

Date of report: May 30, 2017

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Mooncor Oil & Gas Corp. ("Mooncor" or the "Company") should be read in conjunction with Mooncor's interim condensed consolidated financial statements ("interim consolidated statements") and notes thereto as at and for the three months ended March 31, 2017 and the annual consolidated financial statements as at and for the year ended December 31, 2016.

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

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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").

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Summary of activities

The Company has conducted field operations at the Company's two Lloydminster wells (the "Wells) and these two wells were placed into production and produced 572 barrels of oil during the three months ended March 31, 2017. As a result of the long prior shut-in period both wells require further work, 04-28 well requires a flush and the 03-28 well requires a bottom hole pump changed or upgraded to handle all the sand. The Company will continue to work on the two Lloydminster wells and anticipates these will resume sustained production shortly. The re-activation of the wells is intended to bring the Company back into production and position the Company to explore and pursue a variety of short and long-term strategies. The Company has spent \$132,826 (2016 - \$nil) on these two wells and generated revenue of \$20,923 during the three months ended March 31, 2017.

In the meantime, the Company, through its wholly owned subsidiary, Primary Petroleum Company USA, Inc., is still actively working with American Geophysical Corporation ("AGC") to market the Company's 3D Seismic. So far, numerous parties have approached AGC regarding Primary Petroleum's seismic database and AGC is reaching out to various parties that are interested in the Company's 3D Seismic. The Company's goal is to license its 3D Seismic leading to future opportunities for potential joint ventures, partnerships or farm-in agreements.

Going concern

The interim consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of \$187,063 for the three months ended March 31, 2017 (three months ended March 31, 2016 - \$103,359), has a working capital deficiency in the amount of \$1,433,011 and has a deficit in the amount of \$23,067,046 as at March 31, 2017. The Company 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 March 31, 2017 will not be sufficient to meet the Company's potential capital and operating expenditures through March 31, 2018. The Company will have to raise additional funds to continue operations.

Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

The challenges of securing requisite funding and the continued estimated operating losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

OIL AND GAS PROPERTY INTERESTS

Oil and gas property interests as at March 31, 2017 and December 31, 2016 consist of:

	Alberta (a)
Balance, December 31, 2015	\$ 505,000
Reclamation and decommissioning obligation	10,692
Balance, December 31, 2016	515,692
Depletion for the period	(1,777)
Balance, March 31, 2017	\$ 513,915

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

During the three months ended March 31, 2017, the two wells were placed into production and produced 572 barrels of oil. Included in the statement of loss and comprehensive loss for the three months ended March 31, 2017 is revenue of \$20,923 and depletion of oil and gas property interests of \$1,777 relating to the production from the two wells in accordance with the Company's accounting policy.

- (b) In January 27, 2016, the Company acquired oil and gas leases (the "Leases") and related data in the Pondera and Teton Counties in Northwestern Montana USA (the "Property") through the acquisition of Primary.

The acquisition relates to undeveloped leasehold mineral rights. The Property consists of a working interest in freehold and state petroleum and natural gas rights (surface to basement) which have up to eight years remaining on the Leases. Mooncor will be the operator of the working interests. Mooncor's working interest will be 70% in all the Property except for the spacing drilled by a major U.S. based industry partner (the "JV Partner") in which case Mooncor's working interest will be 30%. As consideration for the Property, the vendor is entitled to a 1% gross overriding royalty.

Results of Operation

	Three months ended March 31,	
	2017	2016
Revenue	\$ 20,923	\$ -
Interest income	776	-
Total revenue	\$ 21,699	\$ -
Expenses		
Operational expenses	\$ 132,826	\$ -
Depletion of oil and gas property interests	1,777	-
Professional fees and disbursements	11,066	14,468
Exploration expenses	3,082	2,522
Finance costs	3,248	-
Office and general	48,197	55,299
Insurance	8,223	11,252
Total expenses	\$ 208,419	\$ 83,541
Loss before undernoted	(186,720)	(83,541)
Loss on foreign exchange	(343)	(1,803)
Unrealized loss on investments	-	(23,560)
Net realized gain on sale of investments	-	5,545
Net loss for the period	(187,063)	(103,359)
Other comprehensive income		
Exchange differences on translation of foreign operations	1,231	6,369
Total comprehensive loss for the period	\$ (185,832)	\$ (96,990)
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185
Net loss per share based on net loss for the period - basic and diluted	\$ (0.00)	\$ (0.00)

Results of Operations:

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

	Q/E March 31, 2017	Q/E Dec 31, 2016	Q/E Sept 30, 2016	Q/E June 30, 2016	Q/E March 31, 2016	Q/E Dec 31, 2015	Q/E Sept 30, 2015	Q/E June 30, 2015 (Restated)
Total revenue	\$21,699	\$7,073	\$nil	\$nil	\$nil	\$514	\$nil	\$nil
Net profit/(loss) for the period	(\$187,063)	(\$102,286)	(\$59,768)	(\$84,166)	(\$103,359)	(\$255,738)	\$6,769	(\$149,822)
Total comprehensive profit/(loss) for the period	(\$185,832)	(\$105,520)	(\$61,111)	(\$83,360)	(\$96,990)	(\$266,994)	\$10,632	(\$149,579)
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.

2017 First Quarter Results

Total expenses for the three months ended March 31, 2017 were \$208,419 (2016 - \$83,541), an increase primarily due to the costs relating to the two Lloydminster wells that were brought into production.

The Company has conducted field operations at the Company's two Lloydminster wells and the two wells have produced 572 barrels of oil during the three months ended March 31, 2017. As a result of the long prior shut-in period both wells required substantial work and the Company has spent \$132,826 (2016 - \$nil) on these two wells during the three months ended March 31, 2017. The revenue generated from selling the oil produced from the wells was \$20,923 (2016 - \$nil). The depletion of oil and gas property interests during the three months ended March 31, 2017 was \$1,777 (2016 - \$nil).

Professional expenses were \$11,066 (2016 - \$14,468) and largely comprise of accruals for audit fees (\$3,825), land management services (\$645) and engineering consulting and disbursements (\$6,594). Exploration expenses were \$3,082 (2016 - \$2,522) and primarily comprise of payments for lease renewal. Office and general expenses were \$48,197 (2016 - \$55,299) and primarily comprise of accrued salary for the CEO \$25,000, rent of \$1,380, corporate services of \$6,453 and accounting services of \$11,775. Insurance charges for the period were \$8,223 (2016 - \$11,252) including the Montana assets. Finance costs of \$3,248 (2016 - \$nil) was for the interest expense on the cash advances to the Company.

Operational Expenses

The operational expenses relating to the two Lloyminster wells in Alberta during the three months ended March 31, 2017 and 2016 were as follows:

	Three months ended March 31,	
	2017	2016
Contract operator & labour	\$ 7,685	\$ -
Road & Lease maintenace	2,418	-
Equipment Rental	15,018	-
Services & minor workover	39,398	-
Fuel & power	12,545	-
Trucking	8,153	-
Service rig	32,865	-
Vacuum truck	2,525	-
Inspection services	936	-
Installation & supervision	11,283	-
	\$ 132,826	\$ -

Exploration Expenses

The exploration expenses during the three months ended March 31, 2017 and 2016 were as follows:

	Three months ended March 31,	
	2017	2016
Annual lease renewal costs	\$ 2,511	\$ -
Land management	508	4,310
Others	63	(1,788)
	\$ 3,082	\$ 2,522

Office and general expenses

The office and general expenses during the three months ended March 31, 2017 and 2016 were as follows:

	Three months ended March 31,	
	2017	2016
Accounting services	\$ 11,775	\$ 12,350
Management salary	25,000	25,000
Corporate services	6,453	8,519
Rent expense	1,380	5,040
Computer expenses	596	2,199
Telephone expense	645	686
Transfer agent	1,149	894
Others	1,199	611
	\$ 48,197	\$ 55,299

Cash Flow

During the three months ended March 31, 2017 the Company used cash of \$66,940 (2016 - \$42,988) in operating activities. Accrued interest on advances was \$3,248 and depletion of oil and gas property interests of \$1,777 did not involve any flow of funds.

For the three months ended March 31, 2017, sundry receivables increased by \$34,675 as well as accounts payable and accrued expenses by \$150,624.

During the three months ended March 31, 2017, the Company received cash proceeds of \$50,000 from advances (2016 - \$nil) while it used \$101 in investing activities (2016 – cash generated from investing activities - \$40,530 from proceeds on disposal of investments and decrease in deposits).

For the three months ended March 31, 2017, the Company had a net decrease in cash of \$17,041. During this period, the Company also had a gain from the exchange rate changes on its foreign operations of \$1,231 leaving cash balance of \$33,710 as at March 31, 2017. For the three months ended March 31, 2016, the Company had a net decrease in cash of \$2,458 and a gain from the exchange rate changes on its foreign operations of \$6,369, leaving a cash balance of \$23,410 as at March 31, 2016.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	March 31, 2017	December 31, 2016
Cash	\$ 33,710	\$ 49,520
Exploration and evaluation assets	513,915	515,692
Total assets	1,091,530	1,073,391
Total liabilities	1,636,682	1,432,712
Share capital, warrants and contributed surplus	22,525,215	22,525,215
Foreign currency translation reserve	(3,321)	(4,552)
Deficit	(23,067,046)	(22,879,894)
Working capital deficiency	(1,433,011)	(1,248,954)

Currently, the Company does not generate any significant revenue from its exploration and evaluation assets, as all wells are shut-in except for two. Accordingly, it does not have sufficient cash flows from operations to fund past liabilities or current obligations as they become due. In prior years, the Company raised funds for exploration, development and general overhead and other expenses through equity and debt financings.

The Company has a working capital deficiency of \$1,433,011 as at March 31, 2017 and its cash balance is not sufficient to meet the Company's liabilities. The Company is using its current cash and cash equivalents to fund required payments to keep the Company in good standing and to pay the expenses associated with being a reporting issuer listed on the TSXV, until it can raise funds to pay its remaining creditors. There is no assurance that the Company can raise sufficient capital to continue as a going concern.

Related party transactions:

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

- (a) Included in accounts payable and accrued liabilities as at March 31, 2017 and December 31, 2016 is \$52,817 for legal fees and disbursements owing to a law firm in which an officer, Robbie Grossman, is a partner.
- (b) Included in accounts payable and accrued liabilities as at March 31, 2017 and December 31, 2016 is \$41,999 for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of the Company, Robbie Grossman, was a former partner.
- (c) At March 31, 2017, \$305,474 (December 31, 2016 - \$277,224) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's Chief Executive Officer and director, Allen Lone.

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- (d) At March 31, 2017 and December 31, 2016, \$39,818 is included in accounts payable and accrued liabilities, relating to services provided by a former director and officer (Nick Tsimidis).
- (e) At March 31, 2017 and December 31, 2016, \$10,625 is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).
- (f) At March 31, 2017 and December 31, 2016, \$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).
- (g) \$4,000 is included in accounts payable and accrued liabilities at March 31, 2017 and December 31, 2016 to directors of the Company.
- (h) At March 31, 2017 and December 31, 2016, \$1,582 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.
- (i) During three months ended March 31, 2017, the Company paid \$6,594 (three months ended March 31, 2016 - \$3,412) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At March 31, 2017, \$6,925 (December 31, 2016 - \$6,365) has been included in accounts payable and accrued liabilities.
- (j) During the year ended December 31, 2016, the Company signed promissory notes and received \$50,000 (2016 - \$nil) from related parties (directors and a company controlled by an officer of the Company). The loans are due between August 15, 2017 and September 30, 2017. The loans bear interest at 12% per annum and are secured against the assets of the Company. Included in finance costs in the consolidated statements of loss for the three months ended March 31, 2017 was interest expense of \$2,509 (2016 - \$nil) relating to these loans.
- (k) Included in office and general expenses for the three months ended March 31, 2017 is \$1,250 (2016 - \$1,700) for accounting services provided by Binh Quach, a director of the Company during the year. At March 31, 2017, \$16,180 (at December 31, 2016, \$14,930) has been included in accounts payable and accrued liabilities for Binh Quach.
- (l) Included in professional fees for the three months ended March 31, 2017 is \$1,243 (2016 - \$1,271) for taxation services provided by DNTW Toronto LLP, an accounting firm in which Gerry Feldman, a director, is a partner. At March 31, 2017 \$2,514 (December 31, 2016, \$1,271) has been included in accounts payable and accrued liabilities for DNTW Toronto LLP.

Key Management Compensation

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

	Three months ended March 31,	
	2017	2016
Short-term compensation	\$ 25,000	\$ 25,000

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 March 31, 2017, totaled to a deficiency of \$545,152 (December 2016 – \$359,321).

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

There were no changes in the Company's approach to managing capital since the year ended December 31, 2016.

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 March 31, 2017, 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 March 31, 2017.

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 March 31, 2017, the Company had a cash balance of \$33,710 (December 31, 2016 – \$49,520) which is not sufficient to settle current liabilities of \$1,524,132 (December 31, 2016 - \$1,320,260). The Company has a working capital deficiency \$1,433,011 (December 2016 – \$1,248,954). See "Going Concern" section elsewhere in this MD&A.

Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollars and the functional currency of the parent company is the Canadian dollar. As at March 31, 2017, the Company's US dollar net monetary liabilities totaled \$48,911. Accordingly a 5% change in the US dollar exchange rate as at March 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by \$2,445.

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.

Other risks

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

(a) Exploration and Development

The business of exploring for, developing and producing oil and gas involves a high degree of risk. Oil and gas reserves may never be found or, if discovered, may not be result in production at reasonable costs or profitability. The business of exploring, developing and producing is also capital intensive and, to the extent that cash flows from operating activities and external sources become limited or unavailable, the ability of

Mooncor and of its operating partners to meet their respective financial obligations which are necessary to maintain their interests in the underlying properties could be impaired, resulting in those of the interests.

(b) Investment Risks

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

(c) Environmental

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

(d) Governmental

Government approvals and permits are often generally required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be delayed or prohibited from proceeding with planned exploration or development of properties. Amendments to current laws, regulations and permits governing operations and activities of oil and gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in development of new properties. Although the governments of the various countries in which Mooncor operates have been stable recently, there is no assurance that political and economic conditions will remain stable. Political and economic instability may impede the Company's ability to continue its exploration activities in the manner currently contemplated.

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

The price of the Company's common shares, and consolidated financial results and exploration, development and other oil and gas activities may in the future be significantly

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

Share Data:

Capital Stock

At March 31, 2017, the authorized share capital comprised an unlimited number of common shares with no par value.

Common shares outstanding as at March 31, 2017 and the date of this MD&A are as follows;

	# of Common Shares	Amount
Balance, December 31, 2015	167,536,185	\$ 20,175,578
Expired warrants transferred to capital stock	-	411,215
Balance, March 31, 2017 and December 31, 2016	167,536,185	\$ 20,586,793

Warrants

As at March 31, 2017 and the date of this MD&A, warrants outstanding are as follows:

Issue date	# of warrants	Expiry date	Exercise price	Estimated fair value on issue date
June 13, 2014	11,448,492	June 13, 2018	\$ 0.10	\$ 41,100

Stock options

The following table summarizes information about the options outstanding and exercisable as of March 31, 2017 and the date of this MD&A:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	\$ 0.25	November 19, 2020	3.64
75,000	0.20	April 8, 2021	4.02
67,500	0.23	May 4, 2021	4.10
211,250	0.14	November 29, 2021	4.67
623,750	\$ 0.20		4.08

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 March 31, 2017				
		Canadian Operation	US Operation	Total
Total assets	\$	1,017,450	\$ 74,080	\$ 1,091,530
Oil and gas property interests	\$	513,915	\$ -	\$ 513,915
As of December 31, 2016				
		Canadian Operation	US Operation	Total
Total assets	\$	996,181	\$ 77,210	\$ 1,073,391
Oil and gas property interests	\$	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, oil

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and gas reserves and depletion, 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 three months ended March 31, 2017 and 2016.

Oil and gas reserves and depletion

The Company's reserves of oil and natural gas are estimated based on information compiled by the Company's qualified persons, independent geologists and engineers. The process of estimating reserves requires significant judgment in evaluating and assessing available geological, geophysical, engineering and economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty. The evaluation of recoverable reserves is an ongoing process impacted by current production, continuing development activities and changing economic conditions. Changes in estimates of reserves may materially impact the carrying value of the Company's oil and gas properties, the recorded amount of depletion, the determination of the Company's obligations pursuant to decommissioning liabilities and the assessment of impairment provisions.

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

Included in the statements of loss and comprehensive loss for the three months ended March 31, 2017 is depletion of oil and gas property interests of \$1,777 relating to the production from the two Lloyminster wells (note 3(a) of the Company's interim consolidated statements for three months ended March 31, 2017).

Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of

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

Estimation of decommissioning and restoration costs and the timing of expenditure

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

Change in accounting policies

These interim consolidated statements follow the same accounting policies and methods of computation as those described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2016, except as follows:

1. IAS 7 – Statement of Cash Flows (“IAS 7”) was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The implementation of amendments to IAS 7 had no impact to the Company's interim consolidated statements for the three months ended March 31, 2017.
2. 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. The implementation of amendments to IAS 12 had no impact to the Company's interim consolidated Statements for the three months ended March 31, 2017

Future accounting pronouncements

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2016, are described in Note 3 to the annual consolidated financial statements as at and for the year ended December 31, 2016. There have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2016 that are expected to have a material effect on the Company's interim consolidated statements.

Investor relations:

The Company's management performed its own investor relations duty for the three months ended March 31, 2017.

Subsequent event:

Subsequent to March 31, 2017, the Company entered into a binding letter of intent (the "LOI") with an arm's length third-party (the "Vendor") whereby the Company will acquire an undivided 50% interest in two projects, a silver-Zinc project in Germany and a silver-copper-fluorite project in Namibia (collectively, the "Projects"). Pursuant to the terms of the LOI, the acquisition of the Projects from the Vendor is conditional upon Mooncor and the Vendor entering into a definitive purchase agreement (the "Agreement") by June 30, 2017. The proposed terms of the Agreement will include, but is not limited to, the issuance of an aggregate of 31,664,338 common shares of the Company to the Vendor and the receipt of regulatory approvals.

Additional information:

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