 2009. Mr. Lone served as President, CEO, CFO & Director of Ketchum Capital Corporation 2006 - 2008. Mr. Lone received a B.Sc. in Business Administration and Bachelor of General Studies from S.E.Missouri State University in 1989. Mr. Lone also holds MBA from Lindenwood University, St Louis Missouri, in 1998.

Mr DiGenova Attended the University of Toronto, has experience in construction projects and development and venture capital. He serves on the Board of Local 183, He is the VP of the Ontario Concrete and Drain Construction Association.

Audit Committee Oversight

At no time since the commencement of Mooncor's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

Reliance on Certain Exemptions

At no time since the commencement of Mooncor's most recently completed financial year has Mooncor relied on the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

External Auditor Service Fees (By Category)

The approximate aggregate fees paid by Mooncor to the external auditors of Mooncor for the last two financial years for audit fees are described below.

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2015	$22,000	$440	$2,917.2	$25,357
December 31, 2014	$15,000	$300	$1,989	$17,289

Notes:

(1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

(2) Audit-related fees are for services related to performance of limited procedures performed by the Corporation's auditors related to interim reports.

(3) Tax fees are for tax compliance, tax advice and tax planning.

(4) All other fees for services performed by the Corporation's auditors and other accounting services.

(5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf.

Exemption

As an issuer listed on the TSX Venture Exchange, Mooncor currently relies on the exemption set forth in Section 6.1 of NI 52-110 pertaining to composition of the Audit Committee and reporting obligations under NI 52-110.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee of Mooncor, or any proposed nominee director, or any of their respective associates or affiliates, is or has been at any time since the beginning of the last completed fiscal year, indebted to Mooncor or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar Amalgamation or understanding, provided by Mooncor or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, Mooncor is not aware of any material interest, direct or indirect, of any "informed person" of Mooncor, any proposed director of Mooncor or any associate or affiliate, of any of the foregoing in any transaction since the commencement of Mooncor's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the company or any of its subsidiaries.

For the purposes of the above, "informed person" means: (a) a director or executive officer of Mooncor; (b) a director or executive officer of a company that is itself an informed person or subsidiary of Mooncor; (c) any person or company who beneficially owns, directly or indirectly, voting securities of Mooncor or who exercises control or direction over voting securities of Mooncor or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of Mooncor other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) Mooncor after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

There are potential conflicts of interest to which all of the directors and officers of Mooncor may be subject in connection with the operations of Mooncor. All of the directors and officers are engaged in and will continue to be engaged in corporations or businesses, including publicly traded corporations, which may be in competition with Mooncor. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Ontario).

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of Mooncor (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

1. Appointment of Auditors

Management of the Corporation proposes to nominate McGovern, Hurley, Cunningham LLP ("**MHC**") of 2005 Sheppard Avenue East, Suite 300, Toronto, Ontario M2J 5B4, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. It is proposed that the remuneration to be paid to the auditor be fixed by the directors.

Effective April 23, 2015, Collins Barrow Toronto, LLP, Chartered Accountants ("**Collins**" or the "**Former Auditor**") resigned as auditor at the request of the Corporation, and the directors, by resolution appointed MHC as the auditor of the Corporation. There were no reservations in the Former Auditor's reports for the two most recently completed fiscal years ending on the date of the Former Auditor's resignation. There were no "reportable events" (as that term is defined in s. 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*) between the Corporation and the Former Auditor. The resignation of the Former Auditor as auditor of the Corporation was approved by the Corporation's audit committee and its board of directors.

It is proposed that MHC be appointed as the auditors of the Corporation to hold office until the next annual meeting of shareholders or until their successor is appointed, at remuneration to be fixed by the Board of Directors. The Notice of Change of Auditor required pursuant to National Instrument 51-102 is attached hereto as Schedule "C" together with the letters of MHC and the Former Auditor respecting the change of auditor. MHC was first appointed auditor of the Corporation in April 2015. McGovern, Hurley, Cunningham LLP conducted the audit of the Corporation's financial statements for the fiscal year ended December 31, 2015.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MCGOVERN, HURLEY, CUNNINGHAM LLP, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

2. Approval of the Stock Option Plan

The TSX Venture Exchange requires all listed companies with a 10% rolling stock option plan to obtain shareholder approval of such plan on an annual basis. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the Stock Option Plan as described below, which was previously approved on January 29, 2014.

The Stock Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of Mooncor, or any subsidiary of Mooncor, the option to purchase shares. The Stock Option Plan provides for a floating maximum limit of 10% of the issued and outstanding shares, as permitted by the policies of the Exchange. As at the date hereof, this represents 14,993,452 shares available under the Stock Option Plan. As of the date hereof, options to purchase a total of 623,750 shares have been issued to directors, officers, employee, consultants and persons providing investor relations activities on behalf of the Corporation.

The number of shares reserved for issuance under the Stock Option Plan will be affected by the consummation of the Transaction. The number of shares reserved for any one person may not exceed 5% of the outstanding shares or 2% in the case of a person who is a Consultant or Employee conducting Investor Relations Activities (as such terms are defined in Exchange Policies). The Board determines the price per Mooncor Share and the number of shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the Exchange. The price per Mooncor Share set by the directors is subject to minimum pricing restrictions set by the Exchange.

Options may be exercisable for up to five years from the date of grant, but the Board has the discretion to grant options that are exercisable for a shorter period. Options under the Stock Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other shares. Other than Options issued to persons conducting investor relations activities, Options must be exercised within 90 days of termination of employment or cessation of position with Mooncor, provided that if the cessation of office, directorship, consulting Amalgamation or employment was by reason of death or disability, the option must be exercised within one year, subject to the expiry date.

At the Meeting, shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, an ordinary resolution approving the Option Plan. The text of the ordinary resolution which management intends to place before the Meeting for the approval of the Option Plan is as follows:

"**BE IT HEREBY RESOLVED** as an ordinary resolution of the shareholders of Mooncor that:

1. the stock option plan of Mooncor, substantially in the form attached as Schedule "B" (the "**Option Plan**") to the management information circular of Mooncor dated October 14, 2016, be and is hereby approved and adopted as the stock option plan of Mooncor;

2. the form of the Option Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of Mooncor; and

3. any one director or officer of Mooncor is authorized and directed, on behalf of Mooncor, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of Mooncor or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

The foregoing ordinary resolution must be approved by a simple majority of the votes cast at the Meeting by the shareholders voting in person or by proxy. **The Board believes the passing of the above resolution is in the best interests of Mooncor and recommends that the shareholders vote IN FAVOUR of the resolution. Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies in favour of the ordinary resolution approving the Option Plan for the ensuing year.**

3. Approval of Share Consolidation

Shareholders are being asked to consider, and if deemed appropriate, to approve the special resolution approving the amendment of Mooncor's articles of incorporation to consolidate its outstanding common shares (the "**Share Consolidation**") on the basis of one post-consolidation common share for up to twenty (20) pre-consolidation common shares. Subject to TSX Venture Exchange approval, the approval of the special resolution by shareholders would give the Board authority to implement the Share Consolidation at any time prior to November 10, 2017. In addition, even if the proposed Share Consolidation is approved by shareholders, the Board, in its sole discretion, may revoke the special resolution and abandon the Share Consolidation without further approval or action by or prior notice to shareholders.

The background to and reasons for the Share Consolidation, and certain risks associated with the Share Consolidation, are described below.

No further action on the part of shareholders will be required in order for the Board to implement the Share Consolidation. The Board currently intends to implement the Share Consolidation shortly after the Meeting. However, the special resolution also authorizes the Board to elect not to proceed with and abandon the Share Consolidation at any time if it determines, in its sole discretion, to do so. If the Board does not implement the Share Consolidation before November 10, 2017, the authority granted by the special resolution to implement the Share Consolidation will lapse.

Background and Reasons for the Share Consolidation

The Board is seeking authority to implement the Share Consolidation because it believes that the Share Consolidation could potentially broaden the pool of investors that may consider investing or be able to invest in the company by increasing the trading price of the common shares.

Certain Risks Associated with the Share Consolidation

Mooncor's total market capitalization immediately after the Share Consolidation may be lower than immediately before the Share Consolidation.

There are numerous factors and contingencies that could affect Mooncor's share price following the Share Consolidation, including the status of the market for the common shares at the time, the company's progress on strategic objectives, and general economic, geopolitical, stock market and industry conditions. A decline in the market price of the common shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a consolidation, and the liquidity of the common shares could be adversely affected following the Share Consolidation.

If the Share Consolidation is implemented and the market price of the common shares declines, the percentage decline may be greater than would occur in the absence of a consolidation. The market price of the common shares will, however, also be based on Mooncor's performance and other factors, which are unrelated to the number of common shares outstanding. Furthermore, the liquidity of the common shares could be adversely affected by the reduced number of common shares that would be outstanding following a consolidation. If the Share Consolidation is implemented, it may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per common share to sell, relative to common shares in "board lots" of multiples of 100 common shares.

Other Information Regarding the Share Consolidation

<u>No Fractional Common Shares to be Issued</u> - No fractional common shares will be issued in connection with the Share Consolidation, if implemented, and if a shareholder would otherwise be entitled to receive a fractional common share upon the Share Consolidation, such fraction will be rounded down to the nearest whole number.

<u>Principle Effects of the Share Consolidation</u> - If approved and implemented, the Share Consolidation will occur simultaneously for all the common shares and the consolidation ratio would be the same for all such common shares. The consolidation would affect all shareholders equally. Except for any variances attributable to fractional common shares, the change in the number of issued and outstanding common shares that would result from the Share Consolidation would cause no change in the capital attributable to the common shares and would not materially affect any shareholders' percentage ownership in Mooncor, even though such ownership would be represented by a smaller number of common shares.

In addition, the Share Consolidation would not affect any shareholder's proportionate voting rights. Each common share outstanding after the Share Consolidation would be entitled to one vote and be fully paid and non-assessable.

The principle effects of the Share Consolidation would be that:

- the number of common shares issued and outstanding would be reduced from approximately 149,934,520 common shares as of the date hereof to approximately 7,496,726 common shares; and

- the number of common shares reserved for issuance under the Stock Option Plan would be reduced proportionately based on the consolidation ratio (of up to 20:1).

Effect on Non-Registered Shareholders

Non-Registered Shareholders holding their common shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Share Consolidation than those that will be put in place by Mooncor for registered shareholders. If you hold your common shares with a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

Effect on Share Certificates

If the Share Consolidation is approved by shareholders and implemented, registered shareholders will be required to exchange their existing share certificates for new share certificates representing post consolidation common shares.

If the Board decides to implement it, then following the announcement by Mooncor of the effective date of the Share Consolidation, registered shareholders will be sent a letter of transmittal from the company's transfer agent, Computershare Investor Services Inc., as soon as practicable after the effective date of the Share Consolidation. The letter of transmittal will contain instructions on how to surrender certificate(s) representing pre-consolidation common shares to the transfer agent. The transfer agent will forward to each registered shareholder who has sent the required documents a new share certificate representing the number of post-consolidation common shares to which the shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation common shares will be deemed for all purposed to represent the number of whole post-consolidation common shares to which the shareholder is entitled as a result of the Share Consolidation.

SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATES(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

Procedure for Implementing the Share Consolidation

If the Share Consolidation is approved by shareholders and the Board decides to implement it, Mooncor will promptly file articles of amendment with the Director under the *Business Corporations Act* (Ontario) (the "**OBCA**") in the form prescribed by the OBCA to amend Mooncor's articles of incorporation. The Share Consolidation would then become effective on the date shown in the certificate of amendment issued by the Director under the OBCA or such other date indicated in the articles of amendment provided that, in any event, such date will be prior to November 10, 2017.

No Dissent Rights

Under the OBCA, shareholders do not have dissent and appraisal rights with respect to the proposed Share Consolidation.

Special Resolution, Vote Required and Recommendation of the Board

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution substantially in the form noted below (the "**Share Consolidation Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Share Consolidation.

The Board recommends that shareholders vote for the Share Consolidation Resolution. To be effective, the Share Consolidation Resolution must be approved by not less than two-thirds of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting. The Share Consolidation Resolution provides that the Board may revoke the Share Consolidation Resolution before the issuance of the certificate of amendment by the Director under the OBCA without the approval of shareholders.

"BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS, THAT:

(a) Mooncor Oil & Gas Corp. (the "Company") is hereby authorized to amend its articles of incorporation to provide that:

    (i) the outstanding common shares of the Company shall be consolidated on the basis of one (1) post-consolidation Common Share for every twenty (20) pre-consolidation common shares;

    (ii) in the event that the consolidation would otherwise result in the issuance of a fractional common share, no fractional common share shall be issued and such fraction will be rounded down to the nearest whole number; and

    (iii) the effective date of such consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the *Business Corporations Act* (Ontario) or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to November 10, 2017.

(b) Any officer or director of the Company is hereby authorized to execute and deliver all documents and to do all acts and things necessary or desirable to give effect to this special resolution, including, without limitation, the determination of the effective date of the consolidation and the delivery of articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

(c) Notwithstanding the foregoing, the directors of the Company are hereby authorized, without further approval of or notice to the shareholders of the Company, to revoke this special resolution at any time before a certificate of amendment is issued by the Director."

The foregoing special resolution must be approved by no less than two thirds of the votes cast at the Meeting by the shareholders voting in person or by proxy. **The Board believes the passing of the above resolution is in the best interests of Mooncor and recommends that the shareholders vote IN FAVOUR of the resolution. Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies in favour of the ordinary resolution approving the consolidation of the common shares.**

4. Election of Directors

Pursuant to the articles of incorporation of Mooncor, Mooncor is required to have a minimum of one director and a maximum of 15 directors. The Board has fixed the number of directors to be elected at the Meeting at four (4) directors. Mooncor currently has four (4) directors, each of whose term of office ends at the Meeting.

At the Meeting, shareholders will be asked to elect the nominees set forth in the table below as directors of Mooncor, to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed. Each of the nominees elected as a director of Mooncor will hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed or his or her office is vacated earlier in accordance with the articles of association of Mooncor.

Management does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the persons named in the enclosed form of proxy, if not expressly directed to the contrary, intend to vote proxies in favour of another nominee at the proxyholder's discretion, unless the shareholder has specified in his proxy that his shares are to be withheld from voting on the election of directors or has withheld discretionary authority.

The following is a brief description of the nominees, including the name and province or state and country of residence of each of the nominees, the date each first became a director of Mooncor, their principal occupation during the past five years and the number of shares beneficially owned, or controlled or directed, directly or indirectly, by each of the foregoing as of the date of this Information Circular.

Nominees For Election as Directors if the Transaction Resolution is Duly Passed at the Meeting

Name and Province or State and Country of Residence	Director Since	Principal Occupation for Past Five Years	Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly[1]
Allen Lone Ontario, Canada	February 15, 2013	President and Chief Executive Officer of Augusta Industries Inc.	Nil
Gerry Feldman [2] Ontario, Canada	November 29, 2011	Partner of DNTW Toronto LLP, a Chartered Professional Accountant and Licensed Public Accounting firm and Chief Financial Officer and Corporate Secretary of ThreeD Capital Inc., an investment company	Nil
Binh Quach [2] Ontario, Canada	Nominee	Mr. Quach is a Chartered Professional Accountant working in the accounting and finance field in the investment and securities industry since 1998 for both public and private companies. Since 2000,	Nil

		Mr. Quach has been the controller of ThreeD Capital Inc., an investment company listed on the Canadian Securities Exchange. In March 2015, he co-founded and is the Vice-president, Valuations and Chief Financial Officer of Advanced Asset Administration Inc., a private full service integrated fund administration company	
Steven Mintz (2) Ontario, Canada	Nominee	Mr. Mintz graduated from the University of Toronto in 1989 and went into public accounting, working at a large accounting firm from 1989 until 1992. He obtained his C.A. designation in June of 1992 and was employed by a boutique bankruptcy and insolvency firm where he was worked until January 1997. He obtained his Trustee in Bankruptcy license in 1995. Since January 1997 he has been a self-employed financial consultant serving both private individuals and companies as well as public companies in a variety of industries including mining, oil and gas, real estate and investment strategies. He is currently President of St. Germain Capital Corp. a private consulting and investment firm. He is also a principle and C.F.O. of the Minkids Group, a family investment and real estate development company. He is currently a director of Pounder Venture Capital Corp., ThreeD Capital Inc., Everton Resources Inc., and Portage Biotech Inc.	Nil

Notes:
(1) Information respecting the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at the date of this Information Circular has been furnished to Mooncor by the above named individuals.
(2) Proposed member of Audit Committee.

The Board believes the election of the above named nominees as directors of Mooncor is in the best interests of Mooncor, and recommends that the shareholders vote IN FAVOUR of electing the nominees. Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies in favour of the election of the nominees set forth in the table above as directors of Mooncor.

Cease Trade Orders

To the knowledge of Mooncor, no proposed director of Mooncor (nor any personal holding company of any of such persons) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including Mooncor), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the knowledge of Mooncor, no proposed director of Mooncor (nor any personal holding company of any of such persons): (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including Mooncor) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, Amalgamation or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, Amalgamation or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

To the knowledge of Mooncor, no proposed director of Mooncor (nor any personal holding company of any of such persons) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in deciding whether to vote for a proposed director.

ADDITIONAL INFORMATION

Additional financial information is provided in Mooncor's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2015.

Any request for these documents can be made by contacting the Chief Executive Officer of Mooncor at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Information relating to Mooncor can also be obtained on SEDAR under Mooncor's profile at www.sedar.com.

OTHER BUSINESS

Management is not aware of any other matters to come before the Meeting, other than those set out in the Notice of Meeting. **If other matters come before the Meeting, it is the intention of the management designees named in the instrument of proxy to vote the same in accordance with their best judgment in such matters.**

The contents of this Information Circular and its distribution to Shareholders have been approved by the Board of the Corporation.

DATED at Toronto, Ontario, October 14, 2016.

BY ORDER OF THE BOARD

/s/ "Allen Lone"
Allen Lone
Chief Executive Officer

Schedule "A"
Audit Committee Charter

A. Purpose

The purpose of the Audit Committee of the Board of Directors (the "**Board**") of Mooncor Oil & Gas Corp. (the "**Company**") is to assist the Board's oversight of the Company's accounting and financial reporting processes, the audit and integrity of the Company's financial statements and the qualifications and independence of the Company's independent auditor.

B. Structure and Membership

1. Number. Except as otherwise permitted by the applicable TSX Venture Exchange marketplace rules (the "**TSXV Rules**"), the Audit Committee shall consist of at least three members of the Board.

2. Independence. Except as otherwise permitted by the applicable TSXV Rules, the majority of the members of the Audit Committee shall be an "independent director" as defined by the applicable TSXV rules, meet the criteria for independence set forth in the applicable rules and regulations of the *Securities Act* (Ontario) as amended (the "**Exchange Act**") (subject to available exemptions), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

3. Financial Literacy. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee.

4. Chair. Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

5. Compensation. The compensation of Audit Committee members shall be as determined by the Compensation and Corporate Governance Committee. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or of a committee of the Board.

6. Selection and Removal. Members of the Audit Committee shall be appointed by the Board, upon the recommendation of the Compensation and Corporate Governance Committee. The Board may remove members of the Audit Committee from such committee, with or without cause.

C. Authority and Responsibilities

General

The Audit Committee's responsibility is one of oversight. The majority of the members of the Audit Committee are not employees of the Company and they do not perform, or represent that they perform, the functions of management or the Company's registered public accounting firm (the "**Independent Auditor**"). The Audit Committee relies on the expertise and knowledge of management and the Independent Auditor in carrying out its oversight responsibilities, and shall assess the information management and the Independent Auditor provide in accordance with its business judgment. The management of the Company is responsible for preparing accurate and complete financial statements in accordance with generally accepted accounting principles and for establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Independent Auditor is responsible for auditing the Company's annual consolidated financial statements and the effectiveness of the Company's internal control over financial reporting and reviewing the Company's quarterly financial statements. It is not the responsibility of the Audit Committee to prepare or certify the Company's financial statements or guarantee the audits or reports of the Independent Auditor, nor is it the duty of the Audit Committee to certify that the Independent Auditor is "independent" under applicable rules. These are the fundamental responsibilities of management and the Independent Auditor.

Oversight of Independent Auditor

1. Selection. The Audit Committee shall be solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the Independent Auditor. The Audit Committee may, in its discretion

or as required applicable corporate or securities laws, seek shareholder ratification of the independent auditor it appoints.

2. <u>Independence</u>. The Audit Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Independent Auditor. In connection with this responsibility, the Audit Committee shall review and discuss with the Independent Auditor the written independence disclosures required by the applicable rules and regulations. The Audit Committee shall actively engage in dialogue with the Independent Auditor concerning any disclosed relationships or services (including permissible non-audit services) that might impact the objectivity and independence of the auditor. Additionally, the Audit Committee shall oversee the rotation of the Independent Auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.

3. <u>Compensation</u>. The Audit Committee shall have sole and direct responsibility for reviewing and approving, in advance, the scope and plans for the Independent Auditor's audit and non-audit activities and all associated fees. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.

4. <u>Preapproval of Services</u>. The Audit Committee shall preapprove all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the Independent Auditor.

5. <u>Oversight</u>. The Independent Auditor shall report directly to the Audit Committee, and the Audit Committee shall have sole and direct responsibility for overseeing the work of the Independent Auditor, including resolution of disagreements between Company management and the Independent Auditor regarding financial reporting. In connection with its oversight role, the Audit Committee shall, from time to time as appropriate, receive and consider the reports required to be made by the independent auditor regarding:

- critical accounting policies and practices;
- alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
- other material written communications between the independent auditor and Company management.

<u>Audited Financial Statements</u>

6. <u>Review and Discussion</u>. The Audit Committee shall review and discuss with the Company's management and Independent Auditor the Company's audited financial statements, including any matters required to be discussed by applicable accounting and securities rules and regulations.

7. <u>Recommendation to Board Regarding Financial Statements</u>. The Audit Committee shall consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's annual filings.

<u>Review of Other Financial Disclosures</u>

8. <u>Review of Interim Financial Statements</u>. The Audit Committee shall review all interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Chief Financial Officer any matters identified in connection with their review of interim financial information which are required to be discussed by applicable auditing standards.

<u>Controls and Procedures</u>

9. <u>Internal Controls</u>. The Audit Committee shall review and discuss with management and the Independent Auditor the adequacy and effectiveness of the Company's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the Independent Auditor or management, any special audit steps adopted in light of significant control deficiencies, and any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's internal controls.

10. Disclosure Controls and Procedures. The Audit Committee shall review and discuss with the Company's management the adequacy and effectiveness of the Company's disclosure control and procedures.

11. Legal and Regulatory Compliance. The Audit Committee shall review and discuss with management and the Independent Auditor (i) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs.

12. Risk Management. The Audit Committee shall discuss the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled.

13. Procedures for Complaints. The Audit Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

14. Oversight of Related Person Transactions. The Audit Committee shall review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to applicable securities laws), and recommend any changes to the Board. In accordance with TSXV rules, the Audit Committee shall conduct appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis.

15. Hiring Policies. The Audit Committee shall establish policies regarding the hiring of employees or former employees of the Company's Independent Auditor.

16. Additional Duties. The Audit Committee shall have such other duties as may be delegated from time to time by the Board.

D. Procedures and Administration

1. Meetings. The Audit Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The Audit Committee shall periodically meet separately with: (i) the Independent Auditor; (ii) Company management; and (iii) the Company's internal auditors, if any. The Audit Committee shall keep written records of its meetings, which will be filed with the minutes of the meetings of the Board.

2. Subcommittees. The Audit Committee may form and delegate authority to one or more subcommittees, as it deems appropriate from time to time under the circumstances (including a subcommittee consisting of a single member). Any decision of a subcommittee to preapprove audit, review, attest or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.

3. Reports to Board. The Audit Committee shall report regularly to the Board.

4. Charter. At least annually, the Audit Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

5. Independent Advisors. The Audit Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Audit Committee.

6. Investigations. The Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.

7. Funding. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Schedule “B”
Stock Option Plan

1. **Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of Mooncor Oil & Gas Corp. a corporation incorporated under the *Business Corporations Act* (Ontario) (the “**Corporation**”) is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the “**Shares**”), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. **Administration**

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed and delegated such authority from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. **Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

4. **Shares Subject to Plan**

Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation’s authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

However, other than in connection with a “Qualifying Transaction” (as defined in Policy 2.4 of the TSX Venture Exchange) or otherwise accepted by the TSX Venture Exchange (“**TSXV**”), during the time that the Corporation is a “**Capital Pool Company**” (as defined in Policy 2.4 of the TSXV), the aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the common shares of the Corporation issued and outstanding at the closing of the Corporation’s initial public offering.

5. **Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. **Eligibility and Participation**

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries ("**Management Company Employees**") shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as "**Participants**"). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. **Exercise Price**

(a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may only be reduced if at least 6 months have elapsed since the later of the date of the commencement of the term, the date of the Corporation's shares commenced trading or the date the exercise price was reduced. In the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

The case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. **Number of Optioned Shares**

(a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.

(b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any 12-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.

(c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any 12-month period to any one consultant of the Corporation (or any of its subsidiaries).

(d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to persons retained to provide investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

9. **Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the TSXV, the maximum term may not exceed 10 years if the Corporation is classified as a "Tier 1" issuer by the TSXV, and the maximum term may not exceed five years if the Corporation is classified as a "Tier 2" issuer by the TSXV.

10. **Option Period, Consideration and Payment**

(a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.

(d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.

(e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. **Ceasing To Be a Director, Officer, Consultant or Employee**

(a) Subject to subsection (b), if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation.

(b) If the Participant does not continue to be a director, officer, consultant, employee of the Resulting Issuer upon completion of the Corporation's Qualifying Transaction (as such terms are defined in the policies of the Exchange), the options granted hereunder must be exercised by the Participant within the later of 12 months after completion of the Qualifying Transaction and 90 days after the Participant ceases to become a director, officer, consultant or employee of the Resulting Issuer.

(c) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. **Death of Participant**

Notwithstanding Section 11, in the event of the death of a Participant, the option previously granted to him or her shall be exercisable only within one (1) year after such death and then only:

(a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the option at the date of his death.

13. **Extension of Expiry Time During Blackout Periods**

Notwithstanding the provisions contained herein for the expiry of options, and subject to the rules of the Exchange, in the event that the expiry date of an option occurs during a blackout period that is self-imposed by the Corporation pursuant to its policies ("**Blackout Period**"), the expiry date of such option shall be automatically extended for a period of 10 business days following the end of the Blackout Period.

14. **Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

15. **Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

16. **Adjustments**

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through reorganization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

17. **Transferability**

A person's rights and interests under the Plan, including amounts payable, may not be assigned, pledged or transferred, provided that a person's rights and interests under the Plan may be transferred by will or the laws of descent and distribution. Options shall be exercisable during the Option holder's lifetime only by him.

18. **Amendment and Termination of Plan**

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that (a) no such amendment or revision shall result in a material adverse change to the terms of any Options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision, and (b) any such amendment must comply with Section 16(b) of the Act, and/or Sections 162(m), 422 and 409A of the Code if the Corporation or the Option becomes subject to those sections.

19. **Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

20. **Effective Date of Plan**

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

21. **Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario.

Schedule "C"
Change of Auditors Materials

MOONCOR OIL & GAS CORP.

NOTICE OF CHANGE OF AUDITOR

MOONCOR OIL & GAS CORP. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), the change of auditor from Collins Barrow Toronto LLP, to McGovern, Hurley, Cunningham, LLP.

On the recommendation of its Audit Committee, the Board of Directors of the Corporation decided to replace the auditor of the Corporation, Collins Barrow Toronto LLP, with McGovern, Hurley, Cunningham, LLP. The Corporation will ask that the shareholders of the Corporation ratify the appointment of McGovern, Hurley, Cunningham, LLP at the next annual meeting of the shareholders of the Corporation.

Collins Barrow Toronto LLP did not have any reservations in the auditor's reports for the relevant period (as defined in NI 51-102), and in the Corporation's opinion there have been no reportable events (as defined in NI 51-102) on any of the Corporation's financial statements relating to the relevant period.

Dated as of this 23rd day of April, 2015.

Mooncor Oil & Gas Corp.

Per: *"Allen Lone"*
Allen Lone, Chief Executive Officer

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Email info@mhc-ca.com
Web www.mhc-ca.com

April 23, 2015

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

Re: Mooncor Oil & Gas Corp.

We have reviewed the information contained in the Change of Auditor Notice of Mooncor Oil & Gas Corp. dated April 23, 2015 (the "Notice"), delivered to us pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*.

Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice. We have no basis to agree or disagree with the comments in the Notice relating to Collins Barrow Toronto LLP.

Yours truly,

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

April 30, 2015

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sir/Mesdames:

RE: Notice of Change of Auditors – Mooncor Oil & Gas Corp. (the "Company") (the "Notice")

We have read the Notice of Change of Auditor dated April 23, 2015 from the Company (the "Notice"), delivered to us in accordance with National Instrument 51-102 and, based on our knowledge of the information at this time, we agree with each statement contained in the Notice.

Yours very truly,

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Professional Accountants

MOONCOR OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

For The Years Ended December 31, 2015 and 2014

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mooncor Oil & Gas Corp.:

We have audited the accompanying consolidated financial statements of Mooncor Oil & Gas Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in (deficiency)/equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mooncor Oil & Gas Corp. and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Mooncor Oil & Gas Corp. had a cumulative deficit and negative working capital as at December 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about Mooncor Oil & Gas Corp.'s ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 29, 2016

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current Assets:			
Cash and cash equivalents		$ 19,499	$ 322,648
Investments	4	99,000	75,352
Sundry receivables		63,889	11,550
Prepaid expenses		4,880	4,994
Total current assets		187,268	414,544
Non-current assets:			
Exploration and evaluation assets	5	515,692	515,692
Deposits	10	481,919	386,611
Total non-current assets		997,611	902,303
Total assets		$ 1,184,879	$ 1,316,847
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	8	$ 1,079,554	$ 737,722
Long term liabilities:			
Reclamation and decommissioning obligation	7	117,665	84,223
Total liabilities		1,197,219	821,945
SHAREHOLDERS' (DEFICIENCY)/EQUITY			
Capital stock	6	$ 20,175,578	$ 20,175,578
Contributed surplus	6	1,897,322	1,897,322
Warrants	6	452,315	452,315
Foreign currency translation reserve		(7,150)	-
Deficit		(22,530,405)	(22,030,313)
Total shareholders' (deficiency)/equity		(12,340)	494,902
Total liabilities and shareholders' (deficiency)/equity		$ 1,184,879	$ 1,316,847
Nature and continuance of operations	1		
Commitments and contingencies	5, 10		
Subsequent event	17		

Approved by the Board of Dorectors

"Alan Myers" Director

"Allen Lone" Director

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2015	2014
Interest income	$ 514	$ 7,228
Total revenue	$ 514	$ 7,228
EXPENSES		
Professional fees and disbursements	$ 138,838	$ 55,373
Exploration expenses (recovery) (Note 12)	166,615	(8,716)
Clean up expenses	-	32,246
Office and general (Note 13)	190,695	128,776
Travel	3,766	2,319
Insurance	27,733	27,104
Total expenses	$ 527,647	$ 237,102
Loss before undernoted	**(527,133)**	**(229,874)**
Excess of fair value over net assets acquired (Note 11)	15,996	-
Gain on foreign exchange	4,882	-
Unrealized gain(loss) on investments	268,648	(241,648)
Realized (loss) on sale of investments (Note 4)	(262,485)	(122,780)
Net loss for the year	(500,092)	(594,302)
Other comprehensive income		
Exchange differences on translation of foreign operations	(7,150)	-
Total comprehensive loss for the year	**$ (507,242)**	**$ (594,302)**
Weighted average shares outstanding - basic and diluted (Note 6)	167,536,185	159,093,232
Net loss per share - basic and diluted (Note 6)	$ (0.00)	$ (0.00)

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIENCY)/EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Warrants	Foreign currency translation reserve	Deficit	Total Equity
Balance at December 31, 2013	149,934,520	$ 19,642,831	$ 1,897,322	$ 41,100	$ -	$ (21,436,011)	$ 145,242
Issue of units for investment	10,000,000	280,124	-	219,876	-	-	500,000
Issue of units on private placement	7,601,665	259,487	-	196,613	-	-	456,100
Share issue costs	-	(6,864)	-	(5,274)	-	-	(12,138)
Net loss for the year	-	-	-	-	-	(594,302)	(594,302)
Balance at December 31, 2014	**167,536,185**	**$ 20,175,578**	**$ 1,897,322**	**$ 452,315**	**$ -**	**$ (22,030,313)**	**$ 494,902**
Net loss for the year	-	-	-	-	-	(500,092)	(500,092)
Exchange differences on translation of foreign operations	-	-	-	-	(7,150)	-	(7,150)
Balance at December 31, 2015	**167,536,185**	**$ 20,175,578**	**$ 1,897,322**	**$ 452,315**	**$ (7,150)**	**$ (22,530,405)**	**$ (12,340)**

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended December 31, 2015	2014
Cash flows used in operating activities		
Net loss for the year	$ (500,092)	$ (594,302)
Realized loss on sale of investments	262,485	122,780
Unrealized (gain)/loss on investments	(268,648)	241,648
Excess of fair value over net assets acquired	(15,996)	-
Settlement of reclamation and decommissioning obligation	(22,421)	-
Accretion of reclamation and decommissioning obligation	1,663	1,481
	(543,009)	(228,393)
Changes in non-cash working capital balances		
Sundry receivables	(51,372)	2,932
Prepaid expenses	1,644	545
Accounts payable and accrued liabilities	269,393	201
Cash flows used in operations	(323,344)	(224,715)
Cash flows provided (used in) investing activities		
Proceeds on sale of investments	54,515	60,220
Deposits	(26,108)	(37,230)
Cash flows from investing activities	28,407	22,990
Cash flows provided by financing activities		
Private placements	-	424,100
Loans received	-	47,000
Repayment of loan	-	(15,000)
Cash flows from financing activities	-	456,100
Net (decrease)/increase in cash and cash equivalents	(294,937)	254,375
Exchange rate changes on foreign currency cash balances	(8,212)	-
Cash and cash equivalents, beginning of year	322,648	68,273
Cash and cash equivalents, end of year	$ 19,499	$ 322,648
Supplemental Information		
Units issued in settlement of debt	$ -	$ 32,000
Investments acquired through issuance of shares and warrants	$ -	$ 500,000
Accrued share issue costs	$ -	$ 12,138
Non-cash purchase of investments	$ 72,000	$ -

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

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 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 2455 Cawthra Road, Unit 75, Mississauga, 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. The Board of Directors approved these consolidated financial statements on April 29, 2016.

These consolidated financial 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 $892,286 and has a deficit in the amount of $22,530,405 as at December 31, 2015. 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 December 31, 2015 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 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.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration, development or operation of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, social licensing requirements, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The challenges of securing requisite funding, operating with a working capital deficiency and expected future operating losses represent material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. These 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.

2. BASIS OF PRESENTATION

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") which includes International Financial Reporting Standards, International Accounting Standards ("IAS"), and interpretations of the International Financial reporting Interpretation Committee ("IFRIC"). These standards are collectively referred to as "IFRS".

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

Basis of consolidation

These consolidated financial statements include the accounts of Mooncor Oil & Gas Corp. and its wholly owned subsidiaries Mooncor Energy, DRGN, PPCUSA, PPCLLC and APLLC (collectively referred to as the "Company" or "Mooncor"). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting periods. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are as follows:

- Assets' carrying values and impairment charge

  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- 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 oil and gas property interests 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 oil and gas property interests, 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 a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- 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.

- Fair value of issued warrants and options

  The Company uses the Black-Scholes option pricing model to determine the fair value of warrants issued upon private placement financings in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve conservable judgment and are or could be affected by significant factors that are out of the Company's control.

- Income, value added, withholding and other taxes Income, value added, withholding and other taxes

  The Company is subject to income, value added, withholding and other taxes. 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, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. 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 related filings are subject to government 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.

- Contingencies

  Refer to Note 10.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies set out below are consistently applied to all years presented unless otherwise noted.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with a term to maturity of three months or less. As at December 31, 2015 and 2014, the Company had no cash equivalents.

Oil and gas exploration and evaluation assets

Exploration and evaluation ("E&E") assets primarily relate to acquisition costs and related reclamation and decommissioning. Expenditures incurred on the acquisition of a license interest is initially capitalized on a license by license basis. The acquisition costs of E&E properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

Exploration costs are expensed in the period incurred. The acquisition costs are deferred until commercial reserves are proven, sold or abandoned. Commercial proven reserves are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future periods from known reservoirs and are considered technically feasible.

All directly attributable costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalized on a field-by-field basis only when the costs increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

Net proceeds from any disposal of an E&E asset are initially credited against the previously capitalized costs. Any surplus proceeds are credited to the statement of loss.

Impairment

E&E assets are reviewed for impairment whenever facts or circumstances indicate that the cost capitalized to E&E assets may not be recoverable. If commercial reserves have not been established through the completion of E&E activities and there are no future plans for activity in that field, the E&E assets are determined to be impaired and the carrying amount is charged to income. Facts and circumstances that indicate impairment of E&E assets include but are not limited to:

a. the period for which the Company has the right to explore a specific area has expired or will expire in the near future, and is not expected to be renewed.
b. substantive expenditure on future E&E activities in a specific area is neither budgeted nor planned.
c. E&E activities in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in a specific area.
d. sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount, by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized in the statement of loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized in the statement of loss immediately.

Depletion

Depletion of petroleum and natural gas properties within each cash-generating unit (CGU) is recognized using the unit-of-production method based on the Company's share of total proved plus probable petroleum and natural gas reserves before royalties as determined by independent reserve engineers.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Decommissioning liability

A decommissioning liability is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related asset. The amount recognized is management's estimated cost of decommissioning, discounted to its present value using a pre-tax risk free rate that reflects the time value of money. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset unless the change arises from production. The unwinding of the discount on the decommissioning provision is included as a finance cost. Actual cost incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Business combinations

On the acquisition of a subsidiary the purchase method of accounting is used to account for the acquisition as follows:

- cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange;
- directly attributable transaction costs are expensed as incurred;
- identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognized and measured at fair value less costs to sell;
- the excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill;
- if the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized directly in profit or loss;
- the interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholder's fair value; and
- the measurement of contingent consideration at fair value on the acquisition date is performed with subsequent changes in the fair value recorded through the statement of loss.

Capital stock, stock options and warrants

The Company's common shares, stock options and share purchase warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to capital stock on expiry.

Loss per share

Basic loss per share figures are calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share figures are calculated based on the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential shares including warrants and stock options. The effect on the diluted loss per share on the exercise of the warrants and stock options would be anti-dilutive.

Basic and diluted loss per common share is calculated using the weighted average number of common shares outstanding during the period. The Company has reserved shares for issuance in accordance with applicable corporate and securities laws. Consideration received on the issuance of reserved shares will be credited to capital stock and will be valued at either the fair value of the consideration received or shares issued, whichever is more readily determinable.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to capital stock.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. On expiry, any related amount in share-based payment or warrant reserve will be credited to deficit.

Revenue recognition

Revenue from the sale of oil and petroleum products is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue is stated after deducting sales taxes, excise duties and similar levies.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The classification of financial assets and liabilities depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of loss.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

a. Fair value through profit or loss ("FVTPL") – This category comprises financial assets held for trading and assets designated upon initial recognition as FVTPL. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

b. Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less any provision for impairment.

c. Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the Company's original effective interest rate. The impairment losses are recognized in the statement of loss.

d. Available-for-sale – Non-derivative financial assets that are not classified as loans and receivables, held to maturity investments or FVTPL. Available-for-sale assets are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from other comprehensive income and recognized in the statement of (loss)/income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

a. FVTPL – This category comprises financial liabilities held for trading and liabilities designated upon initial recognition as FVTPL. FVTPL liabilities are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

b. Other financial liabilities – All other financial liabilities except financial liabilities FVTPL. Other liabilities are recognized at amortized cost using the effective interest method.

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 –inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's financial instruments consist of the following:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Sundry receivables	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Investments	FVTPL	Fair value

The fair value of cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

As of December 31, 2015 and 2014, except for investments, none of the Company's financial instruments are recorded at fair value in the consolidated statements of financial position. Investments are classified as Level 1.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Foreign currencies

(i) Functional currency

The consolidated financial statements are presented in Canadian dollars, which is the parent's functional and presentation currency. Each entity in the group determines its own functional currency. Management reviewed the primary and secondary indicators in IAS 21, the effects of changes in foreign exchange rates, and determined that the functional currency for its USA subsidiaries is US dollars and for all other subsidiaries is Canadian dollars.

(ii) Foreign operations

Under IFRS, when the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the financial reporting date. Share capital, warrants, equity reserves, accumulated other comprehensive income, and deficit are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the average exchange rate for the period. Foreign exchange gains and losses on translation are included in other comprehensive income. Foreign exchange differences that arise relating to balances that form part of the net investment in a foreign operation are recognized in a separate component of equity through other comprehensive income. On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference in other comprehensive income is recognized within profit or loss in the consolidated statement of loss and comprehensive loss.

(iii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized within profit or loss in the consolidated statement of loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated statement of loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

- IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

- IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

New accounting policies

During the year ended December 31, 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 8, IFRS 13 and IAS 24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

4. INVESTMENTS

(a) Investment in Pinetree Capital Ltd.:

On April 1, 2014, pursuant to the terms of the securities purchase agreement (i) Pinetree Capital Ltd. ("Pinetree"), a publicly-traded investment company (TSX:"PNP"), subscribed for 10,000,000 units of the Company (see Note 6(a)) at a price of $0.05 per unit comprised of one common share and one common share purchase warrant. Each purchase warrant entitled Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of $0.61 per share based on the quoted price of Pinetree shares on the purchase date. A director of the Company was an officer of Pinetree.

During the year ended December 31, 2014, the Company sold 300,000 Pinetree shares for proceeds of $60,220 resulting in a loss on disposal of the investment of $122,780 which has been reflected in the consolidated statement of loss. On December 31, 2014 the Company valued the remaining 519,672 Pinetree shares at the closing market price on December 31, 2014 resulting in a fair value of the investment in Pinetree of $75,352.

During the year ended December 31, 2015, the Company sold the remaining 519,672 Pinetree shares for proceeds of $54,515 resulting in a realized loss on disposal of the shares of $262,485 and these have been reflected in the consolidated statement of loss.

(b) Investment in Keek Inc.:

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). 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 resulting in an unrealized gain of $27,000 which has been reflected in the consolidated statement of loss.

(Expressed in Canadian Dollars)

5. PROPERTY INTERESTS

Exploration and evaluation assets as at December 31, 2015 and 2014 consist of:

		Alberta (a)
Balance, December 31, 2013	**$**	**505,000**
Reclamation and decommissioning obligation		10,692
Balance, December 31, 2014 and 2015	**$**	**515,692**

(a) Oil and Natural Gas Interests (Lloydminster (Alberta))

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.

The Company's interest in the first lease is a 60% working interest subject to:

a. an obligation to pay a 60% share of the variable Crown royalties;

b. a 60% share of a 1% Gross Overriding Royalty ("GORR") payable to the party; and

c. a 3% GORR on the 60% share of production.

The Company's interest in the second lease is a 100% working interest declining to 60% after recoupment of the payout account of approximately $485,000 associated with the well on the lease. This lease is subject to:

a. a 60% share of the Crown royalty;

b. a 60% share (36% after payout) of a 1% GORR payable on oil production;

c. a 5% to 15% variable convertible GORR payable in respect of oil production;

d. a 15% convertible GORR payable in respect of gas production; and

e. a 3% GORR payable on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest once payout has been achieved.

The leases include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

(b) Oil and Natural Gas Interests (Montana (USA))

On 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 Petroleum Company (USA) Inc. (see Note 11).

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) expiring from 2016 to 2023. Mooncor will be the operator of the working interests.

Mooncor's working interest will be 70% of 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. See Note 11.

(Expressed in Canadian Dollars)

6. SHAREHOLDERS' EQUITY

Capital Stock

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

	# of Common Shares		Amount
Balance, December 31, 2013	**149,934,520**	**$**	**19,642,831**
Issued for investment (a)	10,000,000		280,124
Issued for cash (b)	7,601,665		259,487
Share issue costs	-		(6,864)
Balance, December 31, 2014 and 2015	**167,536,185**	**$**	**20,175,578**

a) In April 2014, the Company issued 10,000,000 common shares to Pinetree, as part of a securities purchase agreement between the two companies (see Notes 4(a) and (a) below under "Warrants").

b) In October 2014, the Company issued 7,601,665 common shares as part of a non-brokered private placement financing. (See (b) below under "Warrants").

Warrants

Details of warrant transactions for the years ended December 31, 2015 and 2014 are as follows:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2013	**11,448,492**	**$**	**41,100**	**$**	**0.10**
Warrants issued April 1, 2014	10,000,000		219,876		0.10
Warrants issued October 15, 2014	7,601,665		196,613		0.10
Warrants issue costs	-		(5,274)		
Balance, December 31, 2014 and December 31, 2015	**29,050,157**	**$**	**452,315**	**$**	**0.10**

(a) On April 1, 2014, the Company completed a securities purchase agreement with Pinetree. Pursuant to the terms of the securities purchase agreement, Pinetree subscribed for 10,000,000 units of the Company at a price of $0.05 per unit comprised of one common share of the Company and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.07%; expected dividend yield – nil; expected stock price volatility of 219% (based on the Company's historical share price); and warrant expected life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(Expressed in Canadian Dollars)

(b) On October 15, 2014, the Company completed a non-brokered private placement financing. Pursuant to the terms of the financing agreement, the subscribers subscribed for 7,601,665 units of the Company at a price of $0.06 per unit comprised of one common share of the Company and one common share purchase warrant to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 0.91%; expected dividend yield – nil; expected stock price volatility of 204% (based on the Company's historical share price) and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table summarizes information about warrants outstanding as at December 31, 2015.

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

Stock options

On July 26, 2011, the shareholders of the Company approved a stock option plan (the "Plan") to enable directors, officers, employees and consultants of the Company to purchase common shares. All options granted to optionees performing Investor Relations activities shall vest and become fully exercisable ¼ three months from the date of grant, ¼ six months from the date of grant, ¼ nine months from the date of grant and the final ¼ nine months from the date of grant. All options granted under the Plan shall expire no later than at the close of business ten years from the date of grant. The Plan provides that the number of common shares reserved for issuance upon exercise of options granted shall not exceed 10% of total issued and outstanding shares of the Company. No material changes were made to the Plan in the current year. No options were granted during the years ended December 31, 2015 or 2014.

Details of stock option transactions for the years ended December 31, 2015 and 2014 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2013	**1,952,500**	**$ 0.22**
Expired	(1,328,750)	0.24
Balance, December 31, 2014 and 2015	**623,750**	**$ 0.20**

(Expressed in Canadian Dollars)

The following table summarizes information about the options outstanding and exercisable as at December 31, 2015:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$0.25	19-Nov-20	4.89
75,000	0.20	8-Apr-21	5.27
67,500	0.23	4-May-21	5.35
211,250	0.14	29-Nov-21	5.92
623,750	**$0.20**		**5.33**

Basic and diluted loss per share based on loss for the year

Basic and diluted loss per common share based on loss for the year ended December 31:

Numerator:	**2015**	2014
Net loss for the year	**$500,092**	$594,302

Denominator:	**2015**	2014
Weighted average number of common shares outstanding - basic and diluted	**167,536,185**	159,093,232

Loss per common share based on net loss for the year:	**2015**	2014
Basic and diluted	**$0.00**	$0.00

(Expressed in Canadian Dollars)

7. RECLAMATION AND DECOMMISSIONING OBLIGATION

The Company provided $117,665 for the estimated future cost of reclamation and abandonment work on its oil and gas leases.

The Company provides for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the Lloydminster property in Alberta. The reclamation and decommissioning obligation represents the present value of estimated future reclamation costs, which are expected to be incurred in 2024. The estimated undiscounted cash flows used to estimate the liability is $81,000 (2014 - $80,000). Assumptions, including an inflation rate of 1.26% and a discount rate of 1.79%, have been made which management believes are a reasonable basis upon which to estimate the future liability.

The Company provides for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the properties in Montana. The reclamation and decommissioning obligation represents the present value of estimated future reclamation costs, which are expected to be incurred in 2017 and 2018. The estimated undiscounted cash flows used to estimate the liability is $38,578. Assumptions, including an inflation rate of 1.03% and a discount rate of 0.49%, have been made which management believes are a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary reclamation work required, which will reflect market conditions at the relevant time.

The estimated reclamation cost as at December 31, 2015 and 2014 is as follows:

	Alberta	Montana	Total
Balance, December 31, 2013	**$ 72,050**	**$ -**	**$ 72,050**
Decommissioning obligation	10,692	-	10,692
Accretion expense	1,481	-	1,481
Balance, December 31, 2014	**84,223**	**-**	**84,223**
Accretion expense	1,508	155	1,663
Addition	-	48,577	48,577
Decommissioning incurred	-	(22,429)	(22,429)
Foreign currency translation	-	5,631	5,631
Balance, December 31, 2015	**$ 85,731**	**$ 31,934**	**$ 117,665**

8. 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. Three directors (Alan Myers, Robbie Grossman and Mario DiGenova) and a corporation controlled by Allen Lone, CEO and director of the Company subscribed for 3,001,666 units in the October 2014 private placement for gross proceeds of $180,100.

b. In April 2014, the Company acquired shares of Pinetree Capital Ltd ("Pinetree") and Gerry Feldman, a director of the Company was an officer of Pinetree at the time of acquisition.

c. Included in professional fees for the year ended December 31, 2015 is $19,787, (year ended December 31, 2014 – $59,275) for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities on December 31, 2015 is $52,228 (December 31, 2014 - $45,478) owing to this law firm.

d. Included in accounts payable and accrued liabilities at December 31, 2015 is $41,999 (December 31, 2014 - $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 December 31, 2015, $175,000 (December 31, 2014 - $75,000) has been included in accounts payable and accrued liabilities for remuneration of the Company's Chief Executive Officer and director, Allen Lone.

f. During the year ended December 31, 2015, the Company paid $12,000 (year ended December 31, 2014 - $9,150) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director.

g. 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.

h. In 2014, the Company's CEO loaned $47,000 to the Company, this amount is due on demand, unsecured and non-interest bearing. $15,000 was repaid during the year and $32,000 was applied towards his share subscription of the private placement that closed on October 15, 2014.

i. At December 31, 2015 and 2014, $39,818 is included in accounts payable and accrued liabilities, relating to services provided by a former director and officer (Nick Tsimidis).

j. At December 31, 2015 and 2014, $10,625 is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).

k. At December 31, 2015 and 2014, $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).

l. $4,000 is included in accounts payable and accrued liabilities at December 31, 2015 and 2014 to directors of the Company.

m. At December 31, 2015, $791 (December 31, 2014 - $nil) 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 the year ended December 31, 2015.

(Expressed in Canadian Dollars)

n. During the year ended December 31, 2015, the Company paid $22,509 (the year end December 31, 2014 - $2,800) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At December 31, 2015, $5,578 (December 31, 2014 - $nil) has been included in accounts payable and accrued liabilities

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.

	Year ended December 31, 2015	Year ended December 31, 2014
Short-term compensation (Note 8(e))	$ 100,000	$ 75,000

These transactions are in the normal course of operations.

(Expressed in Canadian Dollars)

9. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 25.75% (2014 - 25.75%) were as follows:

	2015 $	2014 $
Loss before income taxes	500,092	594,302
Expected income tax recovery based on statutory rate	129,000	153,000
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	(1,181,000)	791,000
Change in tax and exchange rates	20,000	(162,000)
Tax assets acquired on business combination	133,000	-
Change in deferred tax assets not recognized	899,000	(782,000)
Deferred income tax	-	-

b) Deferred Income Tax

	2015 $	2014 $
Recognized deferred tax assets and liabilities:		
Non-capital loss carry-forwards	114,000	-
Exploration and evaluation	(111,000)	-
Investments	(3,000)	-
Deferred income tax liability	-	-

Unrecognized Deferred Tax Assets (Liabilities)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2015	2014
Non-capital loss carry-forwards	13,856,000	17,573,000
Capital loss carry-forwards	2,464,000	2,202,000
Investments	-	242,000
Other temporary differences	43,000	74,000
Total	16,363,000	20,091,000

The Canadian non-capital losses of $13,884,000 (2014 - $17,573,000) expire from 2026 to 2035. The U.S. non-capital losses of $416,000 expire from 2020 to 2023. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

10. COMMITMENTS & CONTINGENCIES

Gross overriding royalties

In addition to the gross overriding royalty ("GORR") agreements entered into in connection with the various oil and gas projects undertaken as disclosed in Note 5, the Company has entered into the following GORR agreement:

As part of the purchase of a database of technical information of Lloydminster property, the Company entered into a GORR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database. To date, there has been no production on these lands.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. The Company has lodged deposits of $412,719 (December 31, 2014 - $386,611) with the Alberta Energy Resource Conservation Board as required by legislation. The Company has also lodged a drilling deposit of US$50,000 (December 2014 - $nil) with regulatory bodies in Montana, USA.

Legal Claims

In the ordinary course of business activities, the Company is a party in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material effect on the consolidated financial position of the Company.

Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian Dollars)

11. ACQUSITION OF PRIMARY PETROLEUM COMPANY USA INC.

In January 2015, the Company purchased 100% of the issued and outstanding common shares of Petroleum Primary Company USA Inc. ("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 and gas properties in Montana (See Note 5).

Details of the acquisition of Primary is 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 during the year ended December 31, 2015.

12. EXPLORATION EXPENSES/(RECOVERY)

The exploration costs during the years ended December 31, 2015 and 2014 were as follows:

	Year ended December 31			
		2015		2014
Annual lease renewal costs	$	97,773	$	(9,725)
Land management		53,283		1,009
Others		15,559		-
	$	166,615	$	(8,716)

(Expressed in Canadian Dollars)

13. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2015 and 2014 were as follows:

	Year ended December 31	
	2015	**2014**
Accounting services	$ 26,575	$ 20,000
Management salary	100,000	75,000
Corporate services	9,191	17,283
Rent expense	29,160	11,250
Computer expenses	12,020	-
Telephone expense	1,757	939
Transfer Agent	2,992	13,763
Others	9,000	(9,459)
	$ 190,695	$ 128,776

14. CAPITAL DISCLOSURES

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

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

The Company considers its capital to be equity, which comprises capital stock, contributed surplus, warrants and deficit, which at December 31, 2015 was a deficiency of $12,340 (2014 – equity of $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 have been no changes in the way the Company manages its capital during the years ended December 31, 2015 and 2014.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 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.

15. 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 during the years ended December 31, 2015 and 2014.

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

The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

The carrying amount of sundry receivables and cash and cash equivalents represents the maximum credit exposure.

Interest rate risk

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

Liquidity risk

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

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

At December 31, 2015, the Company had cash and cash equivalents of $19,499 (2014 – $322,648) to settle current liabilities of $1,079,554 (2014 - $737,722). The Company has a working capital deficiency of $892,286 at December 31, 2015 (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 the Canadian dollar. As at December 31, 2015, the Company's US dollar net monetary liabilities totaled $21,428. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2015 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $1,071.

(Expressed in Canadian Dollars)

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. As at December 31, 2015, the Company's investments totaled $99,000. Accordingly a 5% change in the market price as at December 31, 2015 on this amount would have resulted in a gain or loss and therefore net loss would have increased (decreased) by $4,950.

16. 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 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

As of December 31, 2014

	Canadian Operation	US Operation	Total
Total assets	$ 1,316,847	$ -	$ 1,316,847
Exploration and evaluation assets	$ 515,692	$ -	$ 515,692

17. SUBSEQUENT EVENT

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

MOONCOR OIL & GAS CORP.

Management's Discussion and Analysis
For the Year Ended
December 31, 2015

Date of report: April 29, 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 audited consolidated financial statements ("audited consolidated statements") and notes thereto as at and for the years ended December 31, 2015 and 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 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

On January 27, 2015, the Company acquired Petroleum Primary Company USA Inc. ("Primary"), a private oil and gas exploration company. Primary has interests in oil and gas leases and related data over approximately 320 sections (net acres of 219,000)in the Pondera and Teton Counties in Northwestern Montana, USA.

During 2015, the Company spent $166,615 (2014 – recovery of $8,716) on exploration expenses and $22,421 on settlement of reclamation and decommissioning of exploration and evaluation assets. As at December 31, 2015, the Company had accrued $117,665 for reclamation and decommissioning obligations.

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 will continue to explore opportunities in and around our properties and weighing the options on future exploration once the commodity prices recover and the company is able to raise capital and put together a exploration program.

Going concern

The audited 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 $892,286 (2014 - $323,178) and for the year ended December 31, 2015 had a net loss of $500,092 (2014 - $594,302) and has a deficit in the amount of $22,530,405 as at December 31, 2015 (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 December 31, 2015 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2016. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising the necessary 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.

Exploration and evaluation assets

Exploration and evaluation assets as at December 31, 2015 and 2014 consist of:

		Alberta (a)
Balance, December 31, 2013	$	**505,000**
Reclamation and decommissioning obligation		10,692
Balance, December 31, 2014 and 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.

During the year ended December 31, 2015, the Company spent $166,615 on exploration expenses for operating leases which was expensed in the consolidated statements of loss.

Income Statements

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

	Year Ended December 31,		
	2015	2014	2013
Interest Income	$ 514	$ 7,228	$ 11,082
Total revenue	$ 514	$ 7,228	$ 11,082
EXPENSES			
Professional fees and disbursements	$ 138,838	$ 55,373	$ 121,007
Operational expenses	166,615	(8,716)	86,500
Clean up expenses	-	32,246	-
Office and general	190,695	128,776	28,937
Finance costs	-	-	45,334
Travel	3,766	2,319	2,246
Bad debt expense	-	-	43,995
Insurance	27,733	27,104	14,422
Total expenses	$ 527,647	$ 237,102	$ 342,441
Loss before undernoted	**(527,133)**	**(229,874)**	**(331,359)**
Excess of fair value over net assets acquired	15,996	-	-
Gain on foreign exchange	4,882	-	-
Gain on debt settlement	-	-	1,348,558
Unrealized gain/(loss) on investments	268,648	(241,648)	-
Realized loss on sale of investments	(262,485)	(122,780)	-
Net loss for the year	**(500,092)**	**(594,302)**	**1,017,199**
Other comprehensive income			
Exchange differences on translation of foreign operations	(7,150)	-	-
Total comprehensive loss for the year	**$ (507,242)**	**$ (594,302)**	**$1,017,199**
Weighted average shares outstanding - basic and diluted	167,536,185	159,093,232	136,902,476
Net loss per share based on net loss - basic and diluted	$ (0.00)	$ (0.00)	$ 0.01

Results of Operations:

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

	Q/E Dec 31, 2015	Q/E Sept 30, 2015	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
Revenue	$ 514	$ -	$ -	$ -	$ 7,228	$ -	$ 10,880	$ -
Net profit/(loss) for the period	(362,455)	6,769	(54,346)	(90,060)	(130,888)	(230,996)	(183,221)	(49,197)
Total comprehensive profit/(loss) for the period	(366,942)	3,863	(54,103)	(90,060)	(130,888)	(230,996)	(183,221)	(49,197)
Net profit/(loss)loss per share based on net loss for the period - basic and diluted	$ (0.00)	$ 0.00	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

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

For the years ended December 31, 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.

Overall, total expenses for the year ended December 31, 2015 increased by $290,545 to $527,647 (2014 - $237,102). The increase in expenses is largely due to the acquisition of Primary's activities on the leases. Professional expenses of $138,838 (2014 - $55,373) largely comprise of accruals for legal fees and disbursements ($24,416) and audit fees ($22,300), accounting work for Primary ($10,250), reserve report ($12,284) engineering ($20,188), consulting and disbursements ($26,169), land management ($13,975) and map services ($9,256). Exploration expenses were $166,615 (2014 – recovery of $8,716) comprising mainly lease renewal costs of $97,773, land management costs of $53,283 and other costs of $15,559 in 2015. $32,246 was spent in 2014 on clean up costs following a flow-line rupture in the Lloydminster lease and it was $nil in 2015. Office and general expenses were $190,695 (2014 - $128,776) and mainly comprise of accrued salary for Allen Lone, the Company's chief executive officer ("CEO") of $100,000, corporate services of $9,191 and transfer agents fees of $2,992, rent of $29,160, land management computer license of $12,020 and accounting fees of $26,575. Travel costs were $3,766 (2014 - $2,319). Insurance charges for the year were $27,733 (2014 - $27,104).

During the year ended December 31, 2015, the Company sold the remaining 519,672 Pinetree Capital Ltd. ("Pinetree") shares for proceeds of $54,515 resulting in a realized loss on sale of investments of $262,485. In April 2014, the Company had acquired shares of Pinetree and Gerry Feldman, a director of the Company was an officer of Pinetree at the time of acquisition.

During the year ended December 31, 2015, the acquisition of Primary resulted in an excess of fair value of net assets acquired over the purchase price and this was recorded as a gain of $15,996 in the consolidated statements of loss.

Net loss per share based on net loss for the year ended December 31, 2015 – both diluted and basic – was $0.00 (2014 – $0.00).

2015 4th Quarter Results

Total expenses for the three months ended December 31, 2015 were $259,878 (2014 - $74,337). Professional expenses was $61,613 (2014 - $9,310) and largely comprise accruals for legal fees and disbursements ($12,186), audit fee ($10,750), engineering ($9,415), Primary's accountant ($10,250), reserve report ($12,284) and consulting and disbursements ($6,729). Exploration expenses were $133,145 (2014 – write back of $23,965) mainly comprises $51,815 paid to Sinopec for land management fee and lease renewal costs of $78,038. In the fourth quarter of 2014 previously accrued expenses were reversed as actual costs were lower than anticipated. Office and general expenses were $57,507 (2014 - $78,741) and mainly comprise accrued salary for the CEO $25,000 (2014 - $75,000), land management software cost ($9,015), rent of $6,720 and accounting fees of $8,825. Insurance charges for the year were $5,613 (2014 - $6,312).

Exploration Expenses/(Recovery)

The exploration costs during the years ended December 31, 2015 and 2014 were as follows:

	Year ended December 31			
		2015		2014
Annual lease renewal costs	$	97,773	$	(9,725)
Land management	$	53,283	$	1,009
Others		15,559		-
	$	166,615	$	(8,716)

Office and general expenses

The office and general expenses during the years ended December 31, 2015 and 2014 were as follows:

	Year ended December 31	
	2015	2014
Accounting services	$ 26,575	$ 20,000
Management salary	100,000	75,000
Corporate services	9,191	17,283
Rent expense	29,160	11,250
Computer expenses	12,020	-
Telephone expense	1,757	939
Transfer Agent	2,992	13,763
Others	9,000	(9,459)
	$ 190,695	$ 128,776

Cash Flow

Years ended December 31, 2015 and 2014

During the year ended December 31, 2015 the Company used cash of $323,344 (2014 - $224,715) in operating activities. The realized loss on sale of investments of $262,485, unrealized gains on investments of $268,648, the gain from the purchase of Primary of $15,996 and accretion of reclamation and decommissioning costs of $1,663 did not involve any flow of funds.

For the year ended December 31, 2015 sundry receivables increased by $51,372. For the year ended December 31, 2015 accounts payable and accrued expenses increased by $269,393. Settlement of reclamation and decommissioning work in Montana cost $22,421.

During the year ended December 31, 2015, net cash generated in investing activities was $28,407 as compared to $22,990 generated in the year ended December 31, 2014. Proceeds on disposal of investments during the year ended December 31, 2015 was $54,515 while deposits increased by $26,108.

For the year ended December 31, 2015, the Company had a net decrease in cash and cash equivalents of $294,937 as compared to an increase of $254,375 for the year ended December 31, 2014. For the year ended December 31, 2015, the Company also had a loss from the exchange rate changes on its foreign operations' cash balances of $8,212 leaving a cash and cash equivalents balance of $19,499 as at December 31, 2015 as compared to $322,648 as at December 31, 2014.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	31-Dec-15	31-Dec-14
Cash and cash equivalent	$ 19,499	$ 322,648
Exploration and evaluation assets	515,692	515,692
Total assets	1,184,879	1,316,847
Total liabilities	1,197,219	821,945
Share capital, warrants and contributed surplus	22,525,215	22,525,215
Foreign currency translation reserve	(7,150)	-
Deficit	(22,530,405)	(22,030,313)
Working Capital (Deficit)	(892,286)	(323,178)

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 $892,286 as at December 31, 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.

During the year ended December 31, 2015, Keek Inc., a publicly-traded online social media app developer (TSXV:KEK) issued 300,000 of its common shares 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. These shares were booked by the Company based on the quoted market price at the time of receipt at $72,000. As at December 31, 2015, the fair value of the investment in Keek Inc. was $99,000 resulting in an unrealized gain of $27,000 which has been reflected in the consolidated statements of loss.

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. Three directors (Alan Myers, Robbie Grossman and Mario DiGenova) and a corporation controlled by Allen Lone, CEO and director of the Company subscribed for 3,001,666 units in the October 2014 private placement for gross proceeds of $180,100.

b. In April 2014, the Company acquired shares of Pinetree Capital Ltd ("Pinetree") and Gerry Feldman, a director of the Company was an officer of Pinetree at the time of acquisition.

c. Included in professional fees for the year ended December 31, 2015 is $19,787 (year ended December 31, 2014 – $59,275) for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities on December 31, 2015 is $52,228 (December 31, 2014 - $45,478) owing to this law firm.

d. Included in accounts payable and accrued liabilities at December 31, 2015 is $41,999 (December 31, 2014 - $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 December 31, 2015, $175,000 (December 31, 2014 - $75,000) has been included in accounts payable and accrued liabilities for remuneration of the Company's Chief Executive Officer and director, Allen Lone.

f. During the year ended December 31, 2015, the Company paid $12,000, (year ended December 31, 2014 - $9,150) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director.

g. 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.

h. In 2014, the Company's CEO loaned $47,000 to the Company, this amount is due on demand, unsecured and non-interest bearing. $15,000 was repaid during the year and $32,000 was applied towards his share subscription of the private placement that closed on October 15, 2014.

i. At December 31, 2015 and 2014, $39,818 is included in accounts payable and accrued liabilities, relating to services provided by a former director and officer (Nick Tsimidis).

j. At December 31, 2015 and 2014, $10,625 is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).

k. At December 31, 2015 and 2014, $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).

l. $4,000 is included in accounts payable and accrued liabilities at December 31, 2015 and 2014 to directors of the Company.

m. At December 31, 2015, $791 (December 31, 2014 - $nil) 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.

n. During the year ended December 31, 2015, the Company paid $22,509 (the year end December 31, 2014 - $2,800) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At December 31, 2015, $5,578 (December 31, 2014 - $nil) 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.

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.

	Year ended December 31, 2015	Year ended December 31, 2014
Short-term compensation	$ 100,000	$ 75,000

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 December 31, 2015, totaled to a deficiency of $12,340 (2014 – Equity of $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 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 6 months. As of December 31, 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 December 31, 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 December 31, 2015, the Company had a cash balance of $19,499 (2014 – $322,648) which is not sufficient to settle current liabilities of $1,079,554 (2014 - $737,722). The Company has a working capital deficiency of $892,286 at December 31, 2015 (December 31, 2014 – $323,178). 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 dollar and the functional currency of the parent company is Canadian dollars. As at December 31, 2015, the Company's US dollar net monetary liabilities totaled $21,428. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2015 on this amount would have resulted in an exchange loss or gain and therefore net loss would have increased (decreased) by $1,071.

Market risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Company's financial position. As at December 31, 2015, the Company's investments totaled $99,000. Accordingly a 5% change in the market price as at December 31, 2015 on this amount would have resulted in a gain or loss and therefore net loss would have increased (decreased) by $4.950.

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

Common shares outstanding as of April 29, 2016 and December 31, 2015 and December 31, 2014, are as follows;

	# of Common Shares		Amount
Balance, December 31, 2013	**149,934,520**	**$**	**19,642,831**
Issued for investment (a)	10,000,000		280,124
Issued for cash (b)	7,601,665		259,487
Share issue costs	-		(6,864)
Balance, April 29, 2016, December 31, 2015 and 2014	**167,536,185**		**20,175,578**

(a) In April 2014, the Company issued 10,000,000 common shares to Pinetree, as part of a securities purchase agreement between the two companies as previously discussed. See Note 6 of the audited consolidated financial statements for further details.
(b) In October 2014, the Company issued a further 7,601,665 common shares as part of a non-brokered private placement financing.

Warrants

Warrants outstanding as of April 29, 2016 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

Stock options outstanding as at April 29 2016 and as at December 31, 2015 and 2014 are as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2013	**1,952,500**	**$**	**0.22**
Expired	(1,328,750)		0.24
Balance, April 29, 2016, December 31, 2015 and 2014	**623,750**	**$**	**0.20**

The following table summarizes information about the options outstanding and exercisable as at April 29, 2016 are as follows:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$0.25	19-Nov-20	4.56
75,000	0.20	8-Apr-21	4.95
67,500	0.23	4-May-21	5.02
211,250	0.14	29-Nov-21	5.59
623,750	**$0.20**		**5.00**

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 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

As of December 31, 2014

		Canadian Operation		US Operation		Total
Total assets	$	1,316,847	$	-	$	1,316,847
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 years ended December 31, 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 year ended December 31, 2015, the Company recorded $1,663 in decommissioning expenses.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

- IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

- IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

- IAS 12 – Income Taxes ("IAS 12") was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

New accounting policies:

During the year ended December 31, 2015, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 8, IFRS 13 and ISA 24. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

Investor relations:

The Company's management performed its own investor relations duty for the year ended December 31, 2015.

Subsequent event:

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

Additional information:

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

MOONCOR OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For The Years Ended December 31, 2014 and 2013

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mooncor Oil & Gas Corp.:

We have audited the accompanying consolidated financial statements of Mooncor Oil & Gas Corp. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of (loss) income and comprehensive (loss) income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mooncor Oil & Gas Corp. and its subsidiaries as at December 31, 2014, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of Mooncor Oil & Gas Corp. for the year ended December 31, 2013, were audited by other auditors who expressed an unmodified opinion on those statements on April 30, 2014.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had a cumulative deficit and negative working capital as at December 31, 2014. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 30, 2015

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 322,648	$ 68,273
Investments (Note 4)	75,352	-
Sundry receivables	11,550	14,482
Prepaid expenses	4,994	5,539
Total current assets	414,544	88,294
Non-current assets:		
Property interests (Note 5)	515,692	505,000
Deposits (Note 13)	386,611	349,381
Total non-current assets	902,303	854,381
Total assets	$ 1,316,847	$ 942,675
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	$ 737,722	$ 725,383
Long term liabilities:		
Reclamation and decommissioning obligation (Notes 9, 13)	84,223	72,050
Total liabilities	821,945	797,433
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	$ 20,175,578	$ 19,642,831
Contributed surplus (Note 6)	1,897,322	1,897,322
Warrants (Note 6)	452,315	41,100
Deficit	(22,030,313)	(21,436,011)
Total shareholders' equity	494,902	145,242
Total liabilities and shareholders' equity	$ 1,316,847	$ 942,675

Nature and continuance of operations (Note 1)
Commitments and contingencies (Notes 5, 13)
Subsequent events (Note 16)

Approved by the Board of Dorectors

"Alan Myers"	Director
"Allen Lone"	Director

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF (LOSS)/INCOME AND COMPREHENSIVE (LOSS)/INCOME
(Expressed in Canadian Dollars)

	Year ended December 31, 2014	Year ended December 31, 2013
Interest income	$ 7,228	$ 11,082
Total revenue	$ 7,228	$ 11,082
Expenses		
Professional fees and disbursements (Note 10)	$ 55,373	$ 121,007
Operational expenses	(8,716)	86,500
Clean up expenses	32,246	-
Office and general	128,776	28,937
Finance costs	-	45,334
Travel	2,319	2,246
Bad debt expense	-	43,995
Insurance	27,104	14,422
Total expenses	237,102	342,441
Loss before undernoted	**(229,874)**	**(331,359)**
Unrealized loss on investments (Note 4)	(241,648)	-
Realized loss on sale of investment (Note 4)	(122,780)	-
Gain on debt settlement (Note 8)	-	1,348,558
Net (loss)/income and comprehensive (loss)/income for the year	$ (594,302)	$ 1,017,199
Weighted average shares outstanding - basic and diluted (Note 12)	159,093,232	136,902,476
Net (loss)/income per share - basic and diluted (Note 12)	$ (0.00)	$ 0.01

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Equity component of convertible debenture	Warrants	Deficit	Total Equity
Balance at December 31, 2012	121,953,956	$ 18,447,248	$ 1,705,263	$ 192,059	$ 1,055,680	$ (22,453,210)	$ (1,052,960)
Issue of units in settlement of debt	27,980,564	139,903	-	-	41,100	-	181,003
Reallocation of equity component of convertible debenture	-	-	192,059	(192,059)	-	-	-
Reallocation of expired warrants	-	1,055,680	-	-	(1,055,680)	-	-
Net income for the year	-	-	-	-	-	1,017,199	1,017,199
Balance at December 31, 2013	**149,934,520**	**$ 19,642,831**	**$ 1,897,322**	**$ -**	**$ 41,100**	**$ (21,436,011)**	**$ 145,242**
Issue of units for investment	10,000,000	280,124	-	-	219,876	-	500,000
Issue of units on private placement	7,601,665	259,487	-	-	196,613	-	456,100
Share issue costs	-	(6,864)	-	-	(5,274)	-	(12,138)
Net loss for the year	-	-	-	-	-	(594,302)	(594,302)
Balance at December 31, 2014	**167,536,185**	**$ 20,175,578**	**$ 1,897,322**	**$ -**	**$ 452,315**	**$ (22,030,313)**	**$ 494,902**

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

		Year ended December 31, 2014		Year ended December 31, 2013
Cash flows used in operating activities				
Net (loss)/income for the year	$	(594,302)	$	1,017,199
Unrealized loss on investments		241,648		-
Realized loss on sale of investments		122,780		-
Gain on debt settlements		-		(1,348,558)
Interest accrued on convertible debenture		-		45,334
Accretion of recalmation and decommissioning obligation		1,481		1,523
		(228,393)		(284,502)
Changes in non-cash working capital balances				
Sundry receivables		2,932		120,900
Segregated cash		-		40,968
Prepaid expenses		545		15,198
Accounts payable and accrued liabilities		201		(29,071)
Cash flows (used in) operations		(224,715)		(136,507)
Cash flows provided by investing activities				
Proceeds on sale of investments (Note 4)		60,220		-
Deposits		(37,230)		-
Cash flows from investing activities		22,990		-
Cash flows provided by financing activities				
Private placements		424,100		-
Loans received		47,000		-
Repayment of loan		(15,000)		-
Cash flows from financing activities		456,100		-
Net increase/(decrease) in cash and cash equivalents		254,375		(136,507)
Cash and cash equivalents, beginning of year		68,273		204,780
Cash and cash equivalents, end of year	$	322,648	$	68,273
Supplemental Information				
Accrued share issue costs	$	12,138	$	-
Investments acquired through the issuance of shares and warrants (Note 4)	$	500,000	$	-
Units issued in settlement of debt	$	32,000	$	181,003

See accompanying notes to the consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

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, and DRGN Energy Inc. ("DRGN"), an Ontario Corporation.

The Board of Directors approved these consolidated financial statements on April 30, 2015.

These consolidated financial 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 $323,178 and has a deficit in the amount of $22,030,313 as at December 31, 2014. 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 December 31, 2014 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2015. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration, development or operation of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The challenges of securing requisite funding, operating with a working capital deficiency and expected future operating losses represent material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. These 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.

2. BASIS OF PRESENTATION

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") which includes International Financial Reporting Standards, International Accounting Standards ("IAS"), and interpretations of the International Financial reporting Interpretation Committee ("IFRIC"). These standards are collectively referred to as "IFRS".

2. BASIS OF PRESENTATION (CONTINUED)

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Mooncor Energy and DRGN. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- 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.

2. BASIS OF PRESENTATION (CONTINUED)

- Impairment of oil and gas property interests
  While assessing whether any indications of impairment exist for oil and gas property interests, 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 oil and gas property interests 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 oil and gas property interests, 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 a write-down of the carrying amounts of the Company's oil and gas property interests.

- 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.

- Contingencies
  Refer to Note 13.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies set out below are consistently applied to all years presented unless otherwise noted.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with a term to maturity of three months or less. As at December 31, 2014 and 2013, the Company had no cash equivalents.

Oil and gas exploration and evaluation assets

Exploration and evaluation ("E&E") assets primarily relate to exploratory drilling, geological and geophysical activities, license acquisition and technical studies. Expenditure incurred on the acquisition of a license interest is initially capitalized on a license by license basis. All costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to income. Exploration expenditures incurred in the process of determining exploration targets is capitalized initially within E&E assets, and held undepleted, then subsequently allocated to property and equipment ("P&E") at such time when commercial reserves have been discovered.

Appraisal of the allocation to P&E is completed on a field–by-field basis. If commercial reserves are established and technical feasibility for extraction is demonstrated, the related capitalized E&E assets are transferred into a single field cost centre within P&E after testing for impairment (see below). Commercial reserves are proven oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future periods from known reservoirs and are considered technically feasible.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Oil and gas exploration and evaluation assets (continued)
All directly attributable costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalized to PP&E on a field-by-field basis only when the costs increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognized in profit or loss as incurred.

Net proceeds from any disposal of an E&E asset are initially credited against the previously capitalized costs. Any surplus proceeds are credited to the statement of (loss)/income.

Impairment
E&E assets are reviewed for impairment whenever facts or circumstances indicate that the cost capitalized to E&E assets may not be recoverable. If commercial reserves have not been established through the completion of E&E activities and there are no future plans for activity in that field, the E&E assets are determined to be impaired and the carrying amount is charged to income. Facts and circumstances that indicate impairment of E&E assets include but are not limited to:

(a) the period for which the Company has the right to explore a specific area has expired or will expire in the near future, and is not expected to be renewed.
(b) substantive expenditure on future E&E activities in a specific area is neither budgeted nor planned.
(c) E&E activities in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in a specific area.
(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount, by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognized in the statement of (loss)/income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized in the statement of (loss)/income immediately.

Derecognition
The carrying amount of an item of property and equipment is recognized on disposal, when no beneficial interest is retained, or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is included in profit or loss when the item is derecognized and is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The date of disposal is the date when the Company is no longer subject to the risks of and is no longer the beneficiary of the rewards of ownership. Where the asset is derecognized, the date of disposal coincides with the date the revenue from the sale of the asset is recognized. On the disposition of an undivided interest in a property, where an economic benefit remains, the Company recognizes the farm out only on the receipt of consideration by reducing the carrying amount of the related property with any excess recognized in the statement of (loss)/income for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depletion

Depletion of petroleum and natural gas properties within each cash-generating unit (CGU) is recognized using the unit-of-production method based on the Company's share of total proved plus probable petroleum and natural gas reserves before royalties as determined by independent reserve engineers.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Decommissioning liability

A decommissioning liability is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related asset. The amount recognized is management's estimated cost of decommissioning, discounted to its present value using a pre-tax risk free rate that reflects the time value of money. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the related asset unless the change arises from production. The unwinding of the discount on the decommissioning provision is included as a finance cost. Actual cost incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Impairment of non-financial assets

The carrying amounts of the Company's long-lived assets, other than E&E assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverability of assets to be held and used are measured by a comparison of the carrying value of the asset to future discounted net cash flows expected to be generated by the asset.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recorded in profit and loss. Impairment losses recognized in prior periods are assessed at each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are in publicly-held companies which are traded on a recognized securities exchange and are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the investments are revalued to their fair values based on quoted closing prices at the statement of financial position date.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of (loss)/ income, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Capital stock, stock option and warrants

The Company's common shares, stock options and share purchase warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to capital stock on expiry.

(Loss)/earnings per share

Basic (loss) earnings per share figures are calculated using the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share figures are calculated based on the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential shares including warrants, stock options, and convertible debentures. The effect on the diluted (loss) per share on the exercise of the warrants, conversion of convertible debentures, and stock options would be anti-dilutive.

Basic and diluted (loss) earnings per common share are calculated using the weighted average number of common shares outstanding during the period. The Company has reserved shares for issuance in accordance with applicable corporate and securities laws. Consideration received on the issuance of reserved shares will be credited to capital stock and will be valued at either the fair value of the consideration received or shares issued, whichever is more readily determinable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company accounts for its share-based payments using the fair value method of accounting for stock options granted to directors, officers, employees, non-employees, consultants and service providers to the Company, using the Black-Scholes option-pricing model. Share-based payments are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus are recorded as an increase to capital stock. The amount recognized as expense is adjusted for an estimated forfeiture rate for options that will not vest, which is adjusted as actual forfeitures occur, until the stock options are fully vested.

Revenue recognition

Revenue from the sale of oil and petroleum products is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Revenue is stated after deducting sales taxes, excise duties and similar levies.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The classification of financial assets and liabilities depends on the nature and purpose of the financial assets or liabilities and is determined at the time of initial recognition.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of (loss)/income.

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

a. Fair value through profit or loss ("FVTPL") – This category comprises financial assets held for trading and assets designated upon initial recognition as FVTPL. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the near term. On initial recognition it is part of a portfolio of identifiable financial instruments managed together for which there is evidence of a recent pattern of short-term profit taking, or a derivative (excluding a derivative used for hedging). FVTPL are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of (loss)/income.

b. Loans and receivables – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of cash and cash equivalents and sundry receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less any provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

c. Held-to-maturity investments – Non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the Company's original effective interest rate. The impairment losses are recognized in the statement of (loss)/income.

d. Available-for-sale – Non-derivative financial assets that are not classified as loans and receivables, held to maturity investments or FVTPL. Available-for-sale assets are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment other than temporary, the amount of the loss is removed from other comprehensive income and recognized in the statement of (loss)/income.

Financial liabilities
The Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

a. FVTPL – This category comprises financial liabilities held for trading and liabilities designated upon initial recognition as FVTPL. FVTPL liabilities are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of (loss) income.

b. Other financial liabilities – All other financial liabilities except financial liabilities FVTPL. Other liabilities are recognized at amortized cost using the effective interest method.

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy that reflects the significance of inputs in measuring fair value as the following:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 –inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company's financial instruments consist of the following:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Sundry receivables	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Investments	FVTPL	Fair value

The fair value of cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

As of December 31, 2014 and 2013, except for investments, none of the Company's financial instruments are recorded at fair value in the consolidated statements of financial position. Investments are classified as Level 1.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Future accounting changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future accounting changes (continued)

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IAS 24 – Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

Changes in accounting standards

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

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

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

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

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

(Expressed in Canadian Dollars)

4. INVESTMENTS

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. A director of the Company was an officer of Pinetree.

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

On December 31, 2014 the Company valued the remaining 519,672 Pinetree shares at the closing market price on December 31, 2014 resulting in a fair value of the Pinetree shares of $75,352. An unrealized loss of $241,648 has been reflected in the consolidated statement of (loss)/income.

5. PROPERTY INTERESTS

Oil and gas property interests as at December 31, 2014 consists of:

		Cost		Cumulative Depletion		Net
Balance, December 31, 2012 and 2013	**$**	**519,832**	**$**	**(14,832)**	**$**	**505,000**
Reclamation and decommissioning obligation		10,692		-		10,692
Balance, December 31, 2014	**$**	**530,524**	**$**	**(14,832)**	**$**	**515,692**

<u>**Oil and Natural Gas Interests (Lloydminster (Alberta))**</u>

In 2008, the Company acquired two suspended heavy oil wells and leases and related petroleum annd natural gas rights in the Lloydminster area of Alberta for cash proceeds of $400,000.

The Company's interest in the first lease is a 60% working interest subject to:

a. an obligation to pay a 60% share of the variable Crown royalties;

b. a 60% share of a 1% Gross Overriding Royalty ("GORR") payable to the party; and

c. a 3% GORR on the 60% share of production.

The Company's interest in the second lease is a 100% working interest declining to 60% after recoupment of the payout account of approximately $485,000 associated with the well on the lease. This lease is subject to:

a. a 60% share of the Crown royalty;

b. a 60% share (36% after payout) of a 1% GORR payable on oil production;

c. a 5% to 15% variable convertible GORR payable in respect of oil production;

d. a 15% convertible GORR payable in respect of gas production; and

e. a 3% GORR payable on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest once payout has been achieved.

The leases include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

(Expressed in Canadian Dollars)

5. PROPERTY INTERESTS (CONTINUED)

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 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.

6. CAPITAL AND RESERVES

Capital Stock

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

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

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

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

Warrants

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

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

(Expressed in Canadian Dollars)

6. CAPITAL AND RESERVES (CONTINUED)

a. On June 13, 2013, the Company issued 22,896,986 common shares and one half of a warrant exercisable for up to 11,448,492 common shares for five years at $0.10 per share in satisfaction of indebtedness of $1,144,849 which included amounts owed to the holders of secured convertible debentures. The fair value of the warrants were estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.63%; expected dividend yield – nil; expected stock price volatility – 155% (based on the Company's historical share price); a share price of $0.005 and expected warrant life of 5 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

b. During the year ended December 31, 2013, the Company issued 5,083,578 common shares valued at $25,418 in settlement of debt of $254,179 owed to arm's length service providers and vendors.

c. On April 1, 2014, the Company completed a securities purchase agreement with Pinetree. Pursuant to the terms of the securities purchase agreement, Pinetree subscribed for 10,000,000 units of the Company at a price of $0.05 per unit comprised of one common share of the Company and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.07%; expected dividend yield – nil; expected stock price volatility of 219% (based on the Company's historical share price); a share price of $0.028 and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

d. On October 15, 2014, the Company completed a non-brokered private placement financing. Pursuant to the terms of the financing agreement, the subscribers subscribed for 7,601,665 units of the Company at a price of $0.06 per unit comprised of one common share of the Company and one common share purchase warrant to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 0.91%; expected dividend yield – nil; expected stock price volatility of 204% (based on the Company's historical share price); a share price of $0.03 and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate. See note 10.

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

(Expressed in Canadian Dollars)

6. CAPITAL AND RESERVES (CONTINUED)

Stock options

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

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

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

# of Options Outstanding and Exercisable		Exercise Price	Expiry Date	Remaining Contractual Life
270,000	$	0.25	19-Nov-20	5.89
75,000		0.20	08-Apr-21	6.27
67,500		0.23	04-May-21	6.35
211,250		0.14	29-Nov-21	6.92
623,750	**$**	**0.20**		**6.33**

7. CONVERTIBLE DEBENTURE

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

Balance, December 31, 2012	**$**	**1,099,515**
Interest accrued		45,334
Amount settled by the issuance of common shares		(114,485)
Amount settled by issuance of warrants		(41,100)
Gain on settlement		(989,264)
Balance, December 31, 2013 and 2014	**$**	**-**

In 2007, the Company issued two separate convertible debentures having a total face value of $2,000,000 and maturing on March 28, 2010. The debentures are secured against all property and assets of the Company and bear interest at 10% per annum. Principal and interest was payable at maturity. On March 28, 2010, the Company negotiated an extension to the expiry of the debentures to June 11, 2010 with an additional extension to December 11, 2010 subject to the Company reducing the outstanding principal balance of both debentures to not less than $1,000,000. The outstanding principal of each debenture was convertible into units of the Company at $0.225 per unit until December 11, 2010. Each unit consisted of one common share and one-half of one warrant. Each whole warrant was exercisable for one common share at $0.225 per share until the maturity date of the debentures. In addition, the Company issued to each holder warrants (the "Compensation Warrants") exercisable for up to 500,000 common shares at $0.225 per share until the maturity date.

(Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURE (CONTINUED)

On November 26, 2010, pursuant to a further extension agreement, the maturity date of the debentures was extended from December 11, 2010 to June 11, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from December 11, 2010 to June 11, 2011. In April 2011, the Company negotiated an extension of the debentures from June 11, 2011 to December 31, 2011. In consideration for the extension, the Company agreed to extend the expiry date of the Compensation Warrants from June 11, 2011 to December 31, 2011.

As a result of several amendments described above, the debentures matured on December 31, 2011 and each had $510,719 in principal outstanding. From January 2012 until June 13, 2013, the debentures were reflected as current liabilities due on demand accruing interest at 10% per annum.

On June 13, 2013, the Company issued 22,896,986 common shares and warrants exercisable for up to 11,448,492 common shares for five years at $0.10 per share in satisfaction of indebtedness of $1,144,849 which included amounts owed to the holders of secured convertible debentures.

8. GAIN ON DEBT SETTLEMENT

During the year ended December 31, 2013, the Company issued 22,896,986 common shares at a fair value of $139,903 and warrants exercisable for up to 11,448,492 common shares for five years at $0.10 per share in satisfaction of indebtedness of $1,144,849 owed to two holders of convertible debentures of the Company. The warrants were valued at $41,100 using an option pricing model, using the following assumptions: risk-free interest rate of 1.63%; expected dividend yield – NIL; expected stock price volatility determined using the Company's volatility based on historical price of 155 %; a share price of $0.005 and expected warrant life of 5 years.

During the year ended December 31, 2013, the Company also issued an additional 5,083,579 common shares at a fair value of $25,418 in satisfaction of indebtedness of $254,179 owed to service providers and vendors.

Gain on settlement of convertible debenture	$	989,264
Gain on settlement of other indebtedness		294,294
Recovery of bad debt		65,000
Total gain on settlement of debt	**$**	**1,348,558**

9. RECLAMATION AND DECOMMISSIONING OBLIGATION

The Company provides for the estimated future cost of reclamation and abandonment work on its oil and gas leases relating to the Lloydminster property. The reclamation and decommissioning obligation represents the present value of estimated future reclamation costs, which are expected to be incurred in 2024. The estimated undiscounted cash flows used to estimate the liability is $80,000. Assumptions, including an inflation rate of 1.26% and a discount rate of 1.79%, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary reclamation work required, which will reflect market conditions at the relevant time. Furthermore, the timing of reclamation is likely to depend on when the Company ceases operations on the Lloydminster property.

Balance, December 31, 2012	**$**	**70,527**
Accretion expense		1,523
Balance, December 31, 2013	**$**	**72,050**
Decommissioning obligation		10,692
Accretion expense		1,481
Balance, December 31, 2014	**$**	**84,223**

10. 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. See Note 4.

c. Included in professional fees for the year ended December 31, 2014 are $59,275 (2013 - $2,844) of which $12,138 relates to share issue costs for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities on December 31, 2014 are $45,478 (December 31, 2013 - $1,873) owing to this law firm.

d. Included in accounts payable and accrued liabilities at December 31, 2014 and 2013 is $28,330 for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.

e. During the year ended December 31, 2014, $nil (2013 - $6,750) is included in professional fees paid to a former director and officer (Nick Tsimidis) or to related companies for CFO services pursuant to a consulting agreement. At December 31, 2014 and 2013, $39,818 is included in accounts payable and accrued liabilities, relating to these services.

f. In 2013, $2,500 of debt owing to Darell Brown, the former CEO was settled through the issuance of 50,000 shares at a fair value of $250. At December 31, 2014 and 2013, the remaining debt of $10,625 is included in accounts payable and accrued liabilities.

g. Pursuant to a management agreement between the Company, Richard Cohen and a company controlled by this individual, the Company is obligated to pay the company controlled by this individual $169,092 related to consulting services rendered in 2011. At December 31, 2014 and 2013, this amount is included in accounts payable and accrued liabilities.

h. At December 31, 2014, $75,000 (2013 - $nil) has been included in accounts payable and accrued liabilities for remuneration of the CEO.

i. In 2013, two of the directors advanced $2,000 each to the Company and these amounts have been included in accounts payable and accrued liabilities at December 31, 2014 and 2013.

j. At December 31, 2014, the Company paid $9,150 (2013 - $5,628) of rent to Fox-Tek, a company with common management.

k. In 2014, the Company's CEO loaned $47,000 to the Company, this amount is due on demand, unsecured and non-interest bearing. $15,000 was repaid during the year and $32,000 was applied towards his share subscription of the private placement that closed on October 15, 2014.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

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

	2014	2013
Short-term compensation (Notes 10e & h)	$ 75,000	$ 6,750

These transactions are in the normal course of operations.

11. INCOME TAXES

a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 25.75% (2013 - 26.5%) were as follows:

	2014 $	2013 $
Loss before income taxes	594,302	1,017,199
Expected income tax recovery based on statutory rate	153,000	270,000
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	791,000	366,000
Change in tax rates	(162,000)	-
Change in deferred tax assets not recognized	(782,000)	(636,000)
Deferred income tax	-	-

b) Deferred income taxes

	2014 $	2013 $
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	17,573,000	15,161,000
Capital loss carry-forwards	2,202,000	-
Investments	242,000	-
Other temporary differences	74,000	215,000
Total	20,091,000	15,376,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The non-capital losses expire from 2026 to 2034. The temporary differences do not expire under current legislation.

12. (LOSS) INCOME PER SHARE

Basic (loss)/income per share figures are calculated using the weighted average number of common shares outstanding during the year.

The effect on the diluted (loss)/income per share for the periods presented of issued and outstanding warrants and stock options is anti-dilutive.

13. COMMITMENTS & CONTINGENCIES

Gross overriding royalties

In addition to the gross overriding royalty ("GORR") agreements entered into in connection with the various oil and gas projects undertaken as disclosed in Note 5, the Company has entered into the following GORR agreement:

Database

As part of the purchase of a database of technical information, the Company entered into a GORR agreement with the vendor. Pursuant to the agreement, the Company has committed to pay royalties equal to 3% on all production from the lands included in the database. To date, there has been no production on these lands.

Abandonment and reclamation costs

The Company is liable to undertake reclamation and abandonment work on its leases. The Company has lodged deposits of $386,611 (2013 - $349,381) with the Alberta Energy Resource Conservation Board as required by legislation. A provision of $84,223 has been recorded at December 31, 2014 (December 31, 2013 - $72,050) with respect to estimated reclamation and decommissioning obligations.

Legal claims

In the ordinary course of business activities, the Company is a party in certain litigation and other claims. Management believes that the resolution of such litigation and claims will not have a material effect on the consolidated financial position of the Company.

14. CAPITAL DISCLOSURES

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

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

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

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

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

14. CAPITAL DISCLOSURES (CONTINUED)

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

15. 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.

Credit risk

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

The Company has no significant concentration of credit risk arising from operations. Management believes the risk of loss to be remote.

The carrying amount of sundry receivables and cash and cash equivalents represents the maximum credit exposure.

Interest rate risk

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

Liquidity risk

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

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

At December 31, 2014, the Company had a cash balance of $322,648 (2013 – $68,273) to settle current liabilities of $737,722 (2013 - $725,383). The Company has a working capital deficiency of $323,178 at December 31, 2014 (2013 - $637,089).

15. RISK MANAGEMENT (CONTINUED)

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments.

16. SUBSEQUENT EVENTS

Acquisition of oil and gas leases in Montana, USA

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

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

Date of report: April 30, 2015

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

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

Caution Regarding Forward-Looking Information:

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

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

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

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

About Mooncor:

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

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

Changes in accounting policies

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

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

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

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

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

Going concern

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

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

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

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

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

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

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

Property interests

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

Income Statements

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

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

Results of Operations:

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

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

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

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

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

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

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

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

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

4th Quarter Results

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

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

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

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

Cash Flow

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

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

Related party transactions:

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

a. Officers and directors and a corporation controlled by an officer and director of the Company subscribed for 3,001,666 units in the October 2014 private placement for gross proceeds of $180,100.

b. On April 1, 2014, pursuant to the terms of a securities purchase agreement (i) Pinetree Capital Ltd. ("Pinetree") subscribed for 10,000,000 units of the Company at a price of $0.05 per unit comprised of one common share and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance, and (ii) the Company subscribed for 819,672 common shares of Pinetree at a price of $0.61 per share based on the quoted price of Pinetree shares on the purchase date. A director of the Company was an officer of Pinetree.

c. Included in professional fees for the year ended December 31, 2014 are $59,275 (2013 - $2,844) of which $12,138 relates to share issue costs for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner. Included in accounts payable and accrued liabilities on December 31, 2014 are $51,478 (December 31, 2013 - $1,873) owing to this law firm.

d. Included in accounts payable and accrued liabilities at December 31, 2014 and 2013 is $28,330 for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.

e. During the year ended December 31, 2014, $nil (2013 - $6,750) is included in professional fees paid to a former director and officer (Nick Tsimidis) or to related companies for CFO services pursuant to a consulting agreement. At December 31, 2014 and 2013, $39,818 is included in accounts payable and accrued liabilities, relating to these services.

f. In 2013, $2,500 of debt owing to Darrell Brown, the former CEO was settled through the issuance of 50,000 shares at a fair value of $250. At December 31, 2014 and 2013, the remaining debt of $10,625 is included in accounts payable and accrued liabilities.

g. Pursuant to a management agreement between the Company, Richard Cohen and a company controlled by this individual, the Company is obligated to pay the company controlled by him for consulting services rendered in 2011, the Company is obligated to pay the company controlled by this individual $169,092. At December 31, 2014 and 2013, this amount is included in accounts payable and accrued liabilities.

h. At December 31, 2014, $75,000 (2013 - $nil) has been included in accounts payable and accrued liabilities for remuneration of the CEO.

i. In 2013, two of the directors advanced $2,000 each to the Company and these amounts have been included in accounts payable and accrued liabilities at December 31, 2014 and 2013.

j. At December 31, 2014, the Company paid $9,150 (2013 - $5,628) of rent to Fox-Tek, a company with common management.

k. In 2014, the Company's CEO loaned $47,000 to the Company, this amount is due on demand, unsecured and non-interest bearing. $15,000 was repaid during the year and $32,000 was applied towards his share subscription of the private placement that closed on October 15, 2014.

Key Management Compensation

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

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

Management of capital:

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

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

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

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

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

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

Off- Balance Sheet Arrangements

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

RISK MANAGEMENT

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

Credit risk

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

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

Interest rate risk

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

Liquidity risk

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

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

Market price risk

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

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

Share Data:

Capital Stock

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

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

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

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

Warrants

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

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

a. On June 13, 2013, the Company issued 22,896,986 common shares and one half of a warrant exercisable for up to 11,448,492 common shares for five years at $0.10 per share in satisfaction of indebtedness of $1,144,849 which included amounts owed to the holders of secured convertible debentures. The fair value of the warrants were estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.63%; expected dividend yield – nil; expected stock price volatility – 155% (based on the Company's historical share price); a share price of $0.005 and expected warrant life of 5 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

b. During the year ended December 31, 2013, the Company issued 5,083,578 common shares valued at $25,418 in settlement of debt of $254,179 owed to arm's length service providers and vendors.

c. On April 1, 2014, the Company completed a securities purchase agreement with Pinetree. Pursuant to the terms of the securities purchase agreement, Pinetree subscribed for 10,000,000 units of the Company at a price of $0.05 per unit comprised of one common share of the Company and one common share purchase warrant entitling Pinetree to acquire one common share of the Company at $0.10 per share for a period of 2 years from date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model, using the following assumptions: risk-free interest rate – 1.07%; expected dividend yield – nil; expected stock price volatility of 219% (based on the Company's historical share price); a share price of $0.028 and warrant life of 2 years. Pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

d. On October 15, 2014, the Company completed a non-brokered private placement financing. Pursuant to the terms of the financing agreement, the subscribers subscribed for 7,601,665 units of the Company at a price of $0.06 per unit comprised of one common share of the

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

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

Stock options

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

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

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

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

Investor Relations:

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

Acquisition of oil and gas leases in Montana, USA

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

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

Additional Information:

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