MOONCOR OIL & GAS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF MOONCOR OIL & GAS CORP. TO BE HELD ON JULY 26, 2018

and

INFORMATION CIRCULAR CONCERNING THE ACQUISITION OF ALL OF THE ISSUED AND OUTSTANDING SECURITIES OF FOX-TEK CANADA INC. BY MOONCOR OIL & GAS CORP. BY WAY OF AMALGAMATION

DATED JUNE 29, 2018

This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisor.

Neither the TSX Venture Exchange nor any securities regulatory has in any way passed upon the merits of the reverse take-over described in this information circular.

MOONCOR OIL & GAS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 26, 2018

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Mooncor Shares**") of Mooncor Oil & Gas Corp. ("**Mooncor**") will be held at 56 Water Street, Oakville, Ontario, at 11:00 a.m. (Toronto time) on July 26, 2018, for the following purposes:

1. to receive and consider the audited consolidated financial statements of Mooncor for the financial year ended December 31, 2016 and 2017, together with the notes thereto and the auditors' report thereon;

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

3. to approve the appointment of Wasserman Ramsay, Chartered Accountants, as auditors of Mooncor for the ensuing year at such remuneration as may be fixed by the Board;

4. 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;

5. to consider and if deemed advisable, to pass, with or without variation, an ordinary resolution (the text of which is in the accompanying management information circular of Mooncor dated as of the date of this Notice (the "**Information Circular**")) authorizing and approving the issuance of an aggregate of up to 47,500,000 Mooncor Shares to the Fox-Tek Shareholders pursuant to the terms of an amalgamation agreement dated June 11, 2018 among Mooncor, Mooncor Subco, Fox-Tek and the Fox-Tek Shareholders (the "**Transaction**"), all as more particularly described in the Information Circular;

6. 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 accompanying Information Circular prepared for the purposes of the Meeting, authorizing the change of name of Mooncor to "Sensor Technologies Inc." (the "**Name Change**"), or such other name as the Board may determine is appropriate, such Name Change to be implemented at the sole discretion of the Board;

7. 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 Circular, to approve a consolidation of its common shares on the basis of one (1) post-consolidation common share for up to every thirty (30) pre-consolidation common shares outstanding;

8. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form of the resolution set out in the Circular approving a voluntary de-listing of the Corporation's common shares from the TSX Venture Exchange and a new listing of such common shares on the Canadian Securities Exchange; and

9. 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 General 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 Alberta) prior to the Meeting or any adjournment or postponement thereof. Registered Shareholders may also use the Internet (https://www.investorvote.com) to vote their Mooncor Shares.

The record date for determination of the Shareholders entitled to receive notice of and to vote at the Meeting is June 20, 2018 (the "**Record Date**"). Only the Shareholders whose names have been entered in the register of Mooncor 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 Mooncor Shares after the Record Date and the transferee of those Mooncor Shares establishes ownership of such Mooncor 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 Mooncor 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 29th day of June, 2018.

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

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

MANAGEMENT INFORMATION CIRCULAR

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Mooncor for use at the Mooncor Meeting and any adjournment(s) or postponement(s) thereof. No person has been authorized to give any information or make any representation in connection with the Amalgamation or any other matters to be considered at the Mooncor Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Amalgamation in this Information Circular are qualified in their entirety by reference to the complete text of the Amalgamation Agreement which is attached as Schedule "A" to this Information Circular. **You are urged to read carefully the full text of the Amalgamation Agreement**.

Information Contained in this Information Circular

The information contained in this Information Circular is given as at June 29, 2015, except where otherwise noted and except that information in documents incorporated by reference or referred to for additional information is given as of the dates noted in those documents.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Mooncor Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Mooncor Shares through a broker, investment dealer, bank, trust company or other Intermediary, you should contact your Intermediary for instructions and assistance in voting the Mooncor Shares that you beneficially own.

Cautionary Notice Regarding Forward-Looking Statements and Information

This Information Circular, including documents incorporated by reference herein, contains forward-looking statements and information concerning Fox-Tek and Mooncor's plans for their businesses, financial results, operations and other matters. These statements relate to analyses and other information that are based on forecasts or projections of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward looking statements. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, possibility of equipment breakdowns, delays and availability; unexpected increases in costs of equipment and consumables such as diesel and fuel oil; unexpected environmental liabilities or social charges; the failure of contract parties to perform their obligations; the unavailability of capital and financing; adverse general economic, market or business conditions; regulatory changes; failure to receive necessary government or regulatory approvals; the loss of key personnel; and other risks and factors detailed in this Information Circular. There are also risks inherent in the nature of the Amalgamation, including: failure to realize the anticipated benefits of the Amalgamation and to successfully integrate Fox-Tek and Mooncor; the ability of Mooncor to access sufficient capital from internal and external sources on favourable terms, or at all; failure to satisfy all regulatory conditions or obtain required regulatory, shareholders and other third party approvals in respect of the Amalgamation in a timely manner and on favourable terms or at all; changes in legislation, including but not limited to tax laws; failure to realize anticipated synergies or cost savings; and incorrect assessments by one Party of the value of the other Party.

This Information Circular also contains forward-looking statements and information concerning the anticipated timing for and completion of the Amalgamation. Fox-Tek and Mooncor have provided these anticipated times in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the timing of receipt of the necessary regulatory, court and other third party approvals and the time necessary to satisfy the conditions to the closing of the Amalgamation. These dates may change for a number of reasons, including the inability to secure necessary regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Amalgamation. None of the foregoing lists of important factors are exhaustive. As a result of the foregoing, readers should not place undue reliance on the forward-looking statements and information contained in this Information Circular or documents incorporated by reference herein.

The information contained in this Information Circular, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of Fox-Tek and Mooncor. Readers are urged to carefully consider those factors.

The forward-looking statements and information contained in this Information Circular are made as of the date hereof and Mooncor undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Although Mooncor believes that the assumptions inherent in the forward looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

Presentation of Financial Information

All currency amounts in this Information Circular are expressed in Canadian dollars unless otherwise indicated.

The reader is further cautioned that, unless otherwise indicated, the preparation of financial statements, including pro forma financial statements, are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), and requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Non-IFRS Measures

This Information Circular contains references to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and adjusted EBITDA which is EBITDA excluding stock based compensation ("**Adjusted EBITDA**"), which are not a generally accepted accounting measure under IFRS and therefore may differ from definition of EBITDA and Adjusted EBITDA used by other entities. EBITDA and Adjusted EBITDA are non-IFRS measures used by management to assess a company's performance and financial condition. Management of Mooncor believes that the non-IFRS measure is a useful supplemental measure that may assist purchasers in assessing the financial performance and the cash anticipated to be generated by Mooncor and Fox-Tek's business. This non-IFRS measure should not be considered as the sole measure of either Mooncor or Fox-Tek's performance and should not be considered in isolation from, or as a substitute for, analysis of Mooncor and Fox-Tek's financial statements.

Information for Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders, as a substantial number of such shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the applicable registrar and transfer agent for Mooncor as the registered holders of shares can be recognized and acted upon at the applicable 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 a holder's name on the records of Mooncor. Such shares will more likely be registered under the name of the holder'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, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting shares for their clients. The majority of shares held in the United States are registered in the name of Cede & Co., the nominee for The Depository Trust Company, which is the United States equivalent of CDS. Mooncor generally does not know for whose benefit the shares registered in the name of CDS & Co. or Cede & Co. are held.

Applicable regulatory policy may require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the applicable Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Holders; however, its purpose is limited to instructing the Registered Holders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form ("**VIF**") in lieu of the applicable form of proxy. The Beneficial Shareholder is requested to complete and return the VIF by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the Internet to vote the shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the applicable Meeting. A Beneficial Shareholder receiving a VIF cannot use that VIF to vote shares directly at the applicable Meeting, as the VIF must be returned as directed by Broadridge well in advance of the applicable Meeting in order to have the shares voted.

There are two kinds of Beneficial Holders: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object (called "**NOBOs**" for Non-Objecting Beneficial Owners).

Although a Beneficial Shareholder may not be recognized directly at the applicable Meeting for the purpose of voting shares registered in the name of its broker or other intermediary, a Beneficial Shareholder may vote those shares as a proxyholder for the Registered Holder. Should a Beneficial Shareholder wish to attend and vote at the Meetings, or any adjournment or postponement thereof in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should, in the case of a form of proxy, insert the Beneficial Shareholder or such other person's name in the blank space provided or, in the case of the VIF or proxy authorization form, follow the corresponding instructions on the form. In either case, Beneficial Shareholders should carefully follow the instructions of their broker or other Intermediary (or the agent of such broker or other Intermediary), including those regarding when and where the form of proxy, VIF or proxy authorization form is to be delivered. A proxyholder need not be a shareholder.

GLOSSARY OF TERMS

Unless the context otherwise provides, the following terms used in this Information and the Schedules hereto shall have the meanings ascribed to them as set forth below:

"**Affiliate**" means a Company that is affiliated with another Company as described below:

A Company is an "Affiliate" of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

(c) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(d) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

"**Amalco**" means the amalgamated corporation following the Amalgamation;

"**Amalgamation**" means the amalgamation of Fox-Tek and Mooncor Subco in accordance with the *Business Corporations Act* (Ontario);

"**Amalgamation Agreement**" means the amalgamation agreement between Mooncor, Mooncor Subco, Fox-Tek and the Fox-Tek Shareholders dated June 11, 2018, regarding the Transaction;

"**Associate**" when used to indicate a relationship with a Person or Company, means:

(a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the Person or Company,

(c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,

(d) in the case of a Person, a relative of that Person, including

i) that Person's spouse or child, or

ii) any relative of the Person or of his spouse who has the same residence as that Person;

(e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**Augusta**" means Augusta Industries Inc.;

“**Board**” means the board of directors of Mooncor or the Resulting Issuer, as the context requires;

“**CEO**” means the Chief Executive Officer;

“**CFO**” means the Chief Financial Officer;

“**Closing**” means the completion of the Transaction in accordance with the terms of the Amalgamation Agreement;

“**Closing Date**” means the date upon which Mooncor and Fox-Tek completes the Transaction;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Computershare**” means Computershare Trust Company of Canada;

“**Control Person**” means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization and stock based compensation expense. Amortization includes amortization of capital assets. EBITDA represents net income of the before amortization of capital assets, interest, stock based compensation expense, and write down of corporate assets. EBITDA is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Management of Mooncor believes EBITDA to be a meaningful indicator of our performance that provides useful information to investors regarding its financial condition and results of operation;

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange;

“**Fox-Tek**” means Fox-Tek Inc.;

“**Fox-Tek Shares**” means the common shares in the capital of Fox-Tek;

“**Fox-Tek Shareholders**” mean the holders of Fox-Tek Shares;

“**IFRS**” means International Financial Reporting Standards;

“**Insider**” if used in relation to an issuer, means:

(a) a director or senior officer of the issuer,

(b) a director or senior officer of a company that is an Insider or subsidiary of the issuer,

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or

(d) the issuer itself if it holds any of its own securities;

“**ITA**” means the *Income Tax Act* (Canada);

“**Letter of Intent**” means the letter agreement between Mooncor and Fox-Tek dated May 27, 2018 with respect to the Transaction;

“**Mooncor**” means Mooncor Oil & Gas Corp., a corporation incorporated under the OBCA;

“**Mooncor Shareholders**” mean the holders of Mooncor Shares;

“**Mooncor Shares**” means the common shares in the capital of Mooncor;

“**Mooncor Subco**” means Sensor Technologies Inc., a corporation incorporated under the OBCA;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended, including all regulations promulgated thereunder;

“**Option Plan**” means the incentive stock option plan of Mooncor;

“**Options**” means options to purchase Mooncor Shares pursuant to the Option Plan;

“**Person**” means a Company or an individual;

“**Pro-Forma Financial Statements**” means the unaudited pro-forma financial statements of the Resulting Issuer as at March 31, 2018 and the notes thereto, attached to this Joint Information Circular as Schedule “G”;

“**Resulting Issuer**” means Mooncor following the completion of the Transaction;

“**Resulting Issuer Shares**” means common shares of the Resulting Issuer, after the Closing;

“**Subsidiary**” has the meaning set forth in the OBCA;

“**TSXV**” means the TSX Venture Exchange;

“**Transfer Agent**” means Computershare Trust Company of Canada, the transfer agent and registrar of Mooncor; and

“**Transaction**” or “**Proposed Transaction**” means the reverse takeover of Mooncor by Fox-Tek, as described in “*Part 2 – The Proposed Transaction*”.

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

All dollars amounts herein are in Canadian dollars, unless otherwise stated.

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the Schedules hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Schedules hereto. Capitalized terms not otherwise defined herein are defined in the "Glossary of Terms".

The Companies

Fox-Tek was formed pursuant to the provisions of the OBCA on December 24, 2009 by the filing of articles of incorporation.

Fox-Tek is engaged in the development, design, manufacture and sale products primarily focused on applications within the oil and gas industry. One such is fiber optic technology which uses fiber optic sensors and related monitoring instruments to provide periodic or continuous monitoring of bending and associated strain in localized areas of interest. PinPoint, another product, is a technology that uses electrical field mapping and thermocouple probes to detect internal pitting and/or corrosion on a nonintrusive basis.

Mooncor was incorporated by articles of incorporation under the *Company Act* (British Columbia) on November 18, 1999 as "Southport Capital Corp.". On March 28, 2002 Mooncor consolidated its share capital on a one for two basis and changed its name to "VP Group Media Limited". On February 10, 2005, Mooncor continued from British Columbia to Ontario through a certificate of continuance and the authorized share capital of Mooncor was amended to an unlimited number of common shares without par value. On January 16, 2006, Mooncor filed articles of amendment consolidating its share capital on a one for five basis and changed its name to "DVD Investments Limited". On October 5, 2007, Mooncor filed articles of amendment changing its name to "Mooncor Oil & Gas Corp."

Effect of the Amalgamation

The Amalgamation Agreement provides that Fox-Tek and Mooncor Subco will be amalgamated pursuant to the provision of the *Business Corporations Act* (Ontario) and will form Amalco. In consequence of the Amalgamation, Mooncor will acquire all the common shares of Amalco (collectively, the "**Amalco Securities**") that is does not hold by issuing an aggregate of 47,500,000 post-consolidated Mooncor Shares at a deemed price of $0.20 per Mooncor Share, for an aggregate deemed consideration of $9,500,000 to the Fox-Tek Shareholder as consideration for the Amalco Securities As a result, Amalco will become a wholly owned subsidiary of Mooncor.

Recommendations of the Mooncor Board

The Mooncor Board unanimously concluded that the issuance of the Mooncor Shares to the Fox-Tek Shareholder is in the best interests of Mooncor.

The Mooncor Board Recommends That Mooncor Shareholders Vote In Favour Of The Mooncor Resolutions.

In reaching its conclusions and formulating its recommendations respecting the issuance of the Mooncor Shares, the Mooncor Board considered a number of factors, including the expected benefits of acquiring Fox-Tek. The discussion of the information and factors considered and given weight by the Mooncor Board is not intended to be exhaustive. In reaching the determination to approve and recommend the issuance of the Mooncor Shares, the Mooncor Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Pro Forma Information of Mooncor after Giving Effect to the Transaction

Business Objective of Mooncor

Upon completion of the Transaction, the businesses of Fox-Tek and Mooncor will be consolidated into a single corporate group. The principal business of Mooncor will be the business of Fox-Tek.

Pro Forma Financial Information for Mooncor

Mooncor Shareholders should read the unaudited pro forma consolidated financial statements of Mooncor after giving effect to the Transaction as at March 31, 2018, included in Schedule "G" to this Information Circular. Adjustments have been made to prepare the unaudited pro forma consolidated financial statements of Mooncor, which adjustments are based on certain assumptions. Both the adjustments and the assumptions made in respect thereof are described in the notes to the unaudited pro forma consolidated financial statements. The following table sets forth the pro forma share capital of the Resulting Issuer as at March 31, 2018 on a consolidated basis, based on the pro forma consolidated financial after giving effect to the Transaction.

Designation	Amount authorized or to be authorized	Amount outstanding as at March 31, 2018 after giving effect to the Transaction
Current liabilities		$3,576,377
Long-term debt		$89,229
Common Shares	Unlimited	$3,906,522
Retained Earnings		($5,522,544)

Creation of New Control Persons

Augusta, the sole shareholder of Fox-Tek, will receive all of the 47,500,000 Mooncor Shares in exchange for its Fox-Tek Shares. Accordingly, immediately following completion of the Transaction, Augusta will each hold 47,500,000 Mooncor Shares, representing approximately 89.48% of the issued and outstanding Mooncor Shares.

Pursuant to the policies of the CSE, any person that holds, or is one of a combination of persons that holds, a sufficient number of any of the securities of an issuer so as to materially affect the control of that issuer, or that holds more than 20% of the outstanding voting shares of an issuer (except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer) is deemed to be a "**Control Person**" under those policies and any transaction that could result in the creation of a new Control Person requires shareholder approval. If the Transaction is completed, it is expected that Augusta will become a Control Person of Mooncor.

Arm's Length Transaction

The Transaction is a Arm's Length Transaction.

Estimated Available Funds and Proposed Principal Uses Thereof

The Resulting Issuer would have, as at March 31, 2018, pro forma consolidated working capital deficit of approximately ($4,191,893). As at March 31, 2018, Fox-Tek had working capital deficit of ($3,149,425) and as at March 31, 2018, Mooncor had a working capital deficit of ($1,042,468). It is estimated that upon Closing, the Resulting Issuer will have ($2,291,893) in working capital deficit after deducting the estimated issuance costs and expenses of the Transaction in the amount of $100,000.

The funds from the continuing operations of Fox-Tek and Mooncor will be more than sufficient to fund the operations of the Resulting Issuer on a going forward basis.

Mooncor's Listing on the Exchange

The Mooncor Shares were originally listed on the TSXV on December 18, 2000 under the trading symbol "SPC". The common shares continue to trade through the facilities of the TSXV as of the date hereof under the symbol "MOO'.

The board of the directors of Mooncor have determined that it is in the best interests of the company and its shareholders to voluntary delist its common shares from the TSXV due to the higher costs associated with a listing on the TSXV. This determination has been made after giving consideration to, among other things, the available resources of Mooncor, Mooncor's need to raise additional capital and the best interests of Mooncor's shareholders.

Upon mailing this Information Circular, Mooncor will commence work on an application to list the Mooncor Shares on the CSE. The board of directors believes that the CSE has a preferred fee structure for Mooncor which the will allow Mooncor to devote a larger portion of its financial resources on executing its business strategy. Additionally, the board of directors believes that the rules and policies of the CSE are more suitable for Mooncor and that the CSE will provide an as good or better marketplace for the trading of its common shares as compared to the TSXV.

If the voluntary delisting is approved by the Mooncor Shareholders and the TSXV and other conditions imposed by the TSXV are satisfied, the Mooncor Shares will be immediately delisted from the TSXV. The delisting from the TSXV may occur prior to the Mooncor Shares being listed on the CSE. After the Mooncor Shares are delisted from the TSXV and until the Mooncor Shares are listed on the CSE or other stock exchange, there will be no marketplace for the trading of the Mooncor Shares. Mooncor does not have an open application for listing with the CSE and intends to commence work on a formal listing application after this Information Circular is mailed to shareholders. There can be no assurance that any application for listing the Mooncor Shares on the CSE will be approved prior to the delisting from the TSXV or at all.

No public market exists for the Fox-Tek Shares.

Relationships

Neither Mooncor nor Fox-Tek have not entered into an agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

Conflicts of Interest

Certain of the individuals proposed for appointment as directors or officers of the Resulting Issuer on the Closing are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Mooncor, notwithstanding that they will be bound by the provisions of the OBCA to act at all times in good faith in the interests of Mooncor and to disclose such conflicts to Mooncor if and when they arise. To the best of its knowledge, Mooncor is not aware of the existence of any conflicts of interest between Mooncor and any of the individuals proposed for appointment as directors or officers of the Resulting Issuer on the Closing, as of this Information Circular.

Interest of Experts

No professional person who has provided an opinion or report referenced in this Information Circular, currently holds more than 1% of the issued and outstanding Mooncor Shares upon completion of the Transaction, will not hold more than 1% of the issued and outstanding Mooncor Shares, and no such professional person is expected to be elected, appointed or employed as a director, officer or employee of Mooncor or of its Associates or Affiliates.

Risk Factors

An investment in securities of the Resulting Issuer is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment. Prior to making an investment decision, investors should consider the investment risks summarized below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware of or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

The risks, uncertainties and other factors, many of which will be beyond the control of the Resulting Issuer, that could influence actual results include, but are not limited to: reliance on the resulting Issuer's contracts with the telecom companies; laws and regulations related to the Resulting Issuer's business; reduction of Resulting Issuer's fees; competition; failure of the Resulting Issuer's business plan; dependence on the Resulting Issuer's management team; future financing requirements; ongoing reporting and other obligations of the Resulting Issuer under applicable Canadian securities laws and Exchange rules; the inherent limitations of the Resulting Issuer's internal controls; changes in technology; potential litigation; efficient and uninterrupted operations of the Resulting Issuer's computer information systems; breaches of information security policies or safeguards; the completion of the Transaction being subject to the final approval of the Exchange, which approval may not be obtained; the Resulting Issuer may not be able to raise sufficient funds to successfully carry out the business plan of the Resulting Issuer; price volatility of publicly traded securities; the Resulting Issuer has no record of paying dividends and does not expect to do so in the near future; shareholder investments may be subject to dilution; and lack of liquidity for Mooncor Shares.

For a complete discussion of the risks associated with the Resulting Issuer and the Transaction, Mooncor Shareholders should carefully read the risk factors found under the heading “Schedule “C” - The Transaction - Risk Factors Relating to the Transaction”.

PART I
SOLICITATION OF PROXIES

THIS INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MOONCOR OIL & GAS CORP. OF PROXIES TO BE USED AT THE ANNUAL AND SPECIAL MEETING (THE "MEETING") OF SHAREHOLDERS OF MOONCOR TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by regular employees of Mooncor at nominal cost. The cost of solicitation by management will be borne directly by Mooncor. None of the directors of Mooncor have advised management in writing that they intend to oppose any action intended to be taken by management at the Meeting. Information contained herein is presented as of June 29, 2018, unless otherwise indicated.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of Mooncor. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the transfer agent of Mooncor, Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 not later than 11:00 a.m. (Toronto time) on July 24, 2018 or delivering the completed proxy to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

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 Ontario) 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

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;

2. by depositing an instrument in writing revoking the proxy executed by him or her:

   (a) with Computershare Trust Company of Canada at any time not later than 11:00 a.m. (Toronto time) on July 24, 2018 (or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting);

   (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or

   (c) in any other manner permitted by law.

VOTING OF PROXIES

Common Shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTER TO BE ACTED UPON, THE COMMON SHARES WILL BE VOTED ACCORDINGLY**. Where there is no choice specified, Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS INFORMATION CIRCULAR**. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, or other matters which may properly come before the Meeting.

At the time of printing this Information Circular, the management of Mooncor knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of

Mooncor should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of Mooncor consists of an unlimited number of Common Shares with no par value. The holders of Common Shares are entitled to one (1) vote in respect of each Common Share held at all meetings of the shareholders of Mooncor. As of June 29, 2018, Mooncor had outstanding 167,536,185 Common Shares.

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed as the close of business on June 20, 2018. In accordance with the provisions of the Act, Mooncor will prepare a list of holders of Common Shares on such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite his name on the list at the Meeting except to the extent that (a) the shareholder has transferred any of his shares after the record date, and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns such shares and demands, not later than the close of business on the tenth business day before the Meeting, that his name be included in the list before the Meeting, in which case the transferee is entitled to vote his shares at the Meeting.

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.

NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of Mooncor are "non-registered" shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. A person is not a registered shareholder (a "**Non-Registered Holder**") in respect of Common Shares which are held either: (a) in the name of an intermediary (an "**Intermediary**") that the Non- Registered Holder deals with in respect of the Common Shares (an Intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.), of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, Mooncor has distributed copies of the notice of Meeting, this Information Circular and the proxy and supplemental mailing card (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non- Registered Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with TMX Equity Transfer Services; or

(b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names in the proxy and insert the Non-Registered Holder's name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

"**Named Executive**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of Mooncor during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of Mooncor, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of Mooncor and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) above at the end of the most recently completed financial year whose total compensation was more than $150,000;

(d) each individual who would be a named executive officer under paragraph (c) above, but for the fact that the individual was not an executive officer of Mooncor, and was not acting in a similar capacity, at the end of that financial year;

The Named Executives who are the subject of this Statement of Executive Compensation are Chief Executive Officer and President, Allen Lone and Chief Financial Officer, Allen Myers.

The compensation of Mooncor's Named Executives and directors was determined by Mooncor's board of directors as a whole. The board of directors monitor Mooncor's compensation practices to ensure that Mooncor maintains its competitiveness and that it appropriately recognizes reward, growth and change within the organization, along with Mooncor's current state of development and financial position. Compensation of Mooncor's Named Executives and directors is reviewed by the board of directors on an annual basis. In the event a Named Executive may be entitled to a discretionary bonus, the board of directors review that individual's performance, their contribution to the advancement of Mooncor's goals and objectives and the financial performance and position of Mooncor and the board, as a whole, makes decisions with respect to any discretionary bonuses. Named Executives are not permitted to participate in the discussion or vote in connection with their own compensation.

Compensation for Named Executives is composed of three components, namely, base salary, participation in Mooncor's Stock Option Plan, and non-equity incentives. When determining such compensation, the board of directors has taken into consideration individual performance, level of expertise, responsibilities, length of service to Mooncor and contribution to the financial health of Mooncor.

The general compensation philosophy of Mooncor for executive officers is to provide a level of compensation that is fair and competitive within the marketplace, that will attract and retain individuals with the experience and qualifications critical to the success of Mooncor and the enhancement of shareholder value, and that will reward the performance of those executives whose actions have a direct and identifiable impact on the performance of Mooncor. From time to time, Mooncor grants incentive stock options as well as non-equity incentives as part of total compensation to its Named Executives.

Base Salary

The base salaries paid to Mooncor's Named Executives are based upon Mooncor's assessment of the salaries required to attract and retain the caliber of executives it needs to achieve its desired growth and performance targets.

Stock Options

The Corporation's Stock Option Plan is intended to assist in attracting, retaining and motivating directors, officers, employees and service providers of Mooncor to closely align the personal interests of such directors, officers, employees and service providers with those of the shareholders by providing them with the opportunity, through options, to acquire Common Shares.

No stock options were granted during the last fiscal year, however, the decision to grant stock options is made by the board of directors and is done so in compliance with the Stock Option Plan. When the board of directors of Mooncor considers granting stock options, the board will take into consideration (i) the relative contributions of the individuals who are eligible to receive options; and (ii) the availability of options for issuance, general market conditions, and Mooncor's recent share performance.

Non-Equity Incentives

Non-equity incentives are a variable element of the total compensation package, and though there is no formal plan in place at the current time and no non-equity incentive compensation (other than salary) was paid to Named Executives or directors of Mooncor during the fiscal year ended December 31, 2017.

Summary Compensation Table

The following table sets forth all compensation for services rendered in all capacities to Mooncor for the fiscal years ended December 31, 2017, 2016 and 2015 in respect of the Named Executives of Mooncor. The Corporation had no other executive officers, or individuals acting in a similar capacity, whose total compensation during the fiscal year ended December 31, 2018 exceeded $150,000.

Name and Principal Position	Year	Salary ($)	Share based awards ($)	Option based awards ($) (3)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Allen Lone (1) CEO	2017 2016 2015	100,000 100,000 100,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	100,000 100,000 100,000
Allan Myers (2) CFO	2017 2016 2015	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.

Director and Named Executive Officer Stock Options and Other Compensation Securities

No stock options or other compensation securities were granted or issued to the Named Executives or directors of Mooncor during the year ended December 31, 2017. There are no share-based awards outstanding for any of the Named Executives or directors of Mooncor. No stock options or other compensation securities were exercised by any Named Executive of director of Mooncor during the fiscal year ended December 31, 2017.

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based incentive plan awards vested and no non-equity incentive plan compensation was earned during the financial year ended December 31, 2017.

Employment Contracts

The Corporation does not have a written consulting agreement or employment agreement with any Named Executive.

<u>Outstanding Option-Based Awards for Named Executive Officers</u>

The table below reflects all option-based awards for each Named Executive Officer outstanding as at December 31, 2017 (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$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN$) (2)
Allen Lone President and Chief Executive Officer	Nil)	-	-	-

Director's Compensation

Individual Director Compensation

The following table provides a summary of all amounts of compensation provided to the directors of Mooncor during the fiscal year ended December 31, 2017. Except as otherwise disclosed below, Mooncor 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, 2017

Name	Fee Earned (CDN$)	Option-Based Awards (CDN$) (1)	Non-Equity Incentive Plan Compensation (CDN$)	All Other Compensation (CDN$)	Total (CDN$)
Gerry Feldman	Nil	Nil	Nil	Nil	Nil
Binh Quach	Nil	Nil	Nil	6,650	6,650
Steven Mintz	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, 2017 (including option-based awards granted to a director before each such fiscal year). The Corporation does not have any equity incentive plan other than the Stock Option Plan.

Director Option–Based Awards Outstanding as at December 31, 2017

Name of Director	Number of Securities Underlying Unexercised Options	Option Exercise Price (CDN$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options (CDN$) (1)
Gerry Feldman	150,000	$0.14	November 29, 2021	Nil
Binh Quach	-	-	-	-
Steven Mintz	-	-	-	-

Note:

(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, 2017, calculated based on the difference between the market price of the Common Shares underlying the options as at the close of day on December 29, 2017, being $0.015, and the exercise price of the options. The foregoing options were not in-the-money at that time

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, 2017, 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
Stock Option Plan	623,750	0.20	16,129,869
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	**623,750 (1)**	**N/A**	**16,129,869**

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.

Summary of Stock Option Plan

The shareholders of Mooncor approved Mooncor's incentive stock option plan (the "Option Plan") on July 26, 2009 and re-confirmed such approval on January 29, 2014 and November 10, 2016. The number of Common Shares reserved for issuance under the Option Plan may not exceed 10% of the total number of Common Shares issued and outstanding from time to time. As of December 31, 2017, an aggregate of 167,536,185 Common Shares were issued and outstanding. As at December 31, 2017, there were 623,750 outstanding stock options under the Option Plan and 16,129,869 stock options remained eligible for issuance under the Option Plan.

The purpose of the Option Plan is to attract, retain and motivate persons as key service providers to Mooncor and to advance the interests of Mooncor by providing such persons with the opportunity, through share options, to acquire a proprietary interest in Mooncor and benefit from its growth. The options are non- assignable and may be granted for a term not exceeding five years.

Options may be granted under the Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The number of Common Shares reserved for issue to any one person pursuant to the Option Plan within any one year period may not exceed 5% of the issued and outstanding Common Shares. The maximum number of Common Shares which may be reserved for issuance to insiders under the Option Plan, any other employee stock option plans or options for services is 10% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the Option Plan, together with any previously established or proposed share compensation arrangements, within any one year period, is 10% of the aggregate number of issued and outstanding Common Shares. The maximum number of Common Shares which may be issued to any insider and his or her associates under the Option Plan, together with any previously established or proposed share compensation arrangements, within any one year period, is 5% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be granted to any consultant under the Option Plan, any other employee stock option plans or options for services, within any one year period, is 2% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be granted to any "investor relations person" under the Option Plan, any other employee stock option plans or options for services, within any one year period, is 2% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis).

The exercise price of options issued may not be less than the market value of the Common Shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE CORPORATION

No individual who is, or previously was, a director, executive officer, employee, proposed nominee as a director of Mooncor, or any of its subsidiaries, or any of their associates, is indebted to Mooncor or any subsidiary of Mooncor as of the date of this Circular, or has indebtedness owing to another entity that is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Mooncor or any of its subsidiaries, or was so indebted at any time since the beginning of the financial year of Mooncor ended December 31, 2017.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein and as set forth below, no informed person of Mooncor (within the meaning of applicable securities laws), no nominee for election as a director and no associate or affiliate thereof, has or has had any material interest, direct or indirect, in any transaction since the commencement of Mooncor's last completed financial year, or in any proposed transaction, which has materially affected or would materially affect Mooncor or any of its subsidiaries.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 ("**NI 52-110**") requires Mooncor to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Corporation's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "E" to this Information Circular.

Composition of the Audit Committee

The Corporation's audit committee is comprised of Gerry Feldman, Bin Quach and Steven Mintz. All of the directors are considered to be "independent" within the mean of NI 52-110.

In order for directors to be appointed to the audit committee, they must demonstrate that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Mooncor's financial statements. In this regard, the board has determined that each member of the audit committee meets this criteria as each of Messrs. Feldman, Quach and Mintz are familiar with accounting principles, financial statements and financial reporting requirements as a result of their experience and education as set forth below.

Gerry Feldman - Mr. Feldman is a partner of DNTW Toronto LLP, a Chartered Professional Accountant and Licensed Public Accounting firm.

Steven Mintz – Mr. Mintz is an accountant and since 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.

Bin Quach - 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, 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

Pre-Approval Policies and Procedures

In the event Mooncor wishes to retain the services of Mooncor's external auditors for tax compliance, tax advice or tax planning, the CFO of Mooncor shall consult with the chair of the audit committee, who shall have the authority to approve or disapprove on behalf of the audit committee, such non-audit services. All other permissible non-audit services shall be approved or disapproved by the audit committee as a whole.

Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of Mooncor for professional services rendered to Mooncor during the fiscal years ended December 31, 2017 and December 31, 2016 for audit and non-audit related services**:**

	Year Ended December 31, 2017	Year Ended December 31, 2016
Audit Fees	$12,500	$15,000
Audit-related Fees	$375	$300
Tax Fees	-	-
All Other Fees	-	-
Total	$**12,875**	$**15,300**

Exemption

Mooncor is relying on the exemption provided by section 6.1 of NI 52-110 which provides that Mooncor, as a "venture issuer", is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

CORPORATE GOVERNANCE

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 ("**NI 58-101**") of the Canadian Securities Administrators requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of Mooncor's approach to corporate governance in relation to the Guidelines.

The Board of Directors

NI 58-101 defines an "independent" director as a director who has no direct or indirect material relationship with Mooncor. A "material relationship" is, in turn, defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. The Board is currently comprised of four members, three of which the Board has determined are "independent" within the meaning of NI 58-101.

Allen Lone is not considered to be independent as a result of his role as CEO of Mooncor.

Messrs. Mintz, Feldman and Quach are considered independent directors since they are independent of management and free from any material relationship with Mooncor. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2017, such persons have not worked for Mooncor, received remuneration from Mooncor other than standard director's compensation or had material contracts with or material interests in Mooncor which could interfere with his ability to act with a view to the best interests of Mooncor.

The Board believes that it functions independently of management. To enhance its ability to act independent of management, the Board may meet in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board did not hold any meetings of the independent directors in the absence of members of management and the non-independent director during the fiscal year ended December 31, 2017.

Directorships

Certain of the directors of Mooncor are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name	Name of Reporting Issuer and Exchange
Allen Lone	Mooncor Oil & Gas Corp. (TSXV) ThreeD Capital Inc. (CSE)
Gerry Feldman	ThreeD Capital Inc. (CSE)

Steven Mintz	ThreeD Capital Inc. (CSE) Pool Safe Inc. (TSXV) Everton Resources Inc. (TSXV) Portage Biotech Inc. (CSE)

Orientation and Continuing Education

While Mooncor currently has no formal orientation and education program for new Board members, sufficient information (such as recent annual reports, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new Board member to ensure that new directors are familiarized with Mooncor's business and the procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to Mooncor.

Ethical Business Conduct

The Board monitors the ethical conduct of Mooncor and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges.

The Board has found that the fiduciary duties placed on individual directors by Mooncor's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of Mooncor.

Nomination of Directors

The full Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of Mooncor's development and given the small size of the Board.

While there are no specific criteria for Board membership, Mooncor attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of Mooncor. As such, nominations tend to be the result of recruitment efforts by management of Mooncor and discussions among the directors prior to the consideration of the Board as a whole.

Compensation

The full Board performs the functions of a compensation committee. The Board believes that this is a practical approach at this stage of Mooncor's development and given the small size of the Board.

The Board as a whole reviews on an annual basis the adequacy and form of compensation of directors to ensure that the compensation of the Board reflects the responsibilities, time commitments, and risks involved in being a responsible director. The directors of Mooncor receive annual fees for their service as directors, as well as additional fees for each meeting attended. All directors are also eligible to participate in the Option Plan. See "Compensation of Directors".

In addition, the Board as a whole will review the compensation paid to the President and CEO of Mooncor and any other key executive officers of Mooncor. In reviewing such compensation, the Board evaluates the achievements of the executive officer against corporate goals and objectives, as well as overall corporate performance.

Other Board Committees

The Board currently has no committees other than the audit committee.

Assessments

The Board assesses, on an annual basis, the contributions of the Board as a whole and each of the individual directors, in order to determine whether each is functioning effectively.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, no person who has been a director or executive officer of Mooncor at any time since the beginning of the last completed fiscal year or any associate of any such director or executive officer has any material interest, director or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. *Financial Statements*

The shareholders will receive and consider the audited consolidated financial statements of Mooncor for the fiscal years ended December 31, 2016 and 2017, together with the auditor's report thereon.

2. *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.

In the event that the Transaction Resolution is passed, and in accordance with the articles of incorporation of Mooncor, 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.

In the event that the Transaction Resolution is not passed, the Board has fixed the number of directors to be elected at the Meeting at four (4)) directors. In this case, the nominees for election as directors are the current directors of Mooncor.

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 Mooncor 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 Mooncor 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	Mooncor Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly(1)
Mumin Demiral (2) Toronto, Ontario	Nominee	Chief Scientist of Augusta Industries Inc.	Nil
Don Couture (2) Toronto, Ontario	Nominee	Independent Consultant	Nil
Bin Quach (2) Toronto, Ontario	Director	Vice-president, Valuations and Chief Financial Officer of Advanced Asset Administration Inc.	November 10, 2016

Jay Vieira Richmond Hill, Ontario	Nominee	Vice President, Corporate and Legal Affairs of Distinct Infrastructure Group Inc. and corporate and securities lawyer	Nil

Notes:

(1) Information respecting the number of Mooncor 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) 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.

Nominees for Election as Directors if the Transaction Resolution is Not Duly Passed at the Meeting

Name and State/Province of Residence	Position	Principal Occupation	Director Since	Number of Voting Securities Beneficially Held, Directed or Controlled (1)
Allen Lone Oakville, Ontario	Director and C.E.O.	President and Chief Executive Officer of Augusta Industries Inc.	February 15, 2013	6,920,000
Gerry Feldman (2) Toronto, Ontario	Director	Partner at DNTW Toronto LLP, Chartered Accountants	November 29, 2011	Nil
Steven Mintz (2) Toronto, Ontario	Director	President of St. Germain Capital Corp. and C.F.O. of the Minkids Group	November 10, 2016	Nil
Bin Quach (2) Toronto, Ontario	Director	Vice-president, Valuations and Chief Financial Officer of Advanced Asset Administration Inc.	November 10, 2016	Nil

Note:

(1) The information as to voting securities beneficially owned or over which the Nominees exercise control or direction not being within the knowledge of Mooncor has been furnished by the respective Nominees individually.

(2) Members of the Audit Committee

IF ANY OF THE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Cease Trade Orders or Bankruptcies

No Nominee is, as of the date of this Information Circular, or has been, within the 10 years prior to the date of this Information Circular, a director or executive officer of any corporation that, while that person was acting in that capacity: (a) was the subject of a cease trade or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days; or (c) within a year of that person ceasing to act in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of said corporation.

Personal Bankruptcies

No Nominee has, within 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, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties and Sanctions

No Nominee has been subject to 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 been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder in deciding whether to vote for a Nominee.

Conflicts of Interest

The directors are required by law to act honestly and in good faith with a view to the best interests of Mooncor and to disclose any interests that they may have in any project or opportunity of Mooncor. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of Mooncor's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among Mooncor, its promoters, directors and officers or other members of management of Mooncor or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Mooncor and their duties as a director or officer of such other companies.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

3. ***Appointment of Auditors***

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of Wasserman Ramsay, Chartered Accountants as auditors of Mooncor for the 2018 fiscal year, and to authorize the directors to fix their remuneration.

Wasserman Ramsay, Chartered Accountants, has served as Mooncor's auditors since UHY McGovern, Hurley, LLP resigned as auditors. Attached as Schedule "J" are the documents filed in connection with the change of auditors.

4. ***Confirmation of Stock Option Plan***

The shareholders of Mooncor approved Mooncor's incentive stock option plan (the "Option Plan") on July 26, 2009 and re-confirmed such approval on January 29, 2014 and November 10, 2016. The number of Common Shares reserved for issuance under the Option Plan may not exceed 10% of the total number of Common Shares issued and outstanding from time to time. As of December 31, 2017, an aggregate of 167,536,185 Common Shares were issued and outstanding. As at December 31, 2017, there were 623,750 outstanding stock options under the Option Plan and 16,129,869 stock options remained eligible for issuance under the Option Plan.

The purpose of the Option Plan is to attract, retain and motivate persons as key service providers to Mooncor and to advance the interests of Mooncor by providing such persons with the opportunity, through share options, to acquire a proprietary interest in Mooncor and benefit from its growth. The options are non- assignable and may be granted for a term not exceeding five years.

Options may be granted under the Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The number of Common Shares reserved for issue to any one person pursuant to the Option Plan within any one year period may not exceed 5% of the issued and outstanding Common Shares. The maximum number of Common Shares which may be reserved for issuance to insiders under the Option Plan, any other employee stock option plans or options for services is 10% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the Option Plan, together with any previously established or proposed share compensation arrangements, within any one year period, is 10% of the aggregate number of issued and outstanding Common Shares. The maximum number of Common Shares which may be issued to any insider and his or her associates under the Option Plan, together with any previously established or proposed share compensation arrangements, within any one year period, is 5% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be granted to any consultant under the Option Plan, any other employee stock option plans or options for services, within any one year period, is 2% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis). The maximum number of Common Shares which may be granted to any "investor relations person" under the Option Plan, any other employee stock option plans or options for services, within any one year period, is 2% of the aggregate number of issued and outstanding Common Shares at the date of grant (on a non-diluted basis).

The exercise price of options issued may not be less than the market value of the Common Shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements.

Shareholders may obtain a copy of the Option Plan by making a request to Mooncor in writing at 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1 or by fax at 905.338.2335.

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 (the "Option Plan"), 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 the Corporation 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."

In order to be effective, the resolution must be passed by a majority of the votes of shareholders voting on it at the Meeting.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE FOREGOING RESOLUTION OF RE-APPROVE AND CONFIRM THE OPTION PLAN, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE RESOLUTION TO RE-APPROVE AND CONFIRM THE OPTION PLAN.

5. *Proposed Name Change*

As Mooncor is seeking shareholder approval for a change in business from an industrial company to an investment issuer, management believes that a name change will be appropriate to reflect the proposed change of business. Management is recommending that the name of Mooncor be changed from "Mooncor Oil & Gas Corp." to "Sensor Technologies Inc." or such other name as may be selected by the Board (the "Name Change").

At the Meeting, shareholders will be asked to consider and, if thought fit, to pass, with or without amendment, the following special resolution:

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in this Circular.

"**RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. the Articles of Mooncor be amended to change the name of Mooncor from “Mooncor Oil & Gas Corp.” to “Sensor Technologies Inc.”, or such other name as may be selected by the Board;

2. any one officer or director of Mooncor, alone, be and he or she is hereby, authorized and empowered, acting for, in the name of and on behalf of Mooncor, to do all things and execute all instruments determined necessary or desirable to give effect to this special resolution including, without limitation, to execute (under the corporate seal of Mooncor or otherwise) and deliver articles of amendment of Mooncor, the execution of any such instrument or the doing of any such other act or thing being conclusive evidence of such determination; and

3. the directors of Mooncor, in their sole and complete discretion, may act upon this resolution to effect the name change, or if deemed appropriate and without any further approval from the shareholders of Mooncor, may choose not to act upon this resolution notwithstanding shareholder approval of the name change and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement of a certificate of amendment of articles in respect of the name change.”

In order to be effective, the foregoing resolution requires the approval of not less than 66 2/3% of the votes cast by the shareholders represented at the Meeting in person or by proxy.

Even if the foregoing resolution is approved, the Board retains the power to revoke it at all times without any further approval by the Shareholders. The Board will only exercise such power in the event that it is, in its opinion, in the best interest of Mooncor.

THE BOARD, AFTER CAREFUL CONSIDERATION OF A NUMBER OF FACTORS, HAS DETERMINED UNANIMOUSLY THAT THE PROPOSED NAME CHANGE IS IN THE BEST INTERESTS OF THE CORPORATION AND ITS SHAREHOLDERS. THE BOARD HAS UNANIMOUSLY DETERMINED TO RECOMMEND TO SHAREHOLDERS OF THE CORPORATION THAT THEY VOTE IN FAVOUR OF THE PROPOSED NAME CHANGE.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE FOREGOING RESOLUTION TO APPROVE THE NAME CHANGE, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE RESOLUTION TO APPROVE THE NAME CHANGE

6. ***Approval of Voluntary Delisting From the TSXV and Listing on the CSE***

Background

The shares of Mooncor were originally listed on the TSXV on December 18, 2000 under the trading symbol “SPC”. The common shares continue to trade through the facilities of the TSXV as of the date hereof under the symbol “MOO’.

The board of the directors of Mooncor have determined that it is in the best interests of Mooncor and its shareholders to voluntary delist its common shares from the TSXV and this determination has been made after giving consideration to, among other things, the available resources of Mooncor, Mooncor’s need to raise additional capital and the best interests of Mooncor’s shareholders.

Upon mailing this Circular, Mooncor will commence work on an application to list Mooncor’s common shares on the CSE. The board of directors believes that the CSE has a preferred fee structure for Mooncor which the will allow Mooncor to devote a larger portion of its financial resources on executing its business strategy. Additionally, the board of directors believes that the rules and policies of the CSE are more suitable for Mooncor and that the CSE will provide an as good or better marketplace for the trading of its common shares as compared to the TSXV.

If the voluntary delisting is approved by Mooncor’s shareholders and the TSXV, Mooncor’s common shares will be immediately delisted from the TSXV. The delisting from the TSXV may occur prior to the common shares being listed on the CSE. After Mooncor’s common shares are delisted from the TSXV and unless or until Mooncor’s common shares are listed on the CSE or other stock exchange, there will be no marketplace for the trading of Mooncor’s common shares. The Corporation does not have an open application for listing with the CSE and intends to commence work on a formal listing application after this Circular is mailed to shareholders. There can be no assurance that any application for listing Mooncor’s common shares on the CSE will be approved prior to the delisting from the TSXV or at all.

Regulatory Approvals

The TSXV requires, among other things, (a) shareholders of Mooncor approve the Delisting Resolution; (b) the Delisting Resolution be approved by a majority of the minority shareholders in accordance with Section 4.3 of TSXV policy 2.9; and (c) the Delisting Resolution, discloses that Mooncor's common shares may be delisted prior to a listing on the CSE or other stock exchange, in which case there would be no marketplace for trading of Mooncor's common shares.

After Mooncor's common shares are delisted from the TSXV, there will be no marketplace for the trading of Mooncor's common shares unless or until the common shares are listed on the CSE or other stock exchange. The Corporation intends to commence an application for listing on the CSE following the mailing of this Circular. There can be no assurance that Mooncor's application for listing on the CSE will be accepted or that Mooncor will be able to satisfy the listing requirements of the CSE.

CSE Listing

Immediately after the mailing of this Circular, Mooncor intends to commence work on an application to list its common shares on the CSE. Additionally, Mooncor will be unable to list its common shares until the TSXV has approved a voluntary delisting of Mooncor's common shares. Accordingly, Mooncor will be unable to list its common shares on the CSE unless, among other things, the Delisting Resolution is passed. There can be no assurance that Mooncor's listing application will be accepted by the CSE or that Mooncor will be able to meet the listing requirements of the CSE. ***After delisting from the TSXV and unless or until Mooncor's common shares are listed on the CSE or other stock exchange, there will be no marketplace for the trading of Mooncor's common shares.***

While not required, the board of directors is asking shareholders to approve Mooncor making application and to listing its common shares on the CSE. As part of the Delisting Resolution, shareholders will also be asked to authorize Mooncor to make application and list its common shares on the CSE.

Shareholder Approval

As a condition imposed by the TSXV to voluntarily delist Mooncor's common shares, shareholders must pass an ordinary resolution approving the delisting from the TSXV. In addition, as there may not be a suitable alternative marketplace for the trading of Corporation's common shares at the time of a delisting from the TSXV, Section 4.3 of TSXV policy 2.9 requires the resolution approving the delisting to be approved by a "majority of the minority" shareholders. To be approved, the Delisting Resolution therefore requires the affirmative vote of (i) at least a majority of the votes cast on the Delisting Resolution at the Meeting, whether in person or by proxy; and (ii) a majority of the votes cast on the Delisting Resolution at the Meeting, excluding votes attaching to common shares held by promotes directors officers and other insiders, whether in person or by proxy. To the knowledge of Mooncor, such persons own an aggregate of 82,009,264 common shares of Mooncor as at the date hereof.

Management is requesting Shareholder approval to the following resolutions:

"WHEREAS the board of directors of Mooncor determined that it is in the best interests of Mooncor and its Shareholders to delist its common shares from the TSX Venture Exchange and make application to list its common shares on the Canadian Securities Exchange;

AND WHEREAS after Mooncor's common shares are delisted from the TSX Venture Exchange, there will be no marketplace for the trading of Mooncor's common shares unless and until the common shares are listed on the Canadian Securities Exchange or other stock exchange

BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

(i) Mooncor is hereby authorized to apply to voluntarily delist its common shares from the TSX Venture Exchange;

(ii) Mooncor is hereby authorized to apply to list and, if such application is accepted, to list its common shares on the Canadian Securities Exchange;

(iii) notwithstanding that this resolution has been duly approved by shareholders of Mooncor, the board of directors of Mooncor, in their sole discretion and without the requirement to obtain any further approval from the shareholders of Mooncor, is hereby authorized and empowered to revoke this resolution at any time before it is acted upon without further approval from the shareholders; and

(iv) any one of the directors or officers of Mooncor is hereby authorized and directed to do all such things as may be necessary or desirable, in the opinion of such officer or director to give effect thereto."

Recommendation of the Board

THE BOARD, AFTER CAREFUL CONSIDERATION OF A NUMBER OF FACTORS, HAS DETERMINED UNANIMOUSLY THAT APPROVING THE DELISTING RESOLUTION IS IN THE BEST INTERESTS OF THE CORPORATION AND ITS SHAREHOLDERS. THE BOARD HAS UNANIMOUSLY DETERMINED TO RECOMMEND TO SHAREHOLDERS OF THE CORPORATION THAT THEY VOTE IN FAVOUR OF THE DELISTING RESOLUTION.

In order to be effective, the foregoing resolution requires the approval of not less than a simple majority of the votes cast by the shareholders represented at the Meeting in person or by prox.

Even if the foregoing resolution is approved, the Board retains the power to revoke it at all times without any further approval by the Shareholders. The Board will only exercise such power in the event that it is, in its opinion, in the best interest of Mooncor.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE DELISTING RESOLUTION, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE DELISTING RESOLUTION.

7. ***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 thirty (30) pre-consolidation common shares. 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 July 26, 2018, 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 The Corporation'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 The Corporation, 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 167,536,185 common shares as of the date hereof to approximately 5,584,540 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 30:1).

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 Trust Company of Canada, 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 Act in the form prescribed by the Act 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 Act or such other date indicated in the articles of amendment provided that, in any event, such date will be prior to July 26, 2018.

No Dissent Rights

Under the Act, 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 Act 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 up to every thirty (30) 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 Act or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to July 26, 2018.

(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 Act, 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.**

8. *Approval of the Transaction Resolution*

Management of Mooncor has proposed that an aggregate of up to 47,500,000 post-consolidated Mooncor Shares (the "**Consideration Shares**") be issued to the Fox-Tek Shareholder as consideration for the acquisition of Fox-Tek (the "**Transaction**") pursuant to the Amalgamation Agreement. For full details of the Transaction, Mooncor, Fox-Tek and the Resulting Issuer, see Schedule "C" – The Transaction, Schedule "D" – Information Relating to Mooncor, Schedule "E" – Information Relating to Fox-Tek and "Schedule "F" – Information Concerning the Resulting Issuer, respectively.

Accordingly, Shareholders will be asked to consider, and, if deemed advisable, to approve, with or without variation, a resolution (being a resolution passed by not less than a simple majority of the votes cast by those Shareholders who, being entitled to do so, vote in person or by proxy at the Meeting) approving the issuance of the Consideration Shares (the "**Transaction Resolution**").

The Transaction is a Arm's Length Transaction.

The text of the Transaction Resolution which management intends to place before the Meeting is as follows:

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

1. The issuance of up to an aggregate of 47,500,000 post-consolidated Mooncor Shares to the Fox-Tek Shareholder pursuant to the terms and conditions of the Amalgamation Agreement is hereby confirmed, ratified, authorized and approved.

2. Notwithstanding that this resolution has been duly passed by the shareholders, the board of directors of Mooncor may amend or decide not to proceed with the transactions contemplated by the Amalgamation Agreement or revoke these resolutions at any time prior to the completion of such transactions without further shareholder approval.

3. Any one director or officer of Mooncor, for and on behalf of Mooncor, be and is hereby authorized to execute and deliver all documents and instruments and take all such other actions as may be necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such actions.

THE BOARD, AFTER CAREFUL CONSIDERATION OF A NUMBER OF FACTORS, HAS DETERMINED UNANIMOUSLY THAT APPROVING THE TRANSACTION IS IN THE BEST INTERESTS OF MOONCOR AND ITS SHAREHOLDERS. THE BOARD HAS UNANIMOUSLY DETERMINED TO RECOMMEND TO SHAREHOLDERS OF MOONCOR THAT THEY VOTE IN FAVOUR OF THE DELISTING RESOLUTION.

In order to be effective, the foregoing resolution requires the approval of not less than a majority of the minority votes cast by the shareholders represented at the Meeting in person or by proxy

Even if the foregoing resolution is approved, the Board retains the power to revoke it at all times without any further approval by the Shareholders. The Board will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation.

THE MANAGEMENT REPRESENTATIVES NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE AMALGAMATION RESOLUTION, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE DELISTING RESOLUTION.

ADDITIONAL INFORMATION

Additional information concerning Mooncor is available on SEDAR at www.sedar.com. Financial information concerning Mooncor is provided in Mooncor's consolidated financial statements and management's discussion and analysis for the financial years ended December 31, 2017 and 2016, attached hereto as Schedules "K" and :L:, respectively.

DIRECTORS' APPROVAL

The contents and sending of this Information Circular have been approved by the directors of the Corporation.

DATED at Toronto, Ontario as of the 29th day of June, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

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

SCHEDULE "A"
AMALGAMATION AGREEMENT

MOONCOR OIL & GAS CORP.

- and -

SENSOR TECHNOLOGIES INC.

- and -

FOX-TEK CANADA INC.

AMALGAMATION AGREEMENT

Dated as of June 11, 2018

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT dated as of the 10[1h] day of June, 2018.

BETWEEN:

MOONCOR OIL & GAS CORP., a corporation existing pursuant to the laws of the Province of Ontario

("**Mooncor**")

- and -

SENSOR TECHNOLOGIES INC., a corporation existing pursuant to the laws of the Province of Ontario

("**Newco**")

- and -

FOX-TEX CANADA INC., a corporation existing pursuant to the laws of the Province of Ontario

("**Fox-Tek**")

WITNESSES THAT:

WHEREAS Newco and Fox-Tek wish to amalgamate so as to continue as one corporation in accordance with the terms and subject to the conditions herein set forth;

AND WHEREAS Newco is a wholly-owned subsidiary of Mooncor and has not carried on any business;

AND WHEREAS Mooncor, Newco and Fox-Tek wish to effect the foregoing merger through the amalgamation of Newco with Fox-Tek, such that the amalgamated corporation will be a wholly-owned subsidiary of Mooncor and the existing securityholders of Fox-Tek become securityholders of Mooncor, in accordance with the terms and conditions herein set forth,

NOW THEREFORE IN CONSIDERATION of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

"**affiliate**" has the meaning ascribed thereto in the Securities Act unless otherwise expressly stated herein;

"**Agreement**" means this amalgamation agreement, provided for in Section 175 of the OBCA, including the recitals and schedules hereto;

“**Amalco**” means the continuing corporation constituted upon the Amalgamation upon the Effective Date;

“**Amalco Shares**” means common shares in the capital of Amalco;

“**Amalgamation**” means the amalgamation of Newco and Fox-Tek pursuant to Section 174 of the OBCA as provided for in this Agreement;

“**Appropriate Regulatory Approvals**” means all of the rulings, consents, orders, exemptions, permits and other approvals of Governmental Entities and the Exchange required or necessary for the completion of the transactions provided for in this Agreement and the Amalgamation;

“**Articles of Amalgamation**” means the articles of amalgamation in respect of the Amalgamation, in the form required by the OBCA;

“**Assets**” includes all assets having fair market value in excess of $5,000;

“**Augusta**” means Augusta Industries Inc., the sole shareholder of Fox-Tek;

“**Augusta Circular**” means the management information circular of Augusta prepared in accordance with applicable Laws in respect of the Augusta Meeting called for the purpose of approving the Amalgamation, among other things;

“**Augusta Meeting**” means the annual and special meeting of the shareholders of Augusta to be held on July 11, 2018 to address the items of business as set out in the Augusta Circular;

“**Business Day**” means a day on which commercial banks are generally open for business in Toronto, Ontario other than a Saturday, Sunday or a day observed as a holiday in Toronto, Ontario under the Laws of the Province of Ontario or the federal Laws of Canada;

“**Closing**” has the meaning ascribed to such term in Section 6.5(a);

“**Closing Date**” has the meaning ascribed to such term in Section 6.5(a);

“**Constating Documents**” means, as applicable, the articles, by-laws or other similar constating documents of any body corporate;

“**Director**” means the Director appointed under Section 278 of the OBCA;

“**Effective Date**” means the date shown on the certificate of amalgamation issued by the Director pursuant to subsection 178(4) of the OBCA giving effect to the Amalgamation;

“**Encumbrance**” means any and all claims, liens, security interests, mortgages, pledges, pre-emptive rights, charges, options, equity interests, encumbrances, proxies, voting agreements, voting trusts, leases, tenancies, easements or other interests of any nature whatsoever, however created;

“**Environmental Laws**” has the meaning ascribed thereto in section 3.25 hereof;

“**Exchange**” means the TSX Venture Exchange;

“**Exchange Policy 5.2**” means Exchange Policy 5.2 - Changes of Business and Reverse Take-Overs, as amended;

“**Fox-Tek Amalgamation Resolution**” means the consent resolution of the Fox-Tek Shareholders approving the Amalgamation;

"**Fox-Tek Business**" means the business currently and hereto carried on by Fox-Tek and the Fox-Tek Subsidiaries consisting of the development of non-intrusive asset health monitoring sensor systems for the oil and gas market;

"**Fox-Tek Shareholders**" means the holders of Fox-Tek Shares as set out in Schedule "A";

"**Fox-Tek Shares**" means the common shares in the capital of Fox-Tek;

"**Governmental Entity**" means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

"**Holders**" means, when used with reference to the Mooncor Securities, the Newco Shares or the Fox-Tek Shares, the holders of such Mooncor Securities, Newco Shares or Fox-Tek Shares, or, as applicable, shown from time to time in the register maintained by or on behalf of Mooncor, Newco or Fox-Tek, as applicable, in respect of the applicable securities;

"**Laws**" means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the Exchange);

"**Material Adverse Change**", when used in connection with Mooncor or Fox-Tek, means any change, effect, event or occurrence that is, or could reasonably be expected to be, material and adverse to the business, properties, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise), operations or financial condition of such party and its subsidiaries, taken as a whole, as applicable, other than any change, effect, event or occurrence: (i) relating to the global economy or securities markets in general; or (ii) affecting the telecom construction industry in general and which does not have a materially disproportionate effect on Mooncor or Fox-Tek;

"**Material Adverse Effect**" means any effect that is, or could reasonably be expected to be, a Material Adverse Change;

"**material fact**" has the meaning ascribed thereto in the Securities Act;

"**misrepresentation**" has the meaning ascribed thereto in the Securities Act;

"**Mooncor Business**" means the business currently and hereto carried on by Mooncor consisting of oil and gas exploration;

"**Mooncor Circular**" means the management information circular of Mooncor prepared in accordance with applicable Laws in respect of the Mooncor Meeting called for the purpose of approving the Amalgamation, among other things;

"**Mooncor Convertible Securities**" means, collectively, the Mooncor Warrants and the Mooncor Options;

"**Mooncor Meeting**" means the annual and special meeting of Holders of Mooncor Shares to be held on July 26, 2018 to address the items of business as set out in the Joint Circular;

"**Mooncor Options**" means the 623,750 outstanding stock options of Mooncor to acquire Mooncor Shares under the Mooncor stock option plan;

"**Mooncor Outstanding Warrants**" means the 11,448,492 outstanding share purchase warrants of Mooncor to acquire Mooncor Shares at an exercise price of $0.10 per share expiring June 13, 2018;

"**Mooncor Securities**" means collectively the Mooncor Shares and the Mooncor Convertible Securities;

"**Mooncor Shares**" means the common shares in the capital of Mooncor;

"**Newco Shareholders**" means the holders of the Newco Shares;

"**Newco Shares**" means the outstanding common shares in the capital of Newco;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended;

"**Person**" means and includes an individual, firm, sole proprietorship, partnership, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative, Governmental Entity, or other entity, whether or not having legal status;

"**Regulations**" means all statutes, laws, rules, orders, directives and regulations in effect from time to time and made by any Governmental Entity having jurisdiction over any of Mooncor or Fox-Tek;

"**Securities Act**" means the *Securities Act* (Ontario), as amended;

"**Subsidiary**" means, with respect to a specified body corporate, a body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the directors thereof, whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency, are at the time owned, directly or indirectly, by such specified body corporate, and includes a body corporate in like relation to a subsidiary;

"**Tax**" and "**Taxes**" means, with respect to any Person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes (including source withholdings in respect of income taxes, Canada Pension Plan and employment insurance premiums), payroll taxes, employment taxes, pension plan premiums, excise, severance, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**Tax Returns**" means all returns, declarations, reports, information returns and statements filed or required to be filed with any taxing authority relating to Taxes;

"**Termination Time**" means the time that this Agreement is terminated;

"**Time of Closing**" shall have the meaning ascribed to such term in subsection 6.4(a) of this Agreement;

"**Transaction**" means the Amalgamation and the issuance of the Mooncor Securities in consideration thereof;

Section 1.2 Currency.

All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

Section 1.3 Interpretation Not Affected By Headings.

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and the schedules hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

Section 1.4 Number and Gender.

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

Section 1.5 Date for Any Action.

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.6 Meanings.

Words and phrases used herein and defined in the OBCA shall have the same meaning herein as in the OBCA, unless otherwise defined herein or the context otherwise requires.

Section 1.7 Statutes.

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

Section 1.8 Enforceability.

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and by the discretionary nature of certain remedies (including specific performance and injunctive relief).

Section 1.9 Knowledge.

Where any matter is stated to be “to the knowledge” or “to the best of the knowledge” of Mooncor or Fox-Tek or words to like effect in this Agreement, Mooncor or Fox-Tek shall be required, in addition to making any other reasonable inquiries, to make inquiries of their respective Chief Executive Officers and Chief Financial Officers.

Section 1.10 Schedules.

The following Schedule is annexed to this Agreement and is hereby incorporated by reference into this Agreement and forms part hereof:

Schedule “A”	-	Fox-Tek Shareholders
Schedule “B”	-	Mooncor Options to Acquire Shares
Schedule “C”	-	Mooncor Outstanding Filings
Schedule “D”	-	Mooncor Legal Actions

Schedule “E”	-	Mooncor Financial Statements
Schedule “F”	-	Mooncor Material Contracts
Schedule “G”	-	Mooncor Bank Accounts
Schedule “H”	-	Fox-Tek Options to Acquire Shares
Schedule “I”	-	Fox-Tek Financial Statements
Schedule “J”	-	Fox-Tek Material Contracts
Schedule “K”	-	Fox-Tek Patents
Schedule “L”	-	Fox-Tek Bank Accounts
Schedule “M”	-	Post Amalgamation Capitalization Table

ARTICLE 2
THE AMALGAMATION

Section 2.1 Agreement to Amalgamate

Newco and Fox-Tek hereby agree to amalgamate pursuant to the provision of section 174 of the OBCA as of the Effective Date and to continue as one corporation on the terms and conditions set out in this Agreement.

Section 2.2 Securities Compliance.

Mooncor shall use reasonable best efforts to obtain all orders and approvals required from the applicable Governmental Entity and the Exchange (subject to escrow conditions imposed by the Exchange) to permit the issuance and first resale of the Mooncor Securities issuable pursuant to the Amalgamation without qualification with, or approval of, or the filing of any prospectus or similar document, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Governmental Entity under any Canadian federal, provincial or territorial securities or other Laws or pursuant to the rules and regulations of any Governmental Entity administering such Laws, or the fulfillment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions on transfer by reason of, among other things, a Holder being a “control person” for purposes of Canadian federal, provincial or territorial securities Laws).

Section 2.3 Preparation of Filings.

(a) Each of the parties to this Agreement shall cooperate in the taking of all such action as may be required under the OBCA in connection with the transactions contemplated by the Agreement.

(b) Each of the parties to this Agreement shall promptly furnish to the others all information concerning it and its securityholders as may be required in order to effect the actions described in Section 2.1 and 2.2 and the foregoing provisions of this Section 2.3 and each covenants that no information furnished by it (to its knowledge in the case of information concerning its shareholders) in connection with such actions or otherwise in connection with the consummation of the Amalgamation and the other transactions contemplated by this Agreement will contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished.

(c) Each of the parties to this Agreement shall promptly notify the other parties if at any time before or after the Effective Date it becomes aware that the Joint Circular or an application for an order described in Section 2.2 contains any misrepresentation or any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Joint Circular or such application. In any such event, each party shall cooperate in the preparation of a supplement or amendment to the Joint Circular or such other document, as required and as the case may be, and, if required, shall cause the same to be filed with the relevant securities regulatory authorities.

Section 2.4 Filing of Articles of Amalgamation.

Subject to the rights of termination contained in Article 8 hereof, upon the fulfillment of the necessary conditions to this Agreement, the parties shall jointly file with the Director the Articles of Amalgamation and such other documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation, pursuant to the provisions of the OBCA.

Section 2.5 Effect of the Amalgamation.

On the Effective Date, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

(a) Newco and Fox-Tek shall amalgamate to form Amalco and shall continue as one corporation under the OBCA in the manner set out in Section 2.6 hereof and with the effect set out in Section 179 of the OBCA;

(b) immediately upon the amalgamation of Fox-Tek and Newco to form Amalco as set forth in Section 2.4:

   (i) each one (1) Fox-Tek Share issued and outstanding on the Effective Date shall be exchanged for one Mooncor Share (at a deemed price of $0.20 per Mooncor Share), provided that fractional Mooncor Shares shall not be issued to Holders of Fox-Tek Shares, and the Fox-Tek Shares thus exchanged shall be cancelled without reimbursement of the capital represented by such securities;

   (ii) Mooncor shall receive one fully-paid and non-assessable common share of Amalco for each one Newco Share held by Mooncor, following which all such Newco Shares shall be cancelled; and

   (iii) in consideration for the issue by Mooncor of the Mooncor Shares pursuant to this subsection 2.5(b), Amalco shall issue to Mooncor one fully-paid and non-assessable common share of Amalco for each Mooncor Share issued;

(c) with respect to each of the Fox-Tek Shares exchanged in accordance with subsection 2.5(b):

   (i) the Holders thereof shall cease to be the holders of such Fox-Tek Shares and the name of each such Holder shall be removed from the register of Holders of such Fox-Tek Shares;

   (ii) the certificates (if any) representing any Fox-Tek Shares shall be deemed to have been cancelled as of the Effective Date and certificates representing the number of Mooncor Securities issuable to each Holder of Fox-Tek Shares will be issued to the holders of the Fox-Tek Shares; and

   (iii) any fractional interests resulting from the transactions provided for in subsection 2.5(b) shall be rounded up or down to the nearest whole Mooncor Security and any fractions of exactly 0.5 shall be rounded up to the nearest whole Mooncor Security;

provided that none of the foregoing shall occur or shall be deemed to occur unless all of the foregoing occurs.

Section 2.6 Amalgamated Corporation.

Unless and until otherwise determined in the manner required by Laws, by Amalco or by its directors or the Holder or Holders of the Amalco Shares, the following provisions shall apply:

(a) **Name**. The name of Amalco shall be "Fox-Tek Canada Inc." or such other name as Fox-Tek shall determine;

(b) **Registered Office**. The municipality where the registered office of Amalco shall be located is Toronto, Ontario. The address of the registered office of Amalco shall be 2455 Cawthra Road, Suite 75, Mississauga, Ontario L5A 3P1;

(c) **Business and Powers**. There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;

(d) **Authorized Share Capital**. Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;

(e) **Share Restrictions**. There shall be no restrictions upon the right to transfer any shares of Amalco;

(f) **Number of Directors**. The number of directors of Amalco shall be not less than one (1) and not more than ten (10) as the shareholders of Amalco may from time to time determine;

(g) **Initial Directors**. The initial directors of Amalco shall be as follows:

Allen Lone
Binh Quach
Gerry Feldman
Steven Mintz

(h) **By-laws**. The by-laws of Amalco, until repealed, amended or altered, shall be the same as the by-laws of Fox-Tek, with such amendments thereto as may be necessary to give effect to this Agreement; and

(i) **Additional Directors**. The directors of Amalco may, between annual meetings, appoint one or more additional directors of Amalco to serve until the next annual meeting of Amalco but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual meeting of Amalco.

Section 2.7 Assets and Liabilities.

Each of Newco and Fox-Tek shall contribute to Amalco all of its assets, subject to their respective liabilities, as they exist immediately before the Effective Date. Amalco shall possess all of the property, rights, privileges and franchises, as they exist immediately before the Effective Date, and shall be subject to all of the liabilities, contracts, disabilities and debts of each of Newco and Fox-Tek, as they exist immediately before the Effective Date. All rights of creditors against the properties, assets, rights, privileges and franchises of Newco and Fox-Tek and all liens upon their properties, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of Newco and Fox-Tek shall thenceforth attach to and may be enforced against Amalco. No action or proceeding by or against Newco or Fox-Tek shall abate or be affected by the Amalgamation but, for all purposes of such action or proceeding, the name of Amalco shall be substituted in such action or proceeding in place of the name of Newco or Fox-Tek, as applicable.

Section 2.8 Stated Capital.

(a) Upon the Amalgamation, Amalco shall add to the stated capital account maintained in respect of the Amalco Shares an amount equal to the aggregate paid up capital for purposes of the Tax Act of the Newco Shares and the Fox-Tek Shares immediately before the Effective Date.

(b) Upon the Amalgamation, Mooncor shall add to the stated capital account maintained in respect of the Mooncor Shares an amount equal to the aggregate paid up capital for purposes of the Tax Act of the Fox-Tek Shares immediately before the Effective Date.

Section 2.9 Royalty

In addition to the Mooncor Shares, Mooncor shall grant to Augusta a royalty royalty of 15% on all future sales of Fox-Tek's products and a 20% royalty on all future sales of Fox-Tek services. The royalties shall be payable until the earlier of (i) the 10 year anniversary of the closing of the sale of Fox-Tek or (ii) the aggregate payment of $12 million in royalties.

ARTICLE 3
REPRESENTATIONS AND WARRANTS OF MOONCOR

Section 3.1 Mooncor represents and warrants to and in favour of Fox-Tek as follows:

(a) Mooncor is a corporation duly incorporated, organized and validly subsisting under the laws of its jurisdiction of incorporation and has the corporate power to own or lease its property and to carry on the Mooncor Business as it is now being conducted and as proposed to be conducted and on the Closing Date will have the corporate power to execute, deliver and perform its obligations under this Agreement, and have made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which Mooncor is subject;

(b) Mooncor does not have any interest in any body corporate, partnership, joint ventures or other entity or person. Mooncor is not a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or person other than in connection with the Transaction;

(c) the entering into of this Agreement and the consummation of the Transaction as contemplated hereby have been duly authorized by all necessary corporate action on behalf of Mooncor and this Agreement has been duly executed and delivered by Mooncor and is a valid and binding obligation of Mooncor enforceable in accordance with its terms, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws generally affecting creditor's rights and to the extent that equitable remedies, such as specific performance and injunction, are in the discretion of the court from which they are sought;

(d) Mooncor is a reporting issuer in good standing in the provinces of Ontario, Alberta and British Columbia and is not in default of any applicable securities, taxation and corporate legislation, regulations, orders, notices and policies in force therein;

(e) Mooncor will take all necessary steps to cause the issuance of the Mooncor Shares at the Time of Closing, and the Mooncor Shares will be duly and validly authorized and issued as fully paid and non-assessable shares in accordance with this Agreement;

(f) neither the execution and delivery of this Agreement by Mooncor nor the consummation of the Transaction:

(i) will conflict with or result in or create a state of facts which after notice or lapse of time or delay or both, will conflict with or result in:

(A) a violation, contravention or breach by Mooncor of any of the terms, conditions or provisions of the constating documents, by-laws or resolutions of Mooncor or of any agreement or instrument to which Mooncor is a party or by which it is bound or constitute a default of Mooncor thereunder, or of any statute, regulation, judgement, decree or law by which Mooncor or the Assets of Mooncor are subject or bound; or

(B) a violation by Mooncor of any law or regulation or any applicable order of any court, arbitrator or governmental authority having jurisdiction over Mooncor, or require Mooncor, prior to the Closing or as a condition precedent thereof, to make any governmental or regulatory filings, obtain any consent, authorization, approval, clearance or other action by any Person or await the expiration of any applicable waiting period; or

(ii) do not and will not result in the imposition of an Encumbrance upon any Assets of Mooncor that would, individually or in the aggregate, have a Material Adverse Effect on Mooncor;

(g) the authorized share capital of Mooncor consists of an unlimited number of common shares of which 167,536,185 Mooncor Shares are outstanding. There are 623,750 Mooncor Options outstanding exercisable at a prices ranging from $0.14 to $0.25 per Mooncor Share and 11,448,492 Mooncor Outstanding Warrants exercisable at a price of $0.10 per Mooncor Share;

(h) except as set out in Schedule "A", Mooncor does not have any agreements, options or commitments to acquire any shares or securities of any corporation or to acquire or lease any business operations, real property or assets;

(i) the minute books of Mooncor contain full, true and correct copies of the constating documents of Mooncor at the Time of Closing, and contain copies of all minutes of all meetings and all resolutions of the directors, committees of directors and shareholders of Mooncor and all such meetings were duly called and properly held and such minutes were properly adopted and approved;

(j) except as set out in Schedule "B", Mooncor has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Mooncor (the "**Public Record**"), were true, correct and complete and did not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) as at the date of such filing which has not been corrected;

(k) Mooncor has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and holds necessary licences, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated, and the same are validly existing and in good standing and none of such licenses, permits, approvals, consents, certificates, registrations and authorizations contains any burdensome term, provision, condition or limitation, which has or would reasonably be expected to have a Material Adverse Effect on the operation of its business as now carried on;

(l) Mooncor has not received any notice of proceedings relating to the revocation or modification of any certificate, authority, permit or license which, if the subject of an unfavourable decision, ruling or finding would materially and adversely affect the conduct of the business, operations, financial condition or income of Mooncor;

(m) Mooncor has not granted or entered into any agreement, option, understanding or commitment or any Encumbrance of or disposal of its Assets or an interest therein or any right or privilege capable of becoming an agreement or option with respect to its Assets and will not do so prior to

Closing;

(n) except for the options, warrants and debentures set out in Schedule "J" and as disclosed in the Public Record, no Person holds any securities convertible or exchangeable into securities of Mooncor nor will any agreement, warrant, option, right or privilege being capable of becoming an agreement, warrant, option or right for the purchase, subscription or issuance of any unissued common shares or other securities of Mooncor have been authorized or agreed to or will be outstanding as at Closing;

(o) except as disclosed in Schedule "C", there is not pending, or to the knowledge of Mooncor, after due inquiry, threatened or contemplated any suit, action, legal proceeding, litigation or governmental investigation of any sort, nor is there any present state of facts or circumstances which can be reasonably anticipated to be a basis for any such suit, action, legal proceeding, litigation or governmental investigation nor is there presently outstanding against Mooncor, any judgement, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality, or arbitrator, to which Mooncor is a party or to which the property of Mooncor is subject;

(p) the audited financial statements of Mooncor for the period ended on December 31, 2017 and the unaudited interim financial statements for the three month period ending March 31, 2018 attached as Schedule "D" hereto:

  (i) are in accordance with the books and accounts as at March 31, 2018, as the case may be;

  (ii) are true and correct and present fairly the financial position of Mooncor as at March 31, 2018, as the case may be;

  (iii) the consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with IFRS;

  (iv) the interim consolidated financial statements for the nine month period ended March 31, 2018 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", using accounting policies consistent with IFRS; and

  (v) present fairly all of the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of Mooncor as at March 31, 2018, including, all material liabilities (absolute, accrued, contingent or otherwise) of Mooncor;

(q) since December 31, 2017, Mooncor has not:

  (i) carried on the business of Mooncor in other than its usual and ordinary course;

  (ii) entered into any transaction out of the usual and ordinary course of business other than the Transaction;

  (iii) amended its articles, by-laws or other governing documents; and

  (iv) made any change in its accounting principles and practices including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;

(r) there has been no change in the affairs, business, operations or condition of Mooncor, financial or otherwise, whether arising as a result of any legislative or regulatory change, revocation of any licence or right to do business, fire, explosion, accident, casualty, labour dispute, flood, drought, riot, storm, condemnation, act of God, public force or otherwise, except changes occurring in the usual and ordinary course of business which have not had a Material Adverse Effect on Mooncor;

(s) there has never been any reportable event (within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations*) with the present or any former auditors of Mooncor;

(t) the books, records and accounts of Mooncor, in all material respects, have been maintained in accordance with good business practices on a basis consistent with prior periods and accurately and fairly reflect the basis for Mooncor's financial statements;

(u) Mooncor has not withheld, and will not withhold, from Fox-Tek any material facts or material information relating to Mooncor or the Transaction;

(v) Mooncor is a taxable Canadian corporation within the meaning of the Tax Act and:

(i) has in a due and timely manner, filed or caused to be filed all returns, elections, descriptions, reports, statements and forms respecting Taxes, and all information and data in connection therewith, required to be filed by Mooncor or on Mooncor's behalf with any Governmental Body to whom Mooncor or the Mooncor Business are subject;

(ii) has paid all Taxes and any interest, penalties and fines in connection therewith, properly due and payable, and has paid all of same in connection with all known assessments, reassessments and adjustments;

(iii) has withheld all amounts required to be withheld, including without limiting the generality of the foregoing, all amounts required to be withheld under the Tax Act, for employee deductions, unemployment insurance, the Canada Pension Plan and Goods and Services Tax payable under the *Excise Tax Act* (Canada) and any other amounts required by law to be withheld from any payments made to non-residents and any of its officers, directors and employees, and has paid the same to the proper taxing authority or receiving offices;

(iv) no other Taxes nor any interest, penalties and fines have been claimed by any Governmental Body or are known to Mooncor to be due and owning by Mooncor or are pending or threatened (including all tax instalments) or by reason of the transactions herein contemplated will become due and owing by Mooncor and there are no matters of dispute or under discussion with any Governmental Body, relating to Taxes by such Governmental Body;

(v) there are no agreements, waivers (including a waiver in respect of time within which a reassessment may be made by any taxing authority) or other arrangements providing for any extension of time with respect to the filing of any tax return by, or payment of any Tax, governmental charge or deficiency against, Mooncor;

(vi) Mooncor is not aware of any actions, audits, assessments, reassessments, suits, proceedings, investigations or claims threatened or pending against Mooncor in respect of Taxes, governmental charges or assessments, or any other matters under discussion with any Governmental Body relating to Taxes asserted by any such Governmental Body;

(vii) no creditor of Mooncor has forgiven a debt or other obligation owing by Mooncor or settled or extinguished such debt or obligation for an amount less than the principal amount of the debt or obligation; and

(viii) Mooncor does not have any unpaid amounts that may be required to be included in income under Section 78 of the Tax Act;

(w) Mooncor is in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and has not and is not engaged in any unfair labour practice;

(x) no unfair labour practice complaint against Mooncor is pending before any labour relations board or similar governmental tribunal or agency and no such complaint has been filed within the two year period preceding the date hereof and no notice has been received by Mooncor of any complaints filed by any employees against Mooncor claiming that Mooncor has violated any employee or human rights or similar legislation in any jurisdiction in which the business of Mooncor is conducted, and no such complaint has been filed within the two year period preceding the date hereof;

(y) to the knowledge of Mooncor, after due inquiry, there will not be any Material Adverse Change in the relationship between Mooncor and its employees as a result of the Transaction;

(z) there is no Person acting or purporting to act at the request of Mooncor, who is entitled to any commission, brokerage or finder's fee in connection with the Transaction;

(aa) other than the indemnity agreements with directors and officers, Mooncor is not a party to any agreement of guarantee, indemnification or assumption of the obligations of a third party, or other like commitment;

(bb) Mooncor has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities or, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or securities or agreed to do any of the foregoing;

(cc) there is not in the constating documents of Mooncor or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which Mooncor is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of Mooncor or the payment of dividends by Mooncor to the holders of the common shares of Mooncor;

(dd) Mooncor owns or possesses adequate enforceable rights to use all patents, patent applications, trademarks, service marks, copyrights, trade secrets, processes or formulations (including software) used in the conduct of its business;

(ee) to the knowledge of Mooncor, after due inquiry, the conduct of the business of Mooncor does not infringe upon the trademarks, trade names, service marks or copyrights, trade secrets, know-how, designs or other proprietary rights or technology, domestic or foreign, of any other Person;

(ff) to the knowledge of Mooncor, after due inquiry, no person is entitled to any royalties or other interests or any revenues of Mooncor whether derived from utilization of any intellectual property or proprietary information or equipment of Mooncor or otherwise;

(gg) Mooncor owns all right, title and interest in and to its Assets free and clear of all Encumbrances;

(hh) Mooncor is the beneficial owner of its Assets and properties or interests therein and any and all agreements pursuant to which Mooncor holds any such interests in its Assets and properties are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, and Mooncor is not in material default of any of the provisions of any such agreement nor has any default been alleged and, to the knowledge of Mooncor, after due inquiry, such properties are in good standing under the applicable statutes, rules, regulations, licences and permits of the jurisdictions in which they are situated and all leases pursuant to which Mooncor derives its interest in such properties are in good standing and there has been no default under any of such leases;

(ii) except to the extent that any violation or other matter referred to in this subparagraph does not have a Material Adverse Effect on the business, financial condition, assets, properties, liabilities or operations of Mooncor or the Mooncor Subsidiaries:

(i) Mooncor is not in violation of, and has operated its business at all times in material compliance with, all applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances having force of law on the relevant date with respect to environmental, health or safety matters in those jurisdictions wherein Mooncor conducts or conducted business (collectively, "**Environmental Laws**"),

(ii) no orders, directions or notices have been issued and none remain outstanding pursuant to any Environmental Laws relating to the business or assets of Mooncor,

(iii) Mooncor has not failed to report to the proper federal, provincial or municipal, government, department, commission, board, bureau, agency, domestic or foreign ("**Government Authority**") the occurrence of any event which is required to be so reported by any Environmental Law,

(iv) Mooncor holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets and all such licenses, permits and approvals are in full force and effect except for (A) notifications and conditions of general application to assets of the type owned by the Corporation, and (B) notifications relating to reclamation obligations under applicable law, and

(v) Mooncor has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by any of them as a condition of continued compliance with any Environmental Laws or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(jj) each Material Contract of Mooncor is set out in Schedule "E" hereto and is a legal, valid and binding obligation of Mooncor, enforceable against Mooncor in accordance with its terms, and neither Mooncor nor, to the knowledge of Mooncor, after due inquiry, any other party to a Material contract is in material default thereunder;

(kk) except for liabilities disclosed in the audited financial statements of Mooncor for the year ending December 31, 2017 and the unaudited financial statements of Mooncor for the period ended on March 31, 2018 and for liabilities incurred by Mooncor in the ordinary course, Mooncor has no liabilities;

(ll) Mooncor has no obligations or liabilities to pay any amount to its officers, directors or employees relating to salary and directors' fees in the ordinary course, including but not limited to the obligations of Mooncor to officers, employees or directors for severance, retention, termination or bonus payments as a result of the Transaction or change of control arrangements. Notwithstanding the foregoing, Mooncor shall be obligated to pay any bonus, incentives, reimbursement or other cash payments to its employees, directors and/officers if such payment arises from such individuals carrying out their duties to Mooncor;

(mm) to the knowledge of Mooncor, after due inquiry, there are no unanimous shareholders' agreements, shareholders' agreements, voting trusts, pooling agreements or similar agreements in effect in respect of any securities of Mooncor;

(nn) Mooncor has:

(i) not received any orders or directives under applicable law which relate to environmental matters and which require any material work, repairs, construction or capital expenditures with respect to the Business, where such orders or directives have not been complied with in all material respects;

(ii) not received any demand or notice issued under applicable law with respect to a breach of any environmental, health or safety law applicable to the Business, including without limitation, any applicable law respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding on the Closing Date; or

(iii) not received any demand, notice or claim from any Person relating to any contamination, pollution or other damage to or material adverse impacts on the environment or damage caused by the presence, storage, transportation, release, spill or emission of any substance relating to the business of Mooncor;

(oo) the board of directors of Mooncor will, in due course, unanimously approve the Transaction and this Agreement, has determined that the Transaction is fair, from a financial point of view, to holders of the Mooncor Shares and has resolved to unanimously recommend that holders of common shares vote to approve the Transaction;

(pp) other than the consent and/or approval of the TSX-V, no consents or approvals to the transactions contemplated hereunder are required under the Material Contracts or any other contract, agreement or other instrument to which Mooncor is a party or by which Mooncor is bound;

(qq) no agreements, loans, funding arrangements or assistance programs are outstanding in favour of Mooncor from any Governmental Body, and no basis exists for any Governmental Body to seek payment or repayment from Mooncor of any amount or benefit received, or to seek performance of any obligation of Mooncor, under any such program;

(rr) Schedule "F" hereto contains a true and complete list showing the name of each bank, trust company or similar institution in which Mooncor has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto;

(ss) other than the trading halt issued pursuant to the Transaction, no securities commission or similar regulatory authority or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Mooncor, no such proceeding is, to the knowledge of Mooncor, pending, contemplated or threatened and Mooncor is not in default of any requirement of Canadian Securities Laws or the United States;

(tt) Mooncor maintains such policies of insurance as are appropriate to its operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses and assets. All such policies of insurance will at or prior to the Closing Time be in full force and effect and Mooncor is not in default, as to the payment of premiums or otherwise, under the terms of any such policy;

(uu) Mooncor has not, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment of the purpose of such contribution, payment or gift was, is, or would be prohibited under the Canada Corruption of Foreign Public Officials Act (Canada) or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Mooncor and its operations and has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation;

(vv) Mooncor, or to the best knowledge of Mooncor , any director, officer, agent, employee, affiliate or person acting on behalf of Mooncor has not been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury

Department (“OFAC”);

(ww) Mooncor is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement, and is not party to any agreement under which Mooncor agrees to carry on any part of the business or any other activity in such manner or by which Mooncor agrees to share any revenue or profit with any other person;

(xx) There are reasonable grounds for believing that Mooncor is able to pay its liabilities as they become due and, immediately prior to the time of the consummation of the Amalgamation, will be able to pay its liabilities as they become due. There are reasonable grounds for believing that the realizable value of Amalco's assets will, immediately after the consummation of the Amalgamation, not be less than the aggregate of its liabilities and the stated capital of all classes of shares;

(yy) Mooncor has reasonable grounds for believing that no creditor of Mooncor will be prejudiced by the Amalgamation; and

(zz) none of the foregoing representations and warranties knowingly contains any untrue statement of a material fact or knowingly omits to state any material fact necessary to make any such warranty or representation not misleading to Fox-Tek.

Section 3.2 Survival of Representations and Warranties.

The representations and warranties of Mooncor contained in this Agreement shall be true at the Time of Closing as though they were made by Mooncor at the Time of Closing.

ARTICLE 4
REPRESENTATIONS AND WARRANTS OF MOONCOR IN RELATION TO NEWCO

Section 4.1 Mooncor represents and warrants to and in favour of Fox-Tek as follows:

(a) Newco has been duly incorporated and is a valid and subsisting corporation under the provisions of the Laws of its jurisdiction of incorporation, has all requisite corporate power and authority to carry on its business as now being carried on by it and to own or lease and operate its properties and assets and is duly licensed or otherwise qualified to carry on business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary, except where, individually or in the aggregate, the failure to be so licensed or qualified would not have a Material Adverse Effect on Newco.

(b) Newco has no Subsidiaries as of the date hereof and shall have no Subsidiaries as of the Effective Date.

(c) The authorized share capital of Newco consists of an unlimited number of common shares. As of the date hereof, one (1) Newco Share has been issued and is outstanding as a fully paid and non-assessable share. The Newco Share was offered, issued and sold in compliance with applicable securities Laws in distributions exempt from the prospectus and registration requirements of such securities Laws, and all notices and filings in respect of such distributions have been made by Newco within the time and within the manner required by such securities Laws.

(d) Newco does not have any outstanding agreements, subscriptions, warrants, options or commitments (pre-emptive, contingent or otherwise), nor has it granted any rights or privileges capable of becoming an agreement, subscription, warrant, option or commitment, obligating Newco to offer, sell, repurchase or otherwise acquire, transfer, pledge or encumber any shares in the capital of Newco, or other securities, nor are there outstanding any securities or obligations of any kind convertible into or exercisable or exchangeable for any capital stock of Newco. There are no outstanding bonds, debentures or other evidences of indebtedness of Newco having the right to vote or that are exchangeable or convertible for or exercisable into securities having the right to vote with Holders of Newco Shares on any matter as of the date hereof.

(e) Other than this Agreement, Newco does not have any shares or other interests in any company or Person. Newco is not a party to any agreement or arrangement to acquire any shares or other interests in any other companies or Persons and is not a party to any agreement or arrangement to acquire or lease any other business operations other than the Amalgamation.

(f) As of the date hereof, there are no shareholder agreements, proxies, voting trusts, rights to require registration under securities Laws or other arrangements or commitments to which Newco is a party or bound with respect to the voting, disposition or registration of any outstanding securities of Newco.

(g) To the knowledge of Newco, none of the Newco Shares held by the sole shareholder of Newco are subject to any escrow restrictions, pooling arrangements, or voting trust, voluntary or otherwise.

(h) Newco has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and this Agreements, documents and transactions contemplated herein have been duly authorized by all necessary corporate action of Newco. This Agreement has been duly executed and delivered by Newco and constitutes a valid and binding obligation of Newco, enforceable in accordance with its terms subject only to the following qualifications:

(i) an order of specific performance and an injunction are discretionary remedies and, in particular, may not be available where damages are considered an adequate remedy; and

(ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting the enforceability of creditors' rights.

(i) None of the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby or the fulfilment of or compliance with the terms and provisions hereof do or will, nor will they with the giving of notice or the lapse of time or both:

(i) conflict with any of the terms, conditions or provisions of the Constating Documents of Newco;

(ii) subject to the consents, approvals, orders, authorizations, registrations, declarations or filings referred to in Section 4.1(l) being made or obtained, violate any provision of any Laws applicable to Newco;

(iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award to which Newco is a party or by which it is bound or to which its property is subject, all as of the Effective Date; or

(iv) result in the cancellation, suspension or alteration in the terms of any licence, permit or authority held by Newco, or in the creation of any Encumbrance upon any of the assets of Newco under any such agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award or give to any other Person any interest or rights, including rights of purchase, termination, cancellation or acceleration;

except in the case of clauses (ii) through (iv) for any of the foregoing that would not, individually or in the aggregate, have a Material Adverse Effect on Newco or impair the ability of Newco to perform its obligations hereunder or prevent or delay the consummation of any of the transactions contemplated hereby.

(j) The board of directors of Newco at a meeting duly called and held or by written resolution has determined by unanimous approval that the transactions contemplated by this Agreement are fair to the Holders of Newco Shares and in the best interests of Newco and has recommended that such Holders of Newco Shares vote in favour of the transactions contemplated by this Agreement.

(k) Mooncor, as the sole shareholder of Newco, has approved, by way of written resolution, the Amalgamation and the agreements and transactions related thereto.

(l) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Entity is required by or with respect to Newco in connection with the execution and delivery of this Agreement by Newco, the performance of its obligations hereunder or the consummation by Newco of the transactions contemplated hereby other than (a) the approval by the sole shareholder of Newco of the Amalgamation, (b) any filings with the Director, and (c) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Newco or prevent or delay the consummation of any of the transactions contemplated hereby or impair Newco's ability to perform its obligations hereunder.

(m) There are no actions, suits, proceedings, investigations or outstanding claims or demands, whether or not purportedly on behalf of Newco or, instituted or, to the knowledge of Newco, pending or threatened against or affecting Newco at law or in equity or before or by any Governmental Entity, nor is there any judgment, order, decree or award of any Governmental Entity having jurisdiction, obtained, pending or, to the knowledge of Newco, threatened against Newco and neither Newco nor its assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.

(n) The corporate records and minute books of Newco as required to be maintained by Newco under the Laws of its jurisdiction of incorporation, as made available to Fox-Tek and its counsel, are up-to-date, in all material respects, and contain complete and accurate minutes of all meetings of shareholders and the board of directors and any committees thereof and all resolutions consented to in writing.

(o) Newco is in compliance, and at all times has complied, with all applicable Laws other than non-compliance which would not, individually or in the aggregate, have a Material Adverse Effect on Newco. No investigation or review by any Governmental Entity with respect to Newco is pending or, to the knowledge of Newco, is threatened, nor has any Governmental Entity indicated in writing an intention to conduct the same, other than those the outcome of which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Newco.

(p) There is no agreement, judgment, injunction, order or decree binding upon Newco that has or could be reasonably expected to have the effect of prohibiting, restricting or materially impairing any business practice of Newco, acquisition of property by Newco or the conduct of business by Newco as currently conducted or proposed to be conducted in the Joint Circular. Newco does not carry on any business.

(q) Newco is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of Newco and applicable laws and other than standard indemnities in favour of purchasers of assets in purchase and sale agreements or indemnities and guarantees in favour of Newco's bankers or prior underwriters and guarantees), or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person.

(r) Newco has no loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's-length with Newco that are currently outstanding.

(s) Newco is not a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, transfer or move any of its assets or operations, where such covenant would have a Material Adverse Effect on the business of Newco.

(t) Mooncor has fully made available to Fox-Tek and its advisers all of the information relating to Newco that Fox-Tek has requested for deciding whether to complete the transactions contemplated in this Agreement. None of the foregoing representations, warranties and statements of fact and no other statement furnished by or on behalf of Mooncor, relating to Newco, to Fox-Tek or its advisers in connection with the negotiation of the transactions contemplated by this Agreement, contain in respect of Newco, any untrue statement of a material fact or omit to state any material fact necessary to make such statement or representation not misleading to a prospective purchaser of securities of Newco seeking full information as to Newco and its properties, financial condition, prospects, businesses and affairs.

Section 4.2 Survival of Representations and Warranties.

The representations and warranties of Mooncor relating to Newco contained in this Agreement shall be true at the Time of Closing as though they were made by Mooncor at the Time of Closing.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF FOX-TEK

Section 5.1 Fox-Tek represents and warrants to and in favour of Mooncor and Newco as follows:

(a) Fox-Tek is a corporation duly incorporated, organized and validly subsisting under the laws of the Province of Ontario and have the corporate power to own or lease its property and to carry on its businesses as it is now being conducted and as proposed to be conducted and on the Closing Date will have the corporate power to execute, deliver and perform its obligations under this Agreement, and has made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which Fox-Tek is subject;

(b) the authorized share capital of Fox-Tek consists of an unlimited number of common shares, of which 50 million Fox-Tek Shares are currently issued and outstanding as of the date hereof and such issued and outstanding common shares have been validly issued and are outstanding as fully paid and non-assessable and will not be subject to any pre-emptive rights;

(c) all of the issued and outstanding Fox-Tek Shares are beneficially owned and registered in the name of Augusta free and clear of all Encumbrances and without limiting the generality of the foregoing, none of the Fox-Tek Shares are subject to any voting trust, shareholder agreement or voting agreement;

(d) there are no restrictions on transfers of Fox-Tek Shares contained in the articles or by laws of Fox-Tek or any other agreement or instrument to which it is a party or by which it is bound other than as disclosed to Mooncor in writing and any restrictions imposed by applicable securities 0 millionlegislation;

(e) the entering into of this Agreement and the consummation of the Transaction as contemplated hereby have been duly authorized by all necessary corporate action on behalf of Fox-Tek and this Agreement has been duly executed and delivered by Fox-Tek and is a valid and binding obligation of Fox-Tek enforceable in accordance with its terms, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws generally affecting creditors' rights and, to the extent that equitable remedies, such as specific performance and injunction, are in the discretion of the court from which they are sought;

(f) Fox-Tek does not own any subsidiaries or shares or any other interest in any other Person nor is subject to any agreements of any nature to acquire any subsidiary or shares or any other interest in any other Person or to acquire or lease any other business operations, except as disclosed in Schedule "G". Fox-Tek owns all of the issued and outstanding shares of each Fox-Tek Subsidiary, which securities have been validly issued and are outstanding as fully paid and non-assessable shares;

(g) neither the execution and delivery of this Agreement by Fox-Tek nor the consummation of the Transaction

  (i) will conflict with or result in or create a state of facts which after notice or lapse of time or delay or both, will conflict with or result in:

    (A) a violation, contravention or breach by Fox-Tek of any of the terms, conditions or provisions of the charter documents, by-laws or resolutions of Fox-Tek or of any agreement or instrument to which Fox-Tek is a party or by which it is bound or constitute a default of Fox-Tek thereunder, or of any statute, regulation, judgement, decree or law by which Fox-Tek, Fox-Tek's Assets or the Fox-Tek Shares are subject or bound; or

    (B) a violation by Fox-Tek of any law or regulation or any applicable order of any court, arbitrator or governmental authority having jurisdiction over Fox-Tek, or require Fox-Tek, prior to the Closing or as a condition precedent thereof, to make any governmental or regulatory filings, obtain any consent, authorization, approval, clearance or other action by any Person or await the expiration of any applicable waiting period; or

  (ii) do not and will not result in the imposition of an Encumbrance upon any of Fox-Tek's Assets or the Fox-Tek Shares that would, individually or in the aggregate, have a Material Adverse Effect on Fox-Tek;

(h) the minute books of Fox-Tek contain full, true and correct copies of the constating documents of Fox-Tek, and contain copies of all minutes of all meetings and all resolutions of the directors, committees of directors and shareholders of Fox-Tek, and all such meetings were duly called and properly held and such minutes were properly adopted and approved;

(i) Fox-Tek has conducted and is conducting its business in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and holds necessary licenses, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated, and the same are validly existing and in good standing and none of such licenses, permits, approvals, consents, certificates, registrations and authorizations contains any burdensome term, provision, condition or limitation, which has or would reasonably be expected to have a Material Adverse Effect on the operation of its business as now carried on;

(j) Fox-Tek has not received any notice of proceedings relating to the revocation or modification of any certificate, authority, permit or license which, if the subject of an unfavourable decision, ruling or finding would materially and adversely affect the conduct of the business, operations, financial condition or income of Fox-Tek;

(k) Fox-Tek has not granted or entered into any agreement, option, understanding or commitment or any encumbrance of or disposal of Fox-Tek's Assets or an interest therein or any right or privilege capable of becoming an agreement or option with respect to Fox-Tek's Assets and will not do so prior to Closing, save and except for any disposal of assets in the normal course of business;

(l) no Person holds any securities convertible or exchangeable into securities of Fox-Tek nor will any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right for the purchase, subscription or issuance of any unissued common shares or other securities of Fox-Tek have been authorized or agreed to be issued or will be outstanding as at Closing;

(m) there is no pending, or to the knowledge of Fox-Tek, after due inquiry, threatened or contemplated, any suit, action, legal proceeding, litigation or governmental investigation of any sort, nor is there any present state of facts or circumstances which can be reasonably anticipated to be a basis for any such suit, action, legal proceeding, litigation or governmental investigation nor is there presently outstanding against Fox-Tek, any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality, or arbitrator, to which Fox-Tek is a party or to which the property of Fox-Tek is subject;

(n) the audited financial statements of Fox-Tek for the period end December 31, 2017, and the unaudited interim financial statements for the nine month period ending March 31, 2018 attached as Schedule “H” hereto:

    (i) are in accordance with the books and accounts of Fox-Tek as at March 31, 2018;

    (ii) are true and correct and present fairly the financial position of Fox-Tek as at March 31, 2018;

    (iii) have been prepared in accordance with IFRS; and

    (iv) present fairly all of the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of Fox-Tek as at March 31, 2018 including, all material liabilities (absolute, accrued, contingent or otherwise) of Fox-Tek as at March 31, 2018;

(o) since December 31, 2017, Fox-Tek has not:

    (i) carried on the business of Fox-Tek in other than its usual and ordinary course;

    (ii) entered into any transaction out of the usual and ordinary course of business other than the Transaction;

    (iii) amended its articles, by-laws or other governing documents; and

    (iv) made any change in its accounting principles and practices including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;

(p) since December 31, 2017, there has been no change in the affairs, business, operations or condition of Fox-Tek, financial or otherwise, whether arising as a result of any legislative or regulatory change, revocation of any licence or right to do business, fire, explosion, accident, casualty, labour dispute, flood, drought, riot, storm, condemnation, act of God, public force or otherwise, except changes occurring in the usual and ordinary course of business which have not had a Material Adverse Effect on Fox-Tek;

(q) the books, records and accounts of Fox-Tek, in all material respects, have been maintained in accordance with good business practices on a basis consistent with prior periods and accurately and fairly reflect the basis for Fox-Tek's financial statements;

(r) Fox-Tek has not withheld, and will not withhold, from Mooncor any material facts or material information relating to Fox-Tek or the Transaction;

(s) Fox-Tek is a taxable Canadian corporation within the meaning of the Tax Act and:

(i) have in a due and timely manner, filed or caused to be filed all returns, elections, descriptions, reports, statements and forms respecting Taxes, and all information and data in connection therewith, required to be filed by Fox-Tek or on Fox-Tek's behalf with any Governmental Body to whom Fox-Tek or the Business is subject;

(ii) has paid all Taxes and any interest, penalties and fines in connection therewith, properly due and payable, and has paid all of same in connection with all known assessments, reassessments and adjustments;

(iii) has withheld all amounts required to be withheld, including without limiting the generality of the foregoing, all amounts required to be withheld under the Tax Act, for employee deductions, unemployment insurance, the Canada Pension Plan and Goods and Services Tax payable under the *Excise Tax Act* (Canada) and any other amounts required by law to be withheld from any payments made to non-residents and any of its officers, directors and employees, and has paid the same to the proper taxing authority or receiving offices;

(iv) no other Taxes nor any interest, penalties and fines have been claimed by any Governmental Body or are known to Fox-Tek to be due and owning by Fox-Tek or are pending or threatened (including all tax instalments) or by reason of the transactions herein contemplated will become due and owing by Fox-Tek and there are no matters of dispute or under discussion with any Governmental Body, relating to Taxes by such Governmental Body;

(v) there are no agreements, waivers (including a waiver in respect of time within which a reassessment may be made by any taxing authority) or other arrangements providing for any extension of time with respect to the filing of any tax return by, or payment of any Tax, governmental charge or deficiency against, Fox-Tek;

(vi) Fox-Tek is not aware of any actions, audits, assessments, reassessments, suits, proceedings, investigations or claims threatened or pending against Fox-Tek in respect of Taxes, governmental charges or assessments, or any other matters under discussion with any Governmental Body relating to Taxes asserted by any such Governmental Body;

(vii) no creditor of Fox-Tek has forgiven a debt or other obligation owing by Fox-Tek or settled or extinguished such debt or obligation for an amount less than the principal amount of the debt or obligation; and

(viii) Fox-Tek does not have any unpaid amounts that may be required to be included in income under Section 78 of the Tax Act;

(t) Fox-Tek is in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and has not and is not engaged in any unfair labour practice;

(u) no unfair labour practice complaint against Fox-Tek is pending before any labour relations board or similar governmental tribunal or agency and no such complaint has been filed within the two year period preceding the date hereof and no notice has been received by Fox-Tek of any complaints filed by any employees against Fox-Tek claiming that Fox-Tek has violated any employee or human rights or similar legislation in any jurisdiction in which the business of Fox-Tek is conducted, and no such complaint has been filed since the incorporation of Fox-Tek;

(v) to the knowledge of Fox-Tek, after due inquiry, there will not be any Material Adverse Change in the relationship with the employees of Fox-Tek as a result of the Transaction;

(w) all written agreements with respect to employees, consultants and executives of Fox-Tek has been provided to Mooncor and Fox-Tek has no obligation or liabilitie to pay any amount to its officers, directors or employees relating to salary and directors' fees in the ordinary course, including but not limited to the obligations of Fox-Tek to officers, directors or employees for severance, retention, termination or bonus payments as a result of the Transaction. Notwithstanding the foregoing, Fox-Tek shall be obligated to pay any bonus, incentives, reimbursement or other cash payments to its employees, directors and/officers if such payment arises from such individuals carrying out their duties to Fox-Tek;

(x) no director, officer, shareholder or employee of Fox-Tek and no entity that is an Affiliate of one or more of such individuals has any cause of action or other claim whatsoever against Fox-Tek in connection with the Business

(y) to the knowledge of Fox-Tek, after due inquiry, no Person is entitled to any royalties or other interests or any revenues of Fox-Tek whether derived from utilization of any intellectual property or proprietary information or equipment of Fox-Tek or otherwise;

(z) there is no Person acting or purporting to act at the request of Fox-Tek, who is entitled to any commission, brokerage or finder's fee in connection with the Transaction;

(aa) except as disclosed to Mooncor, Fox-Tek owns all right, title and interest in and to its Assets free and clear of all Encumbrances;

(bb) Fox-Tek is the beneficial owner of its Assets and properties or interests therein and any and all agreements pursuant to which Fox-Tek holds any such interests in its Assets and properties are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, and Fox-Tek is not in material default of any of the provisions of any such agreement nor has any default been alleged and, to the knowledge of Fox-Tek, after due inquiry, such properties are in good standing under the applicable statutes, rules, regulations, licences and permits of the jurisdictions in which they are situated and all leases pursuant to which Fox-Tek derives its interest in such properties are in good standing and there has been no default under any of such leases;

(cc) each Material Contract of Fox-Tek is set out in Schedule “I” hereto and is a legal, valid and binding obligation of Fox-Tek, enforceable against Fox-Tek in accordance with its terms, and neither Fox-Tek nor, to the knowledge of Fox-Tek, after due inquiry, any other party to a Material Contract is in material default thereunder;

(dd) Fox-Tek is not a party to any agreement of guarantee, indemnification or assumption of the obligations of a third party or other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other Person;

(ee) Fox-Tek has not, directly or indirectly, made or authorized any loans or other indebtedness outstanding to any Person, declared or paid any dividend or declared or made any other distribution on any of its shares or securities or, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or securities or agreed to do any of the foregoing;

(ff) there is not in the constating documents of Fox-Tek or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which Fox-Tek is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of Fox-Tek or the payment of dividends by Fox-Tek to the holders of the common shares of Fox-Tek;

(gg) Schedule "K" hereto contains a true and complete list showing out all of Fox-Tek's patents, patent applications, trademarks, service marks, copyrights, trade secrets, processes or formulations (including software);

(hh) to the knowledge of Fox-Tek, after due inquiry, the conduct of the business of Fox-Tek does not infringe upon the trademarks, trade names, service marks or copyrights, trade secrets, know-how, designs or other proprietary rights or technology, domestic or foreign, of any other Person;

(ii) Fox-Tek is not offering, nor has it offered any of its securities to the public within the meaning of Canadian Securities Laws and it is not a "reporting issuer" under applicable Canadian Securities Laws, there is no published market in respect of the Fox-Tek Shares;

(jj) Fox-Tek is a registrant for the purposes of the *Excise Tax Act* (Canada).

(kk) Fox-Tek has:

(i) not received any orders or directives under applicable law which relate to environmental matters and which require any material work, repairs, construction or capital expenditures with respect to the Business, where such orders or directives have not been complied with in all material respects;

(ii) not received any demand or notice issued under applicable law with respect to a breach of any environmental, health or safety law applicable to the Business, including without limitation, any applicable law respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding on the Closing Date; or

(iii) not received any demand, notice or claim from any Person relating to any contamination, pollution or other damage to or material adverse impacts on the environment or damage caused by the presence, storage, transportation, release, spill or emission of any substance relating to the business of Fox-Tek;

(ll) no consents or approvals to the transactions contemplated hereunder are required under the Material Contracts or any other contract, agreement or other instrument to which Fox-Tek is a party or by which Fox-Tek is bound.

(mm) no agreements, loans, funding arrangements or assistance programs are outstanding in favour of Fox-Tek from any Governmental Body, and no basis exists for any Governmental Body to seek payment or repayment from Fox-Tek of any amount or benefit received, or to seek performance of any obligation of Fox-Tek, under any such program;

(nn) Schedule "L" hereto contains a true and complete list showing the name of each bank, trust company or similar institution in which Fox-Tek has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto;

(oo) no securities commission or similar regulatory authority or stock exchange in Canada or the

United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Fox-Tek, no such proceeding is, to the knowledge of Fox-Tek, pending, contemplated or threatened and Fox-Tek is not in default of any requirement of Canadian Securities Laws or the United States;

(pp) Fox-Tek maintains such policies of insurance as are appropriate to its operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses and assets. All such policies of insurance will at or prior to the Closing Time be in full force and effect and Fox-Tek is not in default, as to the payment of premiums or otherwise, under the terms of any such policy;

(qq) except for liabilities disclosed in the audited financial statements of Fox-Tek for the year ending December 31, 2016 and for liabilities incurred by Fox-Tek in the ordinary course, Fox-Tek has no liabilities;

(rr) Fox-Tek has not, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment of the purpose of such contribution, payment or gift was, is, or would be prohibited under the Canada Corruption of Foreign Public Officials Act (Canada) or the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Fox-Tek and its respective operations and has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation;

(ss) Fox-Tek has not or to the best knowledge of Fox-Tek , any director, officer, agent, employee, affiliate or person acting on behalf of Fox-Tek has not been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department ("OFAC");

(tt) Fox-Tek is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement, and is not party to any agreement under which Fox-Tek agrees to carry on any part of the business or any other activity in such manner or by which Fox-Tek agrees to share any revenue or profit with any other person;

(uu) there are reasonable grounds for believing that Fox-Tek is able to pay its liabilities as they become due and, immediately prior to the time of the consummation of the Amalgamation, will be able to pay its liabilities as they become due. There are reasonable grounds for believing that the realizable value of Amalco's assets will, immediately after the consummation of the Amalgamation, not be less than the aggregate of its liabilities and the stated capital of all classes of shares;

(vv) Fox-Tek has reasonable grounds for believing that no creditor of Fox-Tek will be prejudiced by the Amalgamation; and

(ww) none of the foregoing representations and warranties knowingly contains any untrue statement of a material fact or knowingly omits to state any material fact necessary to make any such warranty or representation not misleading to Mooncor.

Section 5.2 Survival of Representations and Warranties.

The representations and warranties of Fox-Tek contained in this Agreement shall be true at the Time of Closing as though they were made by Fox-Tek at the Time of Closing.

ARTICLE 6
COVENANTS AND AGREEMENTS

Section 6.1 Mutual Covenants.

(a) Each of Mooncor, Newco and Fox-Tek agree as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with Article 8, in each case except (i) with the consent of the other parties to any deviation therefrom or (ii) as expressly contemplated by this Agreement:

(i) It shall not:

A. declare or pay any dividends on, make other distributions or return capital in respect of any of its capital stock or any other equity interests;

B. split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for, shares of its capital stock;

C. issue, sell, pledge, reserve, set aside, dispose of or encumber, repurchase, redeem or otherwise acquire, any shares of its capital stock or any securities or obligations convertible into, exercisable or exchangeable for, or any rights, warrants, calls, subscriptions or options to acquire, shares of its capital stock, except pursuant to fully vested stock options and warrants outstanding on the date hereof; or

D. enter into or announce any agreement or arrangement with respect to the sale, voting, registration or repurchase of any shares of its capital stock or any security convertible into or exchangeable for such shares.

(ii) It shall not:

A. incur any indebtedness for borrowed money or purchase money indebtedness or assume, guarantee, endorse or enter into a “keepwell” or similar arrangement with respect to any indebtedness, other than indebtedness under its existing credit facilities;

B. make or commit to make any capital expenditures (including capital lease obligations), without the written consent of the other parties.

C. enter into any material operating lease or create any mortgages, liens, security interests or other encumbrances on the property of such party in connection with any indebtedness other than Permitted Encumbrances.

(iii) It shall not:

A. increase the amount of (or accelerate the payment or vesting of) any benefit or amount payable under, any employee benefit plan or any other contract, agreement, commitment, arrangement, plan or policy providing for compensation or benefits to any former, present or future director, officer or employee of such party;

B. increase (or enter into any commitment or arrangement to increase) the compensation or benefits, or otherwise to extend, expand or enhance the engagement, employment or any related rights, of any former, present or future director, officer, employee or consultant of such party;

C. except as specifically provided under this Agreement, whether through its board of directors or otherwise, accelerate the vesting of any unvested stock options or accelerate the release of, or the expiry date of any hold period relating to, any Fox-Tek Shares or otherwise amend, vary or modify any plans or the terms of any stock option or warrant without the written consent of the other parties; or

D. adopt, establish, enter into or implement any employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of such party or amend any employee benefit plan, policy, severance or termination agreement.

(iv) It shall not amend or propose to amend its Constating Documents.

(v) It shall not pay, discharge, satisfy, compromise or settle any material claims or material liabilities prior to the same being due.

(vi) Except as required by applicable Laws, it shall not enter into, terminate or waive any provision of, exercise any material option or relinquish any material contractual rights under, or modify in any material respect any material contract, agreement, guarantee, lease commitment or arrangement.

(vii) It shall not make any changes to the existing accounting practices, methods and principles relating to such party except as required by Laws or by Canadian generally accepted accounting principles as advised by such party's regular independent accountants, as the case may be.

(viii) It shall not make or rescind any material tax election.

(ix) It shall not (a) enter into any confidentiality or standstill agreement or with the consent of the other party hereto (other than in respect of confidentiality agreements entered into in the ordinary course of business), or (b) amend or release any third party from its obligations or grant any consent under, any confidentiality or standstill provision or fail to fully enforce any such provision.

(x) It shall not take or fail to take any action which would cause any of such party's representations or warranties hereunder to be untrue or would be reasonably expected to prevent or materially impede, interfere with or delay the Amalgamation.

(xi) It shall not agree in writing or otherwise to take any of the actions as described above in clauses (i) through (x).

(b) Each party to this Agreement shall promptly advise the other parties in writing:

(i) of any event, condition or circumstance that might be reasonably expected to cause any representation or warranty of such party contained in this Agreement to be untrue or inaccurate on the Effective Date (or, in the case of any representation or warranty made as of a specified date, as of such specified date);

(ii) of any Material Adverse Effect on such party or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on such party;

and

(iii) of any material breach by such party of any covenant, obligation or agreement contained in this Agreement.

(c) Each of Mooncor, Newco and Fox-Tek shall use its reasonable best efforts to perform all obligations required to be performed by such party under this Agreement, cooperate with the other parties hereto in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, each of Mooncor, Newco and Fox-Tek shall:

(i) use reasonable best efforts to satisfy or cause to be satisfied as soon as reasonably practicable all the conditions precedent that are set forth in Article 7 hereof;

(ii) apply for and use reasonable best efforts to obtain as promptly as practicable all Appropriate Regulatory Approvals relating to such party or any of its Subsidiaries and, in doing so, to keep the other parties hereto reasonably informed as to the status of the proceedings related to obtaining the Appropriate Regulatory Approvals, including providing such other parties with copies of all related applications and notifications, in draft form, in order for such other party to provide its reasonable comments;

(iii) use reasonable best efforts to comply promptly with all requirements which applicable Laws may impose on such party or such party's Subsidiaries with respect to the transactions contemplated hereby;

(iv) use reasonable best efforts to defend all lawsuits or other legal, regulatory or other proceedings to which it is a party challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(v) use reasonable best efforts to have lifted or rescinded any injunction or restraining order or other order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby;

(vi) effect all necessary registrations, filings and submissions of information required by Governmental Entities from such party or any of such party's Subsidiaries in connection with the transactions contemplated hereby; and

(vii) use reasonable best efforts to obtain all waivers, consents and approvals from other parties to loan agreements, leases or other contracts required to be obtained by such party or any of such party's Subsidiaries to consummate the transactions contemplated hereby which the failure to obtain would materially and adversely affect the ability of such party or such party's Subsidiaries to consummate the transactions contemplated hereby.

Section 6.2 Covenants of Fox-Tek.

(a) in a timely and expeditious manner:

(i) prepare, in consultation with Mooncor, and file the Joint Circular (which shall be in form and substance satisfactory to Mooncor, acting reasonably), together with any other documents required by applicable Laws (which shall be in form and substance satisfactory to Mooncor, acting reasonably), in all jurisdictions where the Joint Circular is required to be filed and mail the Joint Circular, in accordance with all applicable Laws, to each of the shareholders of Fox-Tek in all jurisdictions where the Joint Circular is required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof and in the form and containing the information required by all applicable Laws, including all applicable corporate and securities legislation and requirements, and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto;

(ii) convene the Augusta Meeting as soon as practicable and in any event use its commercially reasonable efforts to convene the Augusta Meeting no later than July 11, 2018 or such later date as may be mutually agreed upon with Mooncor, and solicit proxies to be voted at the Meeting in favour of the Transaction and use commercially reasonable efforts to take all other action that is necessary or desirable to secure the requisite approval of the Transaction by the shareholders of Mooncor;

(iii) not adjourn, postpone or cancel (or propose for adjournment, postponement or cancellation), or fail to call, the Fox-Tek Meeting without Mooncor's prior written consent except as may be required by a court of competent jurisdiction or by applicable statutory requirements;

(iv) provide notice to Mooncor of the Augusta Meeting and allow representatives of Mooncor to attend the Augusta Meeting;

(v) hold and conduct the Augusta Meeting in accordance with applicable Laws; and

(vi) take all such actions as may be required under applicable laws in connection with the transactions contemplated by this Agreement and the Transaction;

(b) in a timely and expeditious manner, prepare (in consultation with Mooncor) and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Joint Circular (which amendments or supplements shall be in a form satisfactory to Mooncor, acting reasonably) with respect to the Augusta Meeting and mail such amendments or supplements, as required by and in accordance with all applicable Laws, to each shareholder of Augusta in all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof; and

(c) recommend to the shareholders of Augusta that they approve the Transaction and solicit the proxies of such shareholders to vote in favour of the Transaction;

(d) Fox-Tek agrees that until the earlier of the Effective Date or the termination of this Agreement in accordance with Article 8, in each case except (i) with the consent of Mooncor to any deviation therefrom or (ii) as expressly contemplated by this Agreement, it shall:

A. save and except for the purchase of certain assets and the water recovery unit as set out herein, carry on its businesses in the usual and ordinary course consistent with past practices and in a manner consistent with industry;

B. use reasonable best efforts to preserve intact its present business organization and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it; and

C. maintain and keep its material properties and assets in as good repair and condition as at the date hereof, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Date.

(e) until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 8, Fox-Tek shall not sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any of its assets;

(f) not grant any executive officer or employee any increase in compensation or in severance or termination pay whether or not such compensation or pay is payable in cash, or enter into any employment agreement with any person;

(g) not enter into any Material Contracts or contracts, commitments or obligations which it cannot terminate on 30 days' notice or less without penalty except in the ordinary course of business with a value greater than $10,000;

(h) ensure that the financial statements of Fox-Tek contained in the Joint Circular or incorporated therein by reference will present fairly Fox-Tek's financial position as of the dates provided therein and the results of its operations and changes in financial position for the periods then ended and will be prepared in accordance with Canadian generally accepted accounting principles consistently applied; and

(i) not initiate or propose any activities or solicitations in opposition to or in competition with the Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any offer, “business combination” or “takeover bid,” exempt or otherwise, within the meaning of the Canadian Securities Laws, for securities or assets of Fox-Tek, nor to undertake any transaction or negotiate any transaction which would be or potentially could reasonably be in conflict with the Transaction, nor to permit any of its shareholders, officers or directors to do so, except as required by statutory obligations.

Section 6.3 Covenants of Mooncor

(a) in a timely and expeditious manner:

(i) prepare, in consultation with Fox-Tek, and file the Joint Circular (which shall be in form and substance satisfactory to Fox-Tek, acting reasonably), together with any other documents required by applicable Laws (which shall be in form and substance satisfactory to Fox-Tek, acting reasonably), in all jurisdictions where the Joint Circular is required to be filed and mail the Joint Circular, in accordance with all applicable Laws, to each of the shareholders of Mooncor in all jurisdictions where the Joint Circular is required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof and in the form and containing the information required by all applicable Laws, including all applicable corporate and securities legislation and requirements, and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto;

(ii) convene the Mooncor Meeting as soon as practicable and in any event use its commercially reasonable efforts to convene the Mooncor Meeting no later than August 31, 2015 or such later date as may be mutually agreed upon with Fox-Tek, and solicit proxies to be voted at the Mooncor Meeting in favour of the Transaction and use commercially reasonable efforts to take all other action that is necessary or desirable to secure the requisite approval of the Transaction by the shareholders of Mooncor;

(iii) not adjourn, postpone or cancel (or propose for adjournment, postponement or cancellation), or fail to call, the Mooncor Meeting without Fox-Tek's prior written consent except as may be required by a court of competent jurisdiction or by applicable statutory requirements;

(iv) provide notice to Fox-Tek of the Mooncor Meeting and allow representatives of Fox-Tek to attend the Mooncor Meeting;

(v) hold and conduct the Mooncor Meeting in accordance with the ABCA, the by-laws of Mooncor and as otherwise required by applicable Laws; and

(vi) take all such actions as may be required under the OBCA in connection with the transactions contemplated by this Agreement and the Transaction;

(b) in a timely and expeditious manner, prepare (in consultation with Fox-Tek) and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Joint Circular (which amendments or supplements shall be in a form satisfactory to Fox-Tek, acting reasonably) with respect to the Mooncor Meeting and mail such amendments or supplements, as required by and in accordance with all applicable Laws, to each shareholder of Mooncor in all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof;

(c) recommend to the shareholders of Mooncor that they approve the Transaction and solicit the proxies of such shareholders to vote in favour of the Transaction;

(d) not initiate or propose any activities or solicitations in opposition to or in competition with the Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any offer, “business combination” or “takeover bid”, exempt or otherwise, within the meaning of the Canadian securities Laws or the TSXV Corporate Finance Manual, as applicable, for securities or assets of Mooncor, nor to undertake any transaction or negotiate any transaction which would be or potentially could reasonably be in conflict with the Transaction, nor to permit any of its shareholders, officers or directors to do so, except as required by statutory obligations;

(e) Mooncor agrees that until the earlier of the Effective Date or the termination of this Agreement in accordance with Article 8, in each case except (i) with the consent of Fox-Tek to any deviation therefrom or (ii) as expressly contemplated by this Agreement, it shall:

A. carry on its businesses in the usual and ordinary course consistent with past practices and in a manner consistent with industry;

B. use reasonable best efforts to preserve intact its present business organization and material rights and franchises, to keep available the services of its current officers and employees, and to preserve its relationships with customers, suppliers and others having business dealings with it; and

C. maintain and keep its material properties and assets in as good repair and condition as at the date hereof, subject to ordinary wear and tear, all to the end that its goodwill and ongoing businesses shall not be impaired in any material respect at the Effective Date.

(f) until the earlier of the Effective Date and the termination of this Agreement pursuant to Article 8, Mooncor shall not sell, pledge, encumber, lease (whether such lease is an operating or capital lease) or otherwise dispose of any of its assets;

(g) preserve and protect the rights of Mooncor and the Mooncor Subsidiaries under the Material Contracts;

(h) not grant any executive officer or employee any increase in compensation or in severance or termination pay whether or not such compensation or pay is payable in cash, or enter into any employment agreement with any person;

(i) not enter into any Material Contracts or contracts, commitments or obligations which it cannot terminate on 30 days' notice or less without penalty except in the ordinary course of business;

(j) Mooncor will use its best efforts to maintain its status as a reporting issuer or the equivalent thereof not in default of the requirements of the Securities Laws of each of the Provinces of British Columbia and Alberta; and

(k) Mooncor will use its best efforts to maintain the listing, without suspension, of its common shares on the Exchange.

Section 6.4 Access to Information.

(a) Subject to subsection 6.4(b) and applicable Laws, upon reasonable notice to an officer of such party, each of Mooncor and Fox-Tek shall afford the officers, employees, counsel, accountants and other authorized representatives and advisors ("**Representatives**") of the other parties access, during normal business hours from the date hereof and until the earlier of the Effective Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel; provided that such access shall be provided on a basis that minimizes the disruption to the operations of such party. During such period, each of Mooncor and Fox-Tek shall furnish promptly to the other parties all information concerning such party's business, properties and personnel as the other party may reasonably request.

(b) Mooncor and Fox-Tek acknowledge that certain information received pursuant to subsection 6.4(a) will be non-public or proprietary in nature and that such parties shall not disclose such information to third parties without the prior written consent of the other party unless required to do so by Law.

Section 6.5 Closing Matters.

(a) The completion of the transactions contemplated under this Agreement (the "**Closing**") shall be closed at the offices of Mooncor at 10:00 a.m. (Toronto Time) (the "**Time of Closing**") on July 27, 2018 (the "**Closing Date**") or on such other date or at such other time and place as the parties may agree.

(b) On or prior to Closing, Fox-Tek shall deliver to Mooncor, or shall cause to be delivered to Mooncor, the following documents:

(i) *Constating Documents and Certificate of Corporate Existence*. (i) a copy of the constating documents of Fox-Tek, certified by a duly authorized officer of Fox-Tek, to be true and complete as of the Effective Date; and (ii) a certificate or the equivalent, dated not more than one business day prior to the Closing Date, of the jurisdiction of incorporation for Fox-Tek as to the corporate good standing thereof.

(ii) *Proof of Corporate Action*. A copy, certified by a duly authorized officer of Fox-Tek to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, including if necessary, the approval of its shareholders for this Agreement and the transactions contemplated hereby.

(iii) *Incumbency Certificates*. An incumbency certificate, dated the Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of Fox-Tek, this Agreement and any other documents necessary to complete the transactions contemplated hereby.

(iv) *Representations and Warranties*. The certificate of the President of Fox-Tek dated the Closing Date confirming that the representations and warranties of Fox-Tek contained in this Agreement will be true and correct in all material aspects at the Closing Date, with the same force and effect as if such representations and warranties were made at and as of such date, except as specifically permitted or contemplated by this Agreement, such certificates to be in form and substance satisfactory to Mooncor, acting reasonably.

(v) *Covenants*. The certificate of the President of Fox-Tek dated the Closing Date confirming that all of the terms, covenants and conditions of this Agreement to be complied with or performed by Fox-Tek in all material aspects at or before the Closing Date will have been complied with or performed, such certificates to be in form and substance satisfactory to Mooncor, acting reasonably.

(vi) *Regulatory Consents*. Such regulatory authorizations as are required to be obtained by Fox-Tek to consummate the Transaction, if any, in form and substance satisfactory to Mooncor, acting reasonably.

(vii) *Regulatory Escrow*. Escrow and any other agreements required by the Exchange or other regulatory authority.

(viii) *Legal Opinion.* Legal opinion, in form and substance satisfactory to Mooncor and its counsel, acting reasonably, in respect of Fox-Tek, the Transaction and the Agreement.

(ix) *Closing Documents*. Customary closing documents in form and substance satisfactory to Fox-Tek and its counsel, acting responsibly.

(c) On or prior to Closing, Mooncor shall deliver to Fox-Tek, or shall cause to be delivered to Fox-Tek, the following documents:

(i) *Mooncor Securities*: Certificates representing the Mooncor Securities issuable in connection with the Transaction, subject to the terms of any required escrow deliveries.

(ii) *Constating Documents and Certificate of Corporate Existence*. (i) a copy of the constating documents of Mooncor, certified by a duly authorized officer of Mooncor to be true and complete as of the Closing Date; and (ii) a certificate or the equivalent, dated not more than one business day prior to the Closing Date, of the jurisdiction of incorporation of Mooncor as to the corporate good standing thereof.

(iii) *Proof of Corporate Action*. A copy, certified by a duly authorized officer to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(iv) *Incumbency Certificates*. An incumbency certificate, dated the Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of Mooncor, this Agreement and any other documents necessary to complete the transactions contemplated hereby.

(v) *Representations and Warranties*. The certificates of the Chief Executive Officer and the Chief Financial Officer of Mooncor dated the Closing Date confirming that the representations and warranties of Mooncor contained in this Agreement will be true and correct in all material aspects at the Closing Date, with the same force and effect as if such representations and warranties were made at and as of such date, except as specifically permitted or contemplated by this Agreement, such certificates to be in form and substance satisfactory to Fox-Tek, acting reasonably.

(vi) *Confirmation.* Confirmation, in form and substance satisfactory to Fox-Tek and its counsel, acting reasonably, that on the Closing Date Mooncor shall have no more than 167,536,185 Mooncor Shares issued and outstanding and no more than 12,072,242 Mooncor Shares shall be issuable on the exercise of options, warrants and debentures.

(vii) *Covenants*. The certificates of the Chief Executive Officer and the Chief Financial Officer of Mooncor dated the Closing Date confirming that all of the terms, covenants and conditions of this Agreement to be complied with or performed by Mooncor in all material aspects at or before the Closing Date will have been complied with or performed, such certificates to be in form and substance satisfactory to Fox-Tek, acting reasonably.

(viii) *Regulatory Consents*. Such authorizations as are required to be obtained by Mooncor to consummate the Transaction, including the approval of the Exchange for the Transaction and for the listing on the Exchange of the Mooncor Shares issuable pursuant to the Transaction, in each case in form and substance satisfactory to Fox-Tek, acting reasonably.

(ix) *Bank Account*. Documentation changing the authorized signatories on Mooncor's bank account to the representatives to be designated by Fox-Tek.

(x) *Release by Directors and Officers*. Releases of each of the directors and officers of Mooncor in favour of Mooncor in form and substance satisfactory to Fox-Tek, acting reasonably.

(xi) *Legal Opinion.* Legal opinion, in form and substance satisfactory to Fox-Tek and its counsel, acting reasonably, in respect of Mooncor, the issuance of the Consideration Shares, the Transaction and the Agreement.

(xii) *Closing Documents*. Customary closing documents in form and substance satisfactory to Fox-Tek and its counsel, acting responsibly.

ARTICLE 7
CONDITIONS

Section 7.1 Mutual Conditions Precedent.

The respective obligations of Mooncor and Fox-Tek to complete the transactions contemplated by this Agreement and to file the Articles of Amalgamation for acceptance by the Director to give effect to the Amalgamation shall be subject to the satisfaction of each of the following conditions at or prior to the Effective Date;

(a) the Exchange shall have approved the Transaction contemplated herein, including the issuance by Mooncor of Mooncor Securities in connection with the completion of the Amalgamation;

(b) the Exchange shall have conditionally approved the listing thereon of the Mooncor Shares (i) to be issued pursuant to the Amalgamation as of the Effective Date; and (ii) issuable upon exercise of the Mooncor Convertible Securities to be issued pursuant to the Amalgamation and following the Amalgamation;

(c) all other Appropriate Regulatory Approvals shall have been obtained or received from the Persons having jurisdiction in the circumstances, and all other applicable regulatory requirements and conditions shall have been complied with, the failure to obtain which would, individually or in the aggregate, have a Material Adverse Effect on Amalco or Mooncor after the

Effective Date;

(d) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated under this Agreement and there shall be no proceeding, whether of a judicial or administrative nature or otherwise, in progress that relates to or results from the transactions contemplated under this Agreement that would, if successful, result in an order or ruling that would preclude completion of the transactions contemplated under this Agreement in accordance with the terms and conditions hereof or thereof;

(e) there shall not exist any prohibition at Law against the completion of the Amalgamation;

(f) all consents and approvals under any agreements to which either of Mooncor or Fox-Tek may be a party or bound which are required or necessary or desirable for the completion of the transactions contemplated under this Agreement shall have been obtained or received;

(g) none of the consents, orders, regulations or approvals contemplated herein shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the parties hereto acting reasonably;

(h) each Person, as required by the Exchange, shall have entered into an escrow agreement in respect of the Mooncor Securities issued to them;

(i) Mooncor shall be able to satisfy the minimum listing requirements of the Exchange for a Tier 1 or Tier 2 Issuer as of the completion of the Transaction, assuming the completion of the Transaction and all related transactions contemplated hereby, as described herein, as evidenced before the Closing Date by a conditional listing letter issued by the Exchange; and

(j) this Agreement shall not have been terminated under ARTICLE 8.

The foregoing conditions are for the mutual benefit of Mooncor and Fox-Tek and may be waived in writing, in whole or in part, by Mooncor and Fox-Tek at any time.

Section 7.2 Additional Conditions Precedent to the Obligations of Mooncor.

The obligations of Mooncor to complete the transactions contemplated hereby and the obligation of Newco to file Articles of Amalgamation jointly with Fox-Tek and such other documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation shall also be subject to the satisfaction of each of the following conditions at or prior to the Effective Date or such other time as is specified below:

(a) Fox-Tek shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Date;

(b) each of the representations and warranties of Fox-Tek under this Agreement shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date except: (i) for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date, (ii) as affected by transactions contemplated or permitted by this Agreement; or (iii) where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Fox-Tek;

(c) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Fox-Tek or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Fox-Tek;

(d) Mooncor shall have received a certificate of a senior officer of Fox-Tek addressed to Mooncor and dated the Effective Date, confirming that the conditions in subsections 7.2(a), (b), (c) and (e) have been satisfied;

(e) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Governmental Entity or by any other Person against Fox-Tek that would, if successful, have a Material Adverse Effect on Fox-Tek, in the sole discretion of Mooncor, acting reasonably;

(f) the boards of directors and shareholders of Fox-Tek shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Fox-Tek to permit the consummation of the Amalgamation; and

(g) the post Amalgamation capitalization of Mooncor shall be in accordance with the capitalization table attached hereto as Schedule "M" except as agreed to by the parties in writing.

The foregoing conditions are for the benefit of Mooncor and may be waived in writing, in whole or in part, by Mooncor at any time.

Section 7.3 Additional Conditions Precedent to the Obligations of Fox-Tek.

The obligations of Fox-Tek to complete the transactions contemplated hereby and the obligation of Fox-Tek to file Articles of Amalgamation jointly with Newco and such other documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation shall also be subject to the satisfaction of each of the following conditions at or prior to the Effective Date or such other time as is specified below:

(a) Mooncor shall have performed or complied with, in all material respects, each of its obligations, covenants and agreements hereunder to be performed and complied with by it on or before the Effective Date;

(b) each of the representations and warranties of Mooncor under this Agreement (which for purposes of this clause (b) shall be read as though none of them contained any Material Adverse Effect or other materiality qualification), shall be true and correct in all respects on the date of this Agreement and as of the Effective Date as if made on and as of such date except: (i) for such representations and warranties made as of a specified date, which shall be true and correct as of such specified date, (ii) as affected by transactions contemplated or permitted by this Agreement; or (iii) where the failure of such representations and warranties in the aggregate to be true and correct in all respects would not be reasonably expected to have a Material Adverse Effect on Mooncor;

(c) since the date of this Agreement, there shall have been no Material Adverse Effect with respect to Mooncor or any event, occurrence or development which would be reasonably expected to have a Material Adverse Effect on Mooncor;

(d) Fox-Tek shall have received a certificate of a senior officer of Mooncor addressed to Fox-Tek and dated the Effective Date, confirming that the conditions in subsections 7.3(a), (b), (c) and (e) have been satisfied;

(e) since the date of this Agreement, no action, suit or proceeding shall have been taken before or by any Governmental Entity or by any other Person against Mooncor that would, if successful, have a Material Adverse Effect on Mooncor, in the sole discretion of Fox-Tek, acting reasonably;

(f) the board of directors of Mooncor shall have adopted all necessary resolutions, and all other necessary corporate action shall have been taken by Mooncor to permit the consummation of the Amalgamation;

(g) Fox-Tek completing and being satisfied, in its sole discretion, as to the results of its due diligence investigations of Mooncor, the Mooncor Business and Mooncor's Assets; and

(h) the post Amalgamation capitalization of Mooncor shall be in accordance with the capitalization table attached hereto as Schedule “M” except as agreed to by the parties in writing.

The foregoing conditions are for the benefit of Fox-Tek and may be waived in writing, in whole or in part, by Fox-Tek at any time.

Section 7.4 Merger of Conditions.

The conditions set out in Section 7.1, Section 7.2, and Section 7.3, shall be conclusively deemed to have been satisfied, waived or released on the filing by Fox-Tek and Newco of the Articles of Amalgamation, and such other documents as are required to be filed under the OBCA for acceptance by the Director to give effect to the Amalgamation and the issuance by the Director of a certificate of amalgamation.

ARTICLE 8
AMENDMENT AND TERMINATION

Section 8.1 Termination.

This Agreement may be terminated and the Amalgamation abandoned at any time prior to the Effective Date:

(a) by the mutual written consent of Mooncor, Newco and Fox-Tek;

(b) by any one of Mooncor or Fox-Tek, if there shall be any Law that makes consummation of the Amalgamation illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent Governmental Entity enjoining Newco and Fox-Tek from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

(c) by either Mooncor or Fox-Tek, if the Effective Date does not occur on or prior to August 31, 2015 or such other date as Mooncor and Fox-Tek may agree; provided, however, that the right to terminate this Agreement under this subsection 8.1(c) shall not be available to any party whose failure to perform any material covenant, agreement or obligation hereunder has been the cause of, or resulted in, the failure of the Effective Date to occur on or before such date;

(d) by Mooncor, if the board of directors or the shareholders of Fox-Tek fail to recommend or withdraws, modifies or changes its approval or recommendation of this Agreement and the Amalgamation, in a manner adverse to Mooncor;

(e) by Fox-Tek, if the board of directors or the shareholders of Mooncor fails to recommend or withdraws, modifies or changes its approval or recommendation of this Agreement and the Amalgamation, in a manner adverse to Fox-Tek;

(f) by either of Mooncor or Fox-Tek, by written notice to the other party, if any of the mutual conditions precedent set out in Section 7.1 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that no party may rely on the failure to satisfy any of the conditions set out in Section 7.1 if the condition would have been satisfied but for a failure by such party in complying with its obligations hereunder;

(g) by Fox-Tek, by written notice to Mooncor, if any of the conditions precedent set out in Section 7.3 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that no party may rely on the failure to satisfy any of the conditions set out in Section 7.3 if the condition would have been satisfied but for a material failure by such party in complying with their obligations hereunder;

(h) by Fox-Tek, if Mooncor has breached any of its representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in subsections 7.3(b) or (c) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by Mooncor;

(i) by Mooncor, by written notice to Fox-Tek, if any of the conditions precedent set out in Section 7.2 hereof have not been complied with or waived on or before the date required for performance thereof; provided, however, that no party may rely on the failure to satisfy any of the conditions set out in Section 7.2 if the condition would have been satisfied but for a material failure by such party in complying with their obligations hereunder;

(j) by Mooncor, if Fox-Tek has breached any of its representations, warranties, agreements or obligations herein which breach would result in the failure to satisfy one or more conditions set forth in subsections 7.2(b) or (c) and such breach is not curable or if curable, is not cured within 20 days after notice thereof has been received by Fox-Tek;

(k) by Fox-Tek, if, at or prior to the Closing Date, Mooncor has not (x) performed, satisfied or fulfilled any of the obligations; or (y) delivered any of the documents and/or information, set out in section 6.5(c) to the satisfaction of Fox-Tek, acting reasonably; or

(l) by Mooncor, if, at or prior to the Closing Date, Fox-Tek has not (x) performed, satisfied or fulfilled any of the obligations; or (y) delivered any of the documents and/or information, set out in section 6.5(b) to the satisfaction of Mooncor, acting reasonably.

Section 8.2 Effect of Termination.

If this Agreement is terminated in accordance with the provisions of Section 8.1, no party shall have any further liability to perform its obligations hereunder except for the provisions of this Section 8.2 and subsection 6.3(b) and Section 9.10; provided that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve any party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants and agreements made herein. If it shall be judicially determined that termination of this Agreement under Section 8.1 was caused by breach of this Agreement, then, in addition to any other remedies at law or equity for breach of this Agreement, the party so found to have breached this Agreement shall indemnify and hold harmless the other parties for their out-of-pocket costs, including fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, incident to the negotiation, preparation and execution of this Agreement and related documentation.

ARTICLE 9
GENERAL

Section 9.1 Investigation.

Any investigation by a party hereto and its advisors shall not mitigate, diminish or affect the representations and warranties of any other party to this Agreement.

Section 9.2 Notices.

All notices which may or are required to be given pursuant to any provision of this Agreement shall be in writing and shall be deemed given when delivered personally, e-mailed, faxed (which is confirmed) or dispatched (postage prepaid) to a nationally recognized overnight courier service with overnight delivery instructions, in each case addressed to the particular party at:

in the case of Mooncor or Newco:

520 – 5th Ave SW, Suite 2500
Calgary, Alberta T2P 3R7

and if to Fox-Tek:

2455 Cawthra Road, Suite 75
Mississauga, Ontario L5A 3P1

or at such other address of which any party may, from time to time, advise the other parties by notice in writing given in accordance with the foregoing.

Section 9.3 Assignment.

No party may assign this Agreement or any of its rights, interests or obligations under this Agreement or the Amalgamation (whether by operation of law or otherwise) without the prior written consent of the other parties.

Section 9.4 Binding Effect.

This Agreement and the Amalgamation shall be binding upon and shall enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

Section 9.5 Third Party Beneficiaries.

Nothing in this Agreement, express or implied, shall be construed to create any third party beneficiaries.

Section 9.6 Waiver and Modification.

Each party to this Agreement may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

Section 9.7 No Personal Liability.

(a) No director, officer, employee or agent of Mooncor shall have any personal liability whatsoever to Fox-Tek under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Mooncor.

(b) No director, officer, employee or agent of Fox-Tek shall have any personal liability whatsoever to Mooncor under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Fox-Tek.

Section 9.8 Further Assurances.

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

Section 9.9 Expenses.

Each party shall pay its own costs and expenses in connection with the Amalgamation including, without limitation, legal, accounting and auditing fees, regulatory and exchange fees, meeting and mailing costs, if applicable, and any fees or commissions of brokers, finders or other third parties employed in connection with the Amalgamation. For greater certainty, Mooncor shall pay the costs relating to qualifying Mooncor for listing on Exchange, whether or not the Amalgamation is completed or terminated.

Section 9.10 Public Announcements: Appropriate Regulatory Approvals.

The parties agree to consult with each other prior to issuing any news releases or public statements with respect to the Amalgamation or the other transactions contemplated by this Agreement, and to use their respective reasonable best efforts not to issue any news releases or public statements inconsistent with the results of such consultations. Subject to applicable Laws, each party shall use its reasonable best efforts to enable the other parties to review and comment on all such news releases prior to the release thereof. The parties agree that Mooncor will issue a news release with respect to this Amalgamation as soon as practicable following the execution of this Agreement.

Section 9.11 Governing Law; Consent to Jurisdiction.

This Agreement shall be governed by and be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. Each party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

Section 9.12 Entire Agreement.

This Agreement, and the other agreements and other documents referred to herein, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties.

Section 9.13 Time of Essence.

Time is of the essence of this Agreement.

Section 9.14 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 9.15 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

WITNESS WHEREOF the parties hereto have executed this Agreement as of the date hereinbefore written.

MOONCOR OIL & GAS CORP.

Per: ____________________________________

Name: Allen Lone
Title:President
(I have the authority to bind the company)

SENSOR TECHNOLOGIES INC.

Per: ____________________________________

Name: Allen Lone
Title: President
(I have the authority to bind the company)

FOX-TEK CANADA INC.

Per: ____________________________________

Name: Jay Vieira
Title: Director
(I have the authority to bind the company)

SCHEDULE "B"
MOONCOR STOCK OPTION PLAN

MOONCOOR OIL & GAS CORP.
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.

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 t 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, recapitalization, 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 Alberta.

SCHEDULE "C"
THE TRANSACTION

Background to the Transaction

The following is a summary of the principal events leading up to the proposal from Fox-Tek, the finalization of the Amalgamation Agreement and the meeting, discussions and other actions between the parties that preceded the public announcement of the Transaction and the calling of the Meeting.

Mooncor and Fox-Tek first explored the possibility of a cooperative business relationship, having regard for the synergies between Mooncor's business model and that of Fox-Tek in November 2017. Over the course of the next several weeks, representatives of Mooncor and Fox-Tek had ongoing discussions with respect to the terms of a potential transaction and related due diligence.

On May 27, 2018, the parties entered into a non-binding letter of intent (the "**Letter of Intent**") setting out the general terms for the acquisition of the outstanding Fox-Tek Shares in exchange for Mooncor Shares. The parties continued due diligence of each other. The Amalgamation Agreement was entered into on June 11, 2018 and the directors of Mooncor recommend that Shareholders vote their Mooncor Shares **IN FAVOUR** of the Transaction Resolution.

Description of the Transaction

The following description of the Transaction is qualified in its entirety by reference to the full text of the Amalgamation Agreement.

Fox-Tek and Mooncor Subco will complete the Amalgamation and continue as one corporation under the name "Sensor Technologies Inc.", which amalgamated company will become a wholly owned subsidiary of Mooncor. Rather than receiving shares of Amalco, the Fox-Tek Shareholder will receive an aggregate of 47,500,000 Mooncor Shares at a deemed price of $0.20 per Mooncor Share for an aggregate deemed consideration of $9,500,000. Completion of the Amalgamation is subject to the terms and conditions set forth in the Amalgamation Agreement, a complete copy of which is attached to this Information Circular as Schedule "A".

The closing of the Transaction is subject to a number of conditions, including but not limited to, the receipt of all requisite regulatory approvals, and the approval of the Mooncor Shareholders. The Transaction cannot close until the required shareholder approval is obtained. The Transaction will constitute a reverse take-over of Mooncor for accounting purposes and under Exchange policies.

Interests of Certain Persons in the Amalgamation

In considering the recommendation of the Board with respect to the Transaction, the Mooncor Shareholders should be aware that certain members of the Board and of Mooncor's management have interests in connection with the transactions contemplated in the Amalgamation Agreement, including those referred to below, that may create actual or potential conflicts of interest in connection with such transactions. The Board is aware of these interests and considered them.

The Amalgamation Agreement

The Transaction will be carried out pursuant to the Amalgamation Agreement. The following summary description of certain material provisions of the Amalgamation Agreement is not comprehensive and is qualified in its entirety by reference to the full text of the Amalgamation Agreement, a copy of which is attached to this Information Circular as Schedule "A".

Representations and Warranties

The Amalgamation Agreement contains customary representations and warranties made by each of Mooncor, Mooncor Subco, and Fox-Tek. Those representations and warranties were made solely for the purposes of the Amalgamation Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, some of the representations and warranties contained in the Amalgamation Agreement are qualified by knowledge or by reference to a contractual standard of materiality (including a Material Adverse Effect) that is different from that generally applicable to public disclosure to Shareholders, or those standards used for the purpose of allocating risk between parties to an agreement. For the foregoing reasons, readers should not rely on the representations and warranties contained in the Amalgamation Agreement as statements of factual information at the time they were made or otherwise. Shareholders may not directly enforce or rely upon the terms and conditions of the Amalgamation Agreement.

The representations and warranties provided by Mooncor and Mooncor Subco in favour of Fox-Tek relate to, among other things: (a) organization and corporate capacity; (b) authority relative to the Amalgamation Agreement and the Transaction; (c) reporting issuer status; (d) necessary steps to issue Consideration Shares; (e) no violation of applicable Laws, constating documents or certain agreements; (f) authorized and outstanding capital and other securities of Mooncor; (g) no agreements to acquire securities of another entity or to acquire a business, real property or assets; (h) minute books are true and correct; (i) all necessary filings have been made under all applicable laws; (j) conduct of business in compliance with applicable laws; (k) no revocation of license; (l) officers and directors; (m) litigation; (n) financial statements; (o) auditors; (p) taxes; (q) employment laws; (r) Material Adverse Change; (s) indemnities; (t) dividends, (u) security interests in assets (v) intellectual property; (w) environmental laws; (x) material contracts; (y) employment agreements and severance obligations; (z) no unanimous shareholders' agreement; (aa) board approval of the Transaction and the Amalgamation Agreement; (bb) no third party consents; (cc) bank accounts; (dd) no cease trade order; (ee) insurance policies; and (ff) compliance with money laundering legislation and anti-corruption laws.

The representations and warranties provided by Fox-Tek in favour of Mooncor relate to, among other things: (a) organization and corporate capacity; (b) authority relative to the Amalgamation Agreement and the Transaction; (c) no violation of applicable Laws, constating documents or certain agreements; (d) authorized and outstanding capital and other securities of Fox-Tek and its subsidiaries; (e) no agreements to acquire securities of another entity or to acquire a business, real property or assets; (f) minute books are true and correct; (g) all necessary filings have been made under all applicable laws; (h) conduct of business in compliance with applicable laws; (i) no revocation of license; (j) officers and directors; (k) litigation; (l) financial statements; (m) taxes; (n) employment laws; (o) Material Adverse Change; (p) indemnities; (q) security interests in assets (r) intellectual property; (s) environmental laws; (t) material contracts; (u) employment agreements and severance obligations; (v) board approval of the Transaction and the Amalgamation Agreement; (w) no third party consents; (x) bank accounts; (y) no cease trade order; (z) insurance policies; and (aa) compliance with money laundering legislation and anti-corruption laws.

The representations and warranties of the parties contained in the Amalgamation Agreement will survive the completion of the Transaction for a period of one year, subject to certain exceptions and requirements, and will expire and be terminated on the earlier of such expiration date and the date on which the Amalgamation Agreement is terminated in accordance with its terms.

Conditions Precedent

Mutual Conditions Precedent

The Amalgamation Agreement provides that completion of the Transaction is subject to the satisfaction or waiver of a number of conditions precedent, which may only be waived by mutual consent of the parties, including:

(a) the Exchange shall have approved the Transaction, including the issuance by Mooncor of the Consideration Shares in connection with the completion of the Amalgamation;

(b) the Exchange shall have conditionally approved the listing thereon of the Mooncor Shares (i) to be issued pursuant to the Amalgamation;

(c) all other regulatory approvals shall have been obtained or received from the Persons having jurisdiction in the circumstances, and all other applicable regulatory requirements and conditions shall have been complied with;

(d) there shall not be in force any order or decree restraining or enjoining the consummation of the Transaction and there shall be no proceeding, whether of a judicial or administrative nature or otherwise, in progress that relates to or results from the Transaction that would, if successful, result in an order or ruling that would preclude completion of the Transaction;

(e) there shall not exist any prohibition at Law against the completion of the Amalgamation;

(f) all consents and approvals under any agreements to which either of Mooncor or Fox-Tek may be a party or bound which are required or necessary or desirable for the completion of the Transaction;

(g) none of the consents, orders, regulations or approvals contemplated herein shall contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the parties hereto acting reasonably;

(h) each Person, as required by the Exchange, shall have entered into an escrow agreement in respect of the Consideration Shares issued to them; and

(i) Mooncor shall be able to satisfy the minimum listing requirements of the Exchange as of the completion of the Transaction, assuming the completion of the Transaction.

Conditions Precedent in Favour of Mooncor

The Amalgamation Agreement provides that Mooncor's obligation to complete the Transaction is also subject to the satisfaction or waiver of a number of additional conditions, each of which may only be waived by Mooncor, including:

(a) Fox-Tek shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by Fox-Tek prior to the completion of the Transaction;

(b) the representations and warranties of Fox-Tek contained in the Amalgamation Agreement shall be true and accurate, in all material respects, when made and on and as of the completion of the Transaction with the same force and effect as if they had been made at the completion of the Transaction;

(c) Mooncor completing and being satisfied as to the results of its due diligence investigation of Fox-Tek; and

(d) there shall not have been any event or change that has had or would be reasonably likely to have a Material Adverse Effect on Fox-Tek.

Conditions Precedent in Favour of Fox-Tek

The Amalgamation Agreement provides that the obligations of Fox-Tek to complete the Transaction are also subject to the satisfaction or waiver of a number of additional conditions, each of which may only be waived by Fox-Tek, including:

(a) Mooncor shall have performed and complied in all material respects with all of the covenants and obligations thereof required to be performed by Mooncor prior to the completion of the Transaction;

(b) the representations and warranties of Mooncor contained in the Amalgamation Agreement shall be true and accurate, in all material respects, when made and on and as of the completion of the Transaction with the same force and effect as if they had been made at the completion of the Transaction;

(c) Fox-Tek completing and being satisfied as to the results of its due diligence investigation of Mooncor; and

(d) there shall not have been any event or change that has had or would be reasonably likely to have a Material Adverse Effect on the Mooncor.

Covenants

Each of Mooncor, Fox-Tek and the Fox-Tek Shareholders has agreed to certain covenants under the Amalgamation Agreement, including customary negative and affirmative covenants relating to the operation of their respective businesses during the period prior to the Effective Date, and using commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Amalgamation Agreement.

Termination

The Amalgamation Agreement (other than certain specified terms which survive) may be terminated at any time before the Closing Time:

(a) mutual agreement of Mooncor and Fox-Tek;

(b) either Mooncor or Fox-Tek upon notice to the other in the event that any condition precedent set forth in the Amalgamation Agreement for their benefit is not satisfied to the satisfaction of such party or becomes incapable of being satisfied and such party does not waive such condition;

(c) either Mooncor or Fox-Tek, if there shall be any applicable law that makes consummation of the Transaction illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent governmental entity enjoining Mooncor or Fox-Tek from consummating the Transaction shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

(d) either Mooncor or Fox-Tek upon notice to the other in the event that the Transaction is not completed before August 31, 2018, or such other date as Mooncor and Fox-Tek may agree in writing;

(e) Mooncor, if Fox-Tek has breached any of its representations, warranties or covenants in the Amalgamation Agreement and such breach is not curable or if curable, is not cured within five business days after notice thereof has been received by the party alleged to be in breach; or

(f) Fox-Tek, if Mooncor has breached any of its representations, warranties or covenants in the Amalgamation Agreement and such breach is not curable or if curable, is not cured within five business days after notice thereof has been received by the party alleged to be in breach.

Amendment

Subject to certain limitations contained therein, the Amalgamation Agreement may, at any time and from time to time before or after the holding of the Meeting but not later than the Closing Time, be amended by written agreement of the parties.

RISK FACTORS RELATING TO THE TRANSACTION

The following risk factors should be considered by Mooncor Shareholders in evaluating whether to approve the Transaction Resolution. These risk factors should be considered in conjunction with the other information contained in or incorporated by reference into this Information Circular. These risk factors relate to the Transaction. For information on risks and uncertainties relating to the business of Fox-Tek, see “Risk Factors” in “Schedule “F” - Information Relating to the Resulting Issuer.”

Failure to complete the Transaction could negatively impact the market price of the Mooncor Shares.

The Transaction is subject to certain conditions that may be outside the control of Mooncor, including, without limitation, the receipt of the Shareholder approvals and certain regulatory approvals. There can be no certainty that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, Fox-Tek has the right in certain circumstances to terminate the Amalgamation Agreement, including in the event of a change having a Material Adverse Effect on Mooncor. See “The Amalgamation Agreement — Termination”.

Mooncor and Fox-Tek may not integrate successfully.

The Transaction will involve the integration of companies that previously operated independently. As a result, the combination will present challenges to management, including the integration of management (including the sufficiency of management capacity), operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management’s attention and the loss of key employees or customers.

The difficulties Mooncor’s management encounters in the transition and integration processes could have an adverse effect on the revenues, level of expenses and operating results of the combined company. As a result of these factors, it is possible that any anticipated benefits from the combination will not be realized.

Uncertainty surrounding the Transaction and the combined entity could adversely affect Mooncor’s retention of strategic partners and key personnel and could negatively impact Mooncor’s future business and operations.

Because the Transaction is dependent upon satisfaction of certain conditions, its completion is subject to uncertainty. In response to this uncertainty, Mooncor’s strategic partners may delay or defer decisions concerning Mooncor or adversely affect the relationship going forward. Any delay or deferral of those decisions by strategic partners could have a material adverse effect on the business and operations of Mooncor, regardless of whether the Transaction is ultimately completed. Similarly, current and prospective employees of Mooncor and/or Fox-Tek may experience uncertainty about their future roles with Mooncor or Fox-Tek until Mooncor's strategies with respect to Fox-Tek are announced and executed. This may adversely affect Mooncor ability to attract or retain key management in the period until the Transaction is completed.

Mooncor and Fox-Tek will incur significant transaction-related costs in connection with the Transaction.

Both Mooncor and Fox-Tek expect to incur non-recurring costs associated with negotiating and completing the Transaction and subsequently combining the operations of the two companies, including facilities and systems consolidation costs and employment-related costs as well as transaction costs relating to the Transaction. Mooncor will also incur transaction fees and costs related to formulating and implementing integration plans.

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Transaction.

The pro forma financial statements contained in this Information Circular are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Transaction for several reasons. For example, the pro forma financial statements have been derived from the historical financial statements of Mooncor and Fox-Tek and certain adjustments and assumptions have been made regarding the combined company after giving effect to the Transaction. The information upon which these adjustments and assumptions have been made is preliminary, and these types of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the Transaction. For example, the impact of any incremental costs incurred in integrating Mooncor and Fox-Tek is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the Transaction may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the Transaction. Any potential decline in the combined company's financial condition or results of operations may cause a significant decrease in the stock price of the combined company.

The issuance and future sale of Mooncor Shares could affect the market price

The consummation of the Transaction will result in the issuance of up to a maximum of 47,500,000 additional Mooncor Shares. The issuance of these shares, and the sale of Mooncor Shares in the public market from time to time, could depress the market price for Mooncor Shares.

SCHEDULE "D"
INFORMATION RELATING TO MOONCOR

Name and Incorporation

Mooncor was incorporated by articles of incorporation under the Company Act (British Columbia) on November 18, 1999 as "Southport Capital Corp.". On March 28, 2002 Mooncor consolidated its share capital on a one for two basis and changed its name to "VP Group Media Limited". On February 10, 2005, Mooncor continued from British Columbia to Ontario through a certificate of continuance and the authorized share capital of Mooncor was amended to an unlimited number of common shares without par value. On January 16, 2006, Mooncor filed articles of amendment consolidating its share capital on a one for five basis and changed its name to "DVD Investments Limited". On October 5, 2007, Mooncor filed articles of amendment changing its name to "Mooncor Oil & Gas Corp."

Documents Incorporated by Reference

Information has been incorporated by reference in this Information Circular from documents filed by Mooncor with securities commissions or similar authorities in Canada. Copies of the documents of Mooncor incorporated herein by reference may be obtained on request without charge from the Chief Executive Officer of Mooncor at 12455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1, telephone 905.338.0220. In addition, copies of documents incorporated by reference may be obtained from the securities commissions or similar authorities in Canada and are available for review through the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com.

The following documents of Mooncor are specifically incorporated by reference in this Information Circular:

(a) the audited consolidated financial statements of Mooncor as at and for the years ended December 31, 2015, 2016 and 2017, together with the notes thereto and the report of the auditors thereon;

(b) management's discussion and analysis of the financial position and results of operations of Mooncor for the years ended December 31, 2015, 2016 and 2017;

(c) the unaudited consolidated interim financial statements of Mooncor as at and for the three months ending March 31, 2018, together with the notes thereto; and

(d) management's discussion and analysis of the financial position and results of operations of Mooncor for the three months ending March 31, 2018.

Any statement contained in this Information Circular or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Information Circular to the extent that a statement contained in this Information Circular or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Information Circular modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Information Circular.

History

Mooncor exploration and development company concentrating, North American oil and gas projects and carries on its operations through the following 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.

Mooncor, through its wholly-owned subsidiary Primary Petroleum (USA), has concentrated the majority of its resources in Northwestern Montana. The company has working interest Teton Counties of northwestern Montana. All Primary's new play types encompass petroleum systems with carbonate and clastic targets. A significant amount of trade seismic is available and Primary believes that the area merits further exploration using today's modern exploration methods.

Mooncor is also pursuing opportunities to realize near-term value from its Lloydminster, Alberta.

Arm's Length Transaction

The Transaction is an Arm's Length Transcation.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Select Financial Information of Mooncor

Annual Information

	Fiscal year ended December 31, 2017	Fiscal year ended December 31, 2016
Sales	$77,143	-
Total Expenses	$60,502	$330,168
Net income (loss) for the year	$18,018	($349,579)
Total Assets	$920,850	$1,073,391
Total Liabilities	$1,256,263	$1,432,712

Financial Statements of Mooncor

The audited financial statements of Mooncor for the years ended December 31, 2017 and 2016 are incorporated herein by reference.

Management Discussion and Analysis of Operating Results of Mooncor

Mooncor's management's discussion and analysis for the years ended December 31, 2017 and 2016 are incorporated herein by reference.

DESCRIPTION OF MOONCOR SHARES

Mooncor is authorized to issue an unlimited number of Mooncor Shares without nominal or par value. As at the date hereof, 167,536,185 Mooncor Shares were issued and outstanding as fully paid and non-assessable, 623,750 Mooncor Shares were reserved for issuance pursuant to the Option Plan.

Shareholders of Mooncor are entitled to one vote per share at the meetings of shareholders, dividends, if, as and when declared by the Board and, upon liquidation, to share equally in the assets of Mooncor that are distributable to shareholders.

Dividends or Distributions

Mooncor has not declared or paid any dividends or distributions on the Mooncor Shares to date. The payments of dividends or distributions in the future are dependent on Mooncor's earnings, financial condition and such other factors as the Board considers appropriate. Mooncor currently does not anticipate paying any dividends in the foreseeable future due to its stage of development, and in no circumstance will it pay any dividends or make any distribution until completion of the Transaction.

STOCK OPTION PLAN

Mooncor currently has a 10% rolling stock option plan which was approved by the Mooncor Shareholders on on July 26, 2009 and re-confirmed such approval on January 29, 2014 and November 10, 2016.

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 Mooncor Shares. The Stock Option Plan provides for a floating maximum limit of 10% of the issued and outstanding Mooncor Shares, as permitted by the Policies of the Exchange. As at the date hereof, this represents 16,753,619 Mooncor Shares available under the Stock Option Plan. As of the date hereof, options to purchase a total of 623,750 Mooncor Shares have been issued to directors, officers, employee, consultants and persons providing investor relations activities on behalf of Mooncor.

The number of Mooncor Shares reserved for any one person may not exceed 5% of the outstanding Mooncor 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 Mooncor 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 Mooncor 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 Mooncor Shares. Other than Options issued to persons conducting investor relations activities, Options must be exercised within 12 months 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.

Prior Sales

There have been no issuances of Mooncor Shares in the twelve month period preceding the date of this Information Circular.

Stock Exchange Price

The shares of Mooncor were originally listed on the TSXV on December 18, 2000 under the trading symbol "SPC". The common shares continue to trade through the facilities of the TSXV as of the date hereof under the symbol "MOO'.

Period	High ($)	Low ($)	Volume
May 2018	0.01	0.005	864,554
April 2018	0.01	0.005	1,147,600
March 2018	0.01	0.005	4,253,930
February 2018	0.015	0.01	11,041,650
January 2018	0.02	0.015	37,326,770
December 2017	0.015	0.01	12,007,500
November 2017	0.015	0.005	23,090,400
October 2017	0.01	0.005	1,256,600
September 2017	0.01	0.005	3,590,460
August 2017	0.015	0.005	1,635,000
July 2017	0.015	0.01	2,384,600
June 2017	0.015	0.01	2,803,880

MANAGEMENT CONTRACTS

Mooncor has no management contracts or other Amalgamation in place where management functions are performed by a person or company other than the directors or executive officers of Mooncor.

EXECUTIVE COMPENSATION

For information pertaining to executive compensation, please see *"Executive Compensation - Compensation of Named Executive Officers"*.

LEGAL PROCEEDINGS

Mooncor is neither a party, nor is any of its property the subject matter, of any legal proceedings deemed to be material, nor are any such proceedings known to Mooncor to be contemplated by any party.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of Mooncor is Wasserman Ramsay Chartered Accountants

Transfer Agent and Registrar

The transfer agent and registrar of Mooncor is Computershare Trust Company of Canada at its Toronto office located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

Mooncor has not entered into any material contracts since incorporation, other than:

1. the Amalgamation Agreement.

Copies of these contracts may be inspected without charge for a period of thirty (30) days after the Effective Date at the offices of Mooncor, 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1 during ordinary business hours.

SCHEDULE "E"
INFORMATION RELATING TO FOX-TEK

Corporate Structure of Fox-Tek Canada Inc.

Name and Incorporation

Fox-Tek is a private company that was formed pursuant to the provisions of the *Business Corporations Act* (Ontario) on December 24, 2009 by the filing of articles of incorporation. Fox-Tek is a wholly-owned subsidiary of Augusta Industries Inc., a reporting issuer whose securities are listed for trading through the facilities of the TSX Venture Exchange under the trading symbol "AAO".

The head and registered office of Fox-Tek is located at 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1.

Intercorporate Relationships

Fox-Tek does not have any material subsidiaries.

General Development of the Business

History

In early 2000, Fox-Tek engaged in informal discussions with professors and professional staff at the University of Toronto Institute for Aerospace Studies ("UTIAS"). As a result of these discussions, Fox-Tek developed a business plan and initiated research and development ("R&D") with a view to exploiting the growing trend in the fibre optic telecommunications marketplace and transferring fibre optic technology to civil infrastructure applications. Fox-Tek is focusing on the infrastructure sensing market in the oil and gas industry (the "OGI").

Fox-Tek is currently engaged in the development, design, manufacture and sale of sensors and related monitoring instruments, and providing engineering design services, training, supervision of on-site installation and turnkey sensing systems, primarily focused on applications within the OGI. Management believes that Fox-Tek's products provide flexible and reliable monitoring and reporting solutions due to their high precision, continuous monitoring capability, suitability for harsh environments, low operating cost, and the benefits derived by their localized and distributed sensing capabilities.

The demand for test, measurement and monitoring equipment is driven by the growing use of customized automated test systems, more stringent industry requirements, environmental concerns, shifting political landscapes and the safety challenges of mega infrastructures coupled with the limitations of existing solutions. Consequently, there is an increased demand from the operational, risk management, and finance sectors of various markets for solutions that reduce costs and down-time and meet increasingly stringent safety and health legislative requirements.

Significant Acquisitions

Since commencement of its operations, Fox-Tek has not made any significant acquisitions.

Debt and Equity Financings

Since commencement of its operations, Fox-Tek has not undertaken any debt and/or equity financings.

Narrative Description of the Business

Description of the Business

Through its development and production of its sensors and monitoring equipment, Fox-Tek provides an operational sensing solution to enterprises which require continuous monitoring to detect and prevent high consequence or catastrophic occurrences. Specifically, sensors are utilized by engineers to obtain accurate measurements of pressure, temperature, load, strain, stress, and displacement of existing infrastructures often in situations where conventional sensing technologies cannot be deployed. They are of particular value in the OGI where corrosion, leaks, and third party damage, especially in High Consequence Areas ("HCAs"), may entail a significant possibility of property and environmental damage, personal injury or death. Examples of HCAs include unusually sensitive environmental areas, urbanized areas, other populated locales and commercially-navigable waterways.

Strategy

The company believes that the overall market for sensors is under-penetrated. Fox-Tek's business strategy is to market its products to those enterprises, primarily in the OGI, with infrastructures that experience significant HCA exposure and currently employ more cost and time intensive solutions than those available through the use of its technology. To execute this strategy, Fox-Tek plans to broaden its network of strategic relationships, enhance its industry-specific sensing applications, strengthen its relationships with existing customers, expand distribution capabilities, and continue to pursue a disciplined approach to R&D.

Limitations of Existing Sensing Solutions

Historically, measurements of existing infrastructures have been monitored using conventional electrical-based sensors, including strain gauges and pressure transducers. While many of these solutions provide functionality to address specific infrastructure components on a point-in-time basis, they generally do not address the complexity and significant technical barriers inherent in sensor deployment in hostile environments. Examples of existing solutions in use today in the OGI include:

- Devices known as pipeline inspection gauges or "pigs" which are inserted into and travel throughout the length of a pipeline propelled by either product flow or, in the case of gas pipelines, by water. Pigs are capable of detecting pipe corrosion to a resolution of approximately 10% of the pipe wall thickness. Fox-Tek's fibre optic systems are up to 10 times more sensitive to wall thickness loss than pipeline pigs. Pigging is typically undertaken only once every five to seven years, as more frequent use is limited primarily by the cost of deploying the pig. In addition, most pipeline pigs do not fit into small diameter pipes, such as those employed in the sour gas gathering sector, and are also limited to monitoring straight runs of pipe.

- Ultrasound technology is frequently used within refineries to periodically measure corrosion or other defects in pipes. In general, the pipes are relatively inaccessible as they are located two to three stories above ground level. In addition, many of the defects occur in pipes that operate at temperatures of 300°C and above. Due to the hostility of such environments, the use of ultrasound technology is susceptible to inaccurate readings by human operators.

- Hydrostatic testing is also used for the measurement of gas pipelines. This procedure requires removal of the product and filling the pipeline with water. Hydrostatic testing involves not only a loss of production, but may also lead to corrosion if residual water combines with high sulphur content gas to generate an acidic environment in the pipeline.

Fox-Tek's Solution Overview

The core competencies of Fox-Tek's products consist of their measurement capabilities in the areas of strain, displacement, corrosion, crack growth, temperature, pressure, and load. All of Fox-Tek's products are based upon advanced sensors, electronics, packaging and deployment technologies for monitoring the integrity of oil and gas pipelines, upstream industrial processing plants and facilities, and the consequences of seismic and other ground movement events. Unlike conventional measurement and monitoring devices, Fox-Tek's sensors simultaneously and continually monitor the slow strain changes over time associated with aging infrastructures, such as the internal growth rate of corrosion in pipelines. This new generation of structural sensing systems has a number of benefits over conventional sensors, including:

- the ability to be installed on the exterior of pipelines, refineries, or elbows, thereby minimizing installation down-time and cost;

- the ability to function continuously in high temperature or corrosive environments;

- the option of being built into thin laminated wraps used in rehabilitating and strengthening corroded concrete columns; and

- programmable, continuous, remote monitoring and reporting 24 hours per day, seven days per week.

Current Products

A typical monitoring system is comprised of three parts: (i) sensors in various configurations; (ii) the sensor scanner; and (iii) monitoring software.

Fox-Tek Product & Technology

Electric Feld Mapping (EFM) - Used predominately to measure, with great accuracy, the damage to the internal wall of a pipes and vessels due to corrosion/erosion – while being a completely non-intrusive technique. Being non-intrusive means that the technology can be added to existing sites without having to shut down operations which is a huge benefit to our clients. The technology has been successfully used as a validation of existing integrity programs. The EFM technology has recently also been used in research and material testing applications.

Fiber Bragg Grating (FBG) - Technology based on using light as a method to measure strain by measuring the displacement of the sensor's response wavelength. The technology is analogous to the classical resistive strain gauge, but without any of the shortcomings. These sensors are inherently safe (due to the fact that the sensors are powered by light) and easy to use. Due to the high bandwidth of the sensors, they can also be used to measure vibrations. There many applications in both the oil & gas sector and civil infrastructure where these sensors can bring a benefit.

Leak Detection Polymer (FG-OD) - Novel non-intrusive leak detection technology used to detect leaks in pipelines and vessels. Due to its high sensitivity, the sensor cable can also detect volatile organic compounds (VOCs) due to leaks. By using smart detection levels, by adapting to its environment, this technology will not generate false alarms. And, with the use of smart thresholding, the sensor cable can be installed in already contaminated areas while still able to detect new leaks.

Advanced Sensor Design (RFID Corrosion Detector) - The development of a new corrosion sensing element based on an RFID tag. By using a number of sacrificial elements within the sensor, the sensor will be able to be configured to detect various elements that would potentially foster an environment that would be detrimental for the pipe. Unlike the EFM technology, the RFID tag technology would be used to detect damage to the exterior of the pipe. Key applications include the degradation of pipeline coatings over time – that can potentially lead to external corrosion of the pipe.

Fox-Tek's Data Infrastructure

All of Fox-Tek's technologies have the capability of being located in remote locations. These locations typically have restricted access due to their location or the inability to get to these sites during large periods of the year.

Therefore, Fox-Tek has developed a combination of hardware and software that allow the gathering of remote site data, data analysis and data presentation. Its clients have access to their data through a secure web portal where the information is presented in a visually intuitive fashion – making for easy understanding of what is happening with their assets. The hardware, based on a controller and data modem (either cell or satellite) gives Fox-Tek the opportunity to also perform full remote acquisitions for non-Fox-Tek technology sensors.

Services

In addition to its existing products and products in development, Fox-Tek considers the provision of complementary services to be a critical part of its turnkey sensing solutions. In this regard, Fox-Tek offers a range of services to its customers including complete system engineering design; installation supervision; monitoring, data collection, and reporting; and staff training.

Complete System Design

Working with customers and their technical staff, Fox-Tek manages the system design process for installation of fibre optic sensors and instrumentation systems. The company has also engaged civil engineering consultants from time to time for provision of specific expertise regarding building and construction inquiries. Overall system design involves the integration of various elements and determinations, including:

- the number and type of sensors used;
- the location and placement of sensors on the structure;

- system configuration;
- review of system access capabilities and access to telecommunications and power sources;
- assessment of exposure to environmental elements;
- finite element model analysis of the structure to indicate appropriate sensor placement; and
- assessment of monitoring requirements, including remote monitoring cost estimates. Installation and Supervision

Fox-Tek offers installation and supervision of its systems by way of approved subcontractors, or may train customer staff in installation and monitoring techniques. Fox-Tek's crews can also be deployed to supervise the installation and commissioning of a system.

Monitoring, Data Collection and Reporting

Fox-Tek can deploy crews or authorized agents to implement on-site sensor system inspections and data extraction. Customers may also choose to have their own crews trained to manage system inspections and data extraction. In addition, customers may opt for remote monitoring of their site at Fox-Tek's offices. Through the FOX-Ware web interface, data can then be collected, formatted and reported to the customer, at any remote location, on a predetermined interval.

Training

Fox-Tek offers complete training to users of its instrumentation systems. Training of the user's personnel can be performed at Fox-Tek's offices or at the installation site. Training includes familiarization with software, problem-solving, basic maintenance and data extraction.

Principal Markets

Fox-Tek believes that there are seven principal market segments for its products, as follows:

Oil and Gas Industry

The current pipeline infrastructure in the United States is aging with 25-37% of all hazardous liquid and natural gas transmission pipeline accidents available at USDOT As a result, significant financial risk exists in the OGI as a result of rupture or leakage (particularly in HCAs); loss of distribution due to unpredicted failures as a result of higher than anticipated corrosion growth rates; and prolonged and overly costly refinery shut-downs due to unnecessary or premature elbow replacements. It is estimated that the OGI spends nearly $7 billion per year on corrosion-related costs for replacing pipeline infrastructure available at corrosioncost.com

A catastrophic occurrence in the OGI would cause grave environmental danger as well as significant production loss, entailing considerable clean-up and litigation costs as well as the possibility of injury and death. Despite these risks, the OGI has not invested significantly in continuous monitoring and detection of possible catastrophic events to date due to historically less stringent industry requirements. However, the legislative landscape is shifting as the United States Federal Pipeline Safety.

The techniques currently utilized to monitor and detect possible catastrophic events in the OGI produce information that is neither in real time nor continuous. Relevant information is being generated only every five to seven years through inline inspections using pigs, ultrasounds or by other direct assessment methodology. Fox-Tek is in a position to provide unique inspection and real time monitoring capabilities using a fibre optic solution which complements these existing inspection techniques. Fox-Tek's technology enables the application of the sensor to the external walls of pipelines, refineries, elbows and offshore risers, or through placement alongside the pipelines for detection of oil/gas leakage, third party damage and for pressure monitoring.

Fox-Tek believes that its technology can enhance down hole monitoring of pressure and temperature and boost oil recovery rates from marginal reservoirs at a significantly reduced cost compared to the currently utilized technologies. In addition, the OGI could benefit from the continuous remote monitoring and data integration services provided by fibre optic technology. Finally, the growth rate of external and internal corrosion of offshore risers, including the touchdown zone and splash zone risers, can be monitored continuously through the use of fibre optic sensors which can function at depths of up to 10,000 feet below sea level. Such monitoring could entail significant cost savings due to the expense entailed in the replacement of deepwater elbows.

Transportation

The transportation sector offers a second major growth opportunity for Fox-Tek. Some transport vehicles may produce significant damage to personnel or the environment if there is a failure in the vehicle. Fox-Tek believes that there are significant opportunities to provide failure monitoring systems for such.

Aerospace

Small particle space debris (such as paint flecks and unburned solid fuel particles) and micro- meteoroids traveling as fast as seven kilometres per second can cause significant collision damage to a spacecraft.

In addition, commercial aircraft are susceptible to aircraft fatigue cracks in various parts of the airframe (such as wing spars, tail and ailerons). Inspection for this type of damage is a scheduled maintenance requirement mandated by the United States Federal Aviation Authority. Such inspections result in significant loss of revenue due to the down-time of the aircraft, as well as the labour costs involved. Fox-Tek's fibre optic sensor technology can monitor the growth of fatigue damage and cracks, and increase the speed of the inspection process, thereby resulting in a faster return to revenue.

Large Ships

Although double hulls in large ship tankers minimize small leaks, as these ships age the accumulated stress from ocean waves and storms can pose a hazard of structural failure or break- up at sea during subsequent storms. Environmental consequences of such a failure make it invaluable to install fibre optic sensor systems that can measure changes in hull integrity while the vessel is in port. Fox-Tek expects to develop this market over the course of the next three years using its Brillouin scattering sensor systems.

Dams, Bridges, Highways and Tunnels

A potential market is that of civil structures integrity monitoring. Agencies responsible for dams, bridges, highways, and tunnels are beginning to utilize fibre optic sensor technology to support diagnostic systems and health monitoring of pillars, tunnel walls and dam barriers. Applications such as highway traffic monitoring, weight in motion, earthquake mitigation efforts and detection of hazards are currently being investigated. However, management of Fox-Tek believes that the agencies overseeing such operations do not have the capital budgets to acquire and install dedicated monitoring fibre optic systems. There may be a need for sensors that can be measured with a portable monitoring device, to augment inspections being made by staff. Accordingly, although Fox-Tek has installed a number of dedicated systems for these applications, it does not plan to pursue opportunities in this sector other than in circumstances where funding is assured.

Sales and Distribution

Fox-Tek markets and sells its products through both direct and indirect sales channels to maximize market coverage on a cost-effective basis.

In order to move towards full-scale commercialization, Fox-Tek has identified and is negotiating agreements with several independent sales agents and distributors within North America and elsewhere with the intent of utilizing their local contacts and established relationships within the OGI to expedite the distribution of Fox-Tek's products in the local jurisdictions. Typically, these sales agents and distributors will be entitled to a fee of approximately 15-20% of the selling price of the product. In addition, Fox-Tek will attempt to make direct sales itself. Fox-Tek intends to expand its direct business development in the near future. For the last two years, Fox-Tek has been laying the ground work for a direct sales channel by increasing awareness of its products and services, thru marketing, speaking, engagements at industry trade group meetings, participation at trade-show and user group meetings and de facto endorsement from pilot projects co-sponsored by industry groups.

Fox-Tek revenue stream from the sale of its products and services is as follows:

- Sale - a one-time sales fee is charged for the use of the product, followed by an annual on-going support and maintenance fee

- Lease – the one time sales fee, together with the support and maintenance fee are bundled and charged on a monthly basis over the term in question for those entities which are bound by rate structures or concerns regarding capital, rather than operating expenses.

- Monitoring and Data Analysis – A per point monitoring service is offered by Fox-Tek. Monitoring services are charged on a monthly or annual basis over the applicable term.

Fox-Tek intends to expand the functionality of current solutions thru R&D, develop new product releases, create new industry-specific applications, and enhance Fox-Tek's underlying technology platform.

Intellectual Property

The sale of Fox-Tek's products will include single-user licenses for the embodied technologies containing terms and conditions prohibiting the unauthorized reproduction, disclosure, reverse engineering, or transfer to customers of any intellectual property associated with Fox-Tek's products. In addition, all material components of Fox-Tek's products (other than commercially-available components) have been developed by its employees or contractors who have assigned all intellectual property rights therein to the Company to the extent permitted by applicable law.

Fox-Tek recognizes that patent law may offer some protection for current and future products, and it has embarked upon a program to identify and seek patent protection for appropriate elements of its products. Fox-Tek has 6 United States patents approved. Five of these patents are in connection with system designs and applications and one covers sensor design.

Suppliers

Fox-Tek does not rely upon any single supplier or vendor to obtain hardware or software components for its products, but instead uses a broad range of commercially available components. Raw materials, including optical fibre, electronic components, mechanical hardware, and pre-fabricated assemblies are purchased and comprise approximately 50% of the total cost of Fox-Tek's products. As the volume of sales increase, Fox-Tek will seek additional suppliers and manufacturers with the intention of lowering the direct costs of these products.

Competition

Fox-Tek faces competition from various sources including vendors of systems for strain measurement, ultrasound technology, and refinery and other applications such as hydrogen patch technology. To a lesser extent, Fox-Tek also faces competition from custom solutions developed by more recent entrants to the fibre optics industry. However, there are significant entrance barriers to the fibre optic sensor industry including the requirement for the development of fibre optic sensing technology and the capability of customizing such technology to specific applications such as those required by the OGI. Fox-Tek's three primary competitors in the fibre optic sensor industry are as follows:

- Roctest Ltd., located in Quebec, produces a line of sensing systems based upon the Fabry-Perot cavity. These systems operate by measuring the change in the resonant optical wavelength of the interfering light within a cavity formed by two partially reflective surfaces. Fabry-Perot sensors typically provide only a point measurement and are not applicable to the type of corrosion measurements for which Fox-Tek's sensors may be employed.

- Smartec SA, located in Switzerland, offers an interference based sensor. However, the packaging of the sensor renders it unable to sense pipeline corrosion or crack growth measurements. Smartec SA also offers a Brillouin based sensor which may be utilized for temperature measurements. This system may be a competitor to the Brillouin scattering sensor system currently being developed by Fox-Tek when it reaches the production stage.

- Sensa (U.K.), located in the United Kingdom, offers a Raman Scattering based system for long range thermal measurements. The Raman Scattering principle is based upon the preferential scattering of light from regions of a fibre that are at a temperature that is different from its surroundings. However, Fox-Tek anticipates that this system will not be able to compete with its Brillouin scattering sensor system on a cost basis.

Fox-Tek does not intend to compete directly against vendors of pipeline pigging services and providers of conventional sensors due to the technology and application variations inherent between such sensors and Fox-Tek's fibre optic solutions.

Management believes that Fox-Tek has a competitive advantage over other vendors of sensor technologies for the following reasons:

- Focus on industry - specific offerings: Fox-Tek has tailored its solutions to meet the physical application needs of specific industries, such as the OGI.

- Flexibility to manage complex applications - large civil structures are subject to very complex operating environments that govern production schedules and safety. Automation of sensing systems for such projects is beyond the technical capabilities of many competing sensing solutions and would require significant customizations.

- Ease-of-use - Fox-Tek's products require minimal training and are designed for use by semi-technical employees.

- Robust technology platform - Fox-Tek's technology was designed to meet the rigorous operating conditions of large, sophisticated organizations. Key operating features include extensive scalability, flexibility of use, custom adaptability through a component based system, functionality in hostile or remote environments and integration with existing software infrastructure (such as Excel and Word).

Facilities

Fox-Tek conducts its R&D, services, support and marketing activities in the Greater Toronto Area.

Fox-Tek leases a 1,800 Sq Ft facility Industrial unit and 1500 Sq Ft office space located at 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual and Quarterly Information

The fiscal year end of Fox-Tek is December 31 in each year. The following table summarizes Fox-Tek's financial results during the years ended December 31, 2017, 2016 and 2015 and the interim period ended March 31, 2018. This table should be read in conjunction with the financial statements of Fox-Tek included in Schedule "H" of this Information Circular. Fox-Tek is currently a private company and did not prepare quarterly financial statements for periods prior to the interim period March 31, 2018, and, accordingly, no quarterly information is included herein with respect to such periods.

	Three Months Ending March 31, 2018 (unaudited)	**Year Ended December 31, 2017 (audited)**	**Year Ended December 31, 2016 (unaudited)**	**Year Ended December 31, 2017 (unaudited)**
Total revenues	$85,225	$467,234	$784,476	$509,371
Net income (loss)	($18,674)	($77,413)	$243,565	($104,293)
Total assets	$361,395	$126,041	$441,076	$405,920
Total liabilities	$3,508,577	$3,254,549	$3,492,171	$3,700,580
Cash dividends declared	Nil	Nil	Nil	Nil

Management's Discussion and Analysis

Management's discussion and analysis of the financial condition and results of operations of Fox-Tek for the years ended December 31, 2017, 2016 and 2015 and the three months ending March 31, 2018 is attached to this Information Circular as Schedule "I". This management's discussion and analysis should be read in conjunction with the financial statements of Fox-Tek and the accompanying notes thereto attached to this Information Circular as Schedule "H".

Certain information included in such management's discussion and analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Information".

Description of the Securities

The authorized capital of Fox-Tek consists of an unlimited number of common shares without nominal or par value of the date of this Information Circular, 100 Fox-Tek Shares are issued and outstanding as fully paid and non-assessable.

The holders of the Fox-Tek Shares are entitled to receive notice of and attend any meeting of the Fox-Tek's shareholders and are entitled to one vote for each Fox-Tek Share held. The holders of the Fox-Tek Shares are entitled to receive dividends, if, as and when declared by the board of directors of Fox-Tek and to receive the remaining property available for distribution in the event of a liquidation, dissolution or winding-up of Fox-Tek.

Consolidated Capitalization

The following table sets forth Fox-Tek's share and loan capital for and as of the end of the periods indicated. This information is derived from the financial statements of Fox-Tek, which are included in this Information Circular.

Designation of Security	Authorized	Outstanding as at March 31, 2018 (prior to giving effect to the Proposed Transaction) (unaudited)
Common Shares	Unlimited	47,500,000
Current Liabilities		$3,508,577
Long-term Debt		Nil

Prior Sales

Fox-Tek has not issued any securities in the twelve month period preceding the date of this Information Circular.

Stock Exchange Price

There is no public market for any securities of Fox-Tek

Executive Compensation

Compensation Discussion and Analysis

"Named Executive" or "NEO" means each of the following individuals:

(a) each individual who, in respect of Fox-Tek during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of Fox-Tek, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of Fox-Tek and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) above at the end of the most recently completed financial year whose total compensation was more than $150,000;

(d) each individual who would be a named executive officer under paragraph (c) above, but for the fact that the individual was not an executive officer of Fox-Tek, and was not acting in a similar capacity, at the end of that financial year;

The Named Executives who are the subject of this Statement of Executive Compensation are President, Allen Lone.

The compensation of Fox-Tek's Named Executives and directors was determined by Fox-Tek's board of directors as a whole. The board of directors monitor Fox-Tek's compensation practices to ensure that Fox-Tek maintains its competitiveness and that it appropriately recognizes reward, growth and change within the organization, along with Fox-Tek's current state of development and financial position. Compensation of Fox-Tek's Named Executives and directors is reviewed by the board of directors on an annual basis. In the event a Named Executive may be entitled to a discretionary bonus, the board of directors review that individual's performance, their contribution to the advancement of Fox-Tek's goals and objectives and the financial performance and position of Fox-Tek and the board, as a whole, makes decisions with respect to any discretionary bonuses. Named Executives are not permitted to participate in the discussion or vote in connection with their own compensation.

Compensation for Named Executives is composed of two components, namely, base salary and non-equity incentives. When determining such compensation, the board of directors has taken into consideration individual performance, level of expertise, responsibilities, length of service to Fox-Tek and contribution to the financial health of Fox-Tek.

The general compensation philosophy of Fox-Tek for executive officers is to provide a level of compensation that is fair and competitive within the marketplace, that will attract and retain individuals with the experience and qualifications critical to the success of Fox-Tek and the enhancement of shareholder value, and that will reward the performance of those executives whose actions have a direct and identifiable impact on the performance of Fox-Tek. From time to time, Fox-Tek grants incentive stock options as well as non-equity incentives as part of total compensation to its Named Executives.

Base Salary

The base salaries paid to Fox-Tek's Named Executives are based upon Fox-Tek's assessment of the salaries required to attract and retain the caliber of executives it needs to achieve its desired growth and performance targets.

Non-Equity Incentives

Non-equity incentives are a variable element of the total compensation package, and though there is no formal plan in place at the current time and no non-equity incentive compensation (other than salary) was paid to Named Executives or directors of Fox-Tek during the fiscal year ended December 31, 2017.

Stock Option Pal

Fox-Tek does not have a stock option plan.

Summary Compensation Table

The following table sets forth all compensation for services rendered in all capacities to Fox-Tek for the fiscal years ended December 31, 2017, 2016 and 2015 in respect of the Named Executives of Fox-Tek. Fox-Tek had no other executive officers, or individuals acting in a similar capacity, whose total compensation during the fiscal year ended December 31, 2017 exceeded $150,000.

Name and Principal Position	**Year**	**Salary ($)**	**Share based awards ($)**	**Option based awards ($)**	**Non-equity incentive plan compensation ($)**		**Pension value ($)**	**All other compensation ($)**	**Total compensation ($)**
					Annual incentive plans	**Long-term incentive plans**			
Allen Lone (1)	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
President	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Lone was appointed Chief Executive Officer effective April 2, 2012.

Director and Named Executive Officer Stock Options and Other Compensation Securities

No stock options or other compensation securities were granted or issued to the Named Executives or directors of Fox-Tek during the year ended December 31, 2017. There are no share-based awards outstanding for any of the Named Executives or directors of Fox-Tek. No stock options or other compensation securities were exercised by any Named Executive of director of Fox-Tek during the fiscal year ended December 31, 2017.

Incentive Plan Awards – Value Vested or Earned During the Year

No option-based incentive plan awards vested and no non-equity incentive plan compensation was earned during the financial year ended December 31, 2017.

Employment Contracts

Fox-Tek does not have a written consulting agreement or employment agreement with any Named Executive.

Director's Compensation

The board of directors of Fox-Tek consist of one (1) director who is an officer of Fox-Tek and did not receive any additional compensation for services rendered in such capacity, other than as paid by Fox-Tek to such executive officers in their capacity as executive officers.

Legal Proceedings

Fox-Tek has not been, and nor is it presently, involved in any legal proceedings material to it and no such proceedings are, to the best of its knowledge, contemplated.

Material Contracts

Fox-Tek has not entered into any material contracts outside of the ordinary course of business prior to the date hereof, other than:

1. The Amalgamation Agreement

Copies of these contracts may be inspected without charge for a period of thirty (30) days after the Effective Date at the offices of Fox-Tek, 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1 during ordinary business hours.

SCHEDULE "F"
INFORMATION RELATING TO THE RESULTING ISSUER

Name and Incorporation

The proposed name of the Resulting Issuer is "Sensor Technologies Inc." or such other name as may be accepted by the relevant regulatory authorities and approved by the Board of the Resulting Issuer. Mooncor is seeking Shareholder approval for the proposed Name Change at the Meeting. It is anticipated that the Resulting Issuer's registered and head office will be located at 2455 Cawthra Rd, Suite 79, Mississauga, Ontario L5A 3P1.

Intercorporate Relationships

Following Completion of the Transaction, the Resulting Issuer will own all of the issued and outstanding shares of Fox-Tek and as such Fox-Tek will be a wholly-owned subsidiary of the Resulting Issuer.

After completion of the Transaction, the consolidation of the Mooncor Shares (assuming consolidation on a 30 for 1 basis), there will be 53,084,540 Resulting Issuer Shares issued and outstanding, of which current shareholders of Mooncor will own 5,584,540 Resulting Issuer Shares (10.52%) and the former Fox-Tek Shareholder will own 47,500,000 Resulting Issuer Shares (89.48%). Accordingly, the Proposed Transaction will constitute a reverse asset acquisition of Mooncor for accounting purposes.

Narrative Description of the Business

Stated Business Objectives

Upon completion of the Transaction, the Resulting Issuer will carry on the business of Mooncor and Fox-Tek and the business objectives of the Resulting Issuer will be the business objectives of Mooncor and Fox-Tek. The Resulting Issuer's business objective is to continue to grow and expand the business of and Fox-Tek.

Milestones

The Resulting Issuer will not be required to meet any stated business objectives in order meet any business objectives. The Resulting Issuer intends to grow its business organically and through strategic acquisitions.

Description of the Securities

The current authorized capital of Mooncor will be the authorized capital of the Resulting Issuer, which is comprised of an unlimited number of Mooncor Shares.

Following Completion of the Transaction, a maximum of 53,084,540 Resulting Issuer Shares will be issued and outstanding (without giving effect to the exercise of any convertible securities). The material attributes and characteristics of the Resulting Issuer Shares will be the material attributes and characteristics of the Mooncor Shares. See "Schedule D – Information Relating to Mooncor - Description of Securities".

Pro Forma Consolidated Capitalization

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Transaction as more particularly described in the Pro Forma Consolidated Balance Sheet as at March 31, 2018 attached hereto as Schedule "G".

Pro Forma Consolidated Capitalization of the Resulting Issuer

Designation of Security	Amount Authorized	Amount Outstanding Before Giving Effect to the Transaction	Amount Outstanding After Giving Effect to the Transaction
Mooncor Shares	Unlimited	167,536,485	53,084,540

Fully Diluted Share Capital

The following table sets forth the diluted share capital of the Resulting Issuer after giving effect to the Transaction.

Categories of Securities	**Number of Resulting Issuer Shares**	**Percentage of Total Diluted Resulting Issuer Share Capital Post Closing**
Resulting Issuer Shares issued and outstanding	53,084,540 (1)	98.84%
Resulting Issuer Shares upon the exercise of the Mooncor options	623,750	1.16%
Total Fully Diluted	**53,708,290**	**100%**

Note:

1. This assumes the consolidation of the Mooncor Shares on a 30 for 1 basis.

Available Funds and Principal Purposes

Funds Available
The Resulting Issuer would have, as at March 31, 2018, pro forma consolidated working capital deficit of approximately ($4,191,893). As at March 31, 2018, Fox-Tek had working capital deficit of ($3,149,425) and as at March 31, 2018, Mooncor had a working capital deficit of ($1,042,468). It is estimated that upon Closing, the Resulting Issuer will have ($2,291,893) in working capital deficit after deducting the estimated issuance costs and expenses of the Transaction in the amount of $100,000.

The funds from the continuing operations of Fox-Tek and Mooncor will be more than sufficient to fund the operations of the Resulting Issuer on a going forward basis.

Dividends

Mooncor has not paid any dividends and payment of such dividends is not contemplated in the immediate or foreseeable future.

Principal Security Holders

Upon completion of the Transaction, the only shareholders of record anticipated to own or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares are as set forth below:

Name and Municipality of Residence	**Type of Ownership**	**Number of Resulting Issuer Shares**	**% of Resulting Issuer Shares**
Augusta Industries Inc. Ontario	Direct	47,500,000	89.48%

DIRECTORS, OFFICERS AND PROMOTERS

Name, Address, Occupation and Security Holdings

The following table lists the name, municipality of residence, proposed office, principal occupation and anticipated shareholdings of each of the directors and officers of the Resulting Issuer.

Name and Municipality of Residence	Proposed Position with Resulting Issuer	Principal Occupation and Positions Held During the last 5 years	Number of Mooncor Shares Owned, Beneficially Held or Controlled on completion of the Transaction[8]	% of Class Held or Controlled (non-dilutive)	% of Class Held or Controlled (fully-dilutive)
Mumin Demiral [1] Toronto, Ontario	Chief Scientist and Director	Chief Scientist of Augusta Industries Inc.	Nil	-	-
Don Couture [1] Toronto, Ontario	Director	Independent Consultants	Nil	-	-
Bin Quach [1] Toronto, Ontario	Director	Vice-president, Valuations and Chief Financial Officer of Advanced Asset Administration Inc.	Nil	-	-
Jay Vieira Richmond Hill, Ontario	President and Director	Vice President, Corporate and Legal Affairs of Distinct Infrastructure Group Inc. and corporate and securities lawyer	Nil	-	-
Alan Myers Toronto, Ontario	Chief Financial Officer and Corporate Secretary	Chartered Accountant	Nil	-	-
Thierry Cherpillod [1] Toronto, Ontario	Vice President, Operations	Vice President, Operations of Augusta Industries Inc.	Nil	-	-

Note:

(1) Proposed members of the Audit Committee

The following are biographies of the proposed directors and officers of the Resulting Issuer.

Mumin Demiral, Chief Scientific Officer and Director - Mr. Demiral has an extensive background in experimental physics, precision measurements and software. Mr Demiral has spent the last 18 years of his professional career that included but not limited to Laser Technics, Particle Accelerators in the Nuclear Physics arena, Research in Advanced Physics Labs, Mr. Demiral has significantly contributed to the advancement of the EFM, FT, FBG & Leak detection technologies in addition to DMAT. Mr. Demiral has a B.Sc in Physics from the University of Heidelberg, 1999 and Master of Science in Physics from the University of Heidelberg, 2007.

Don Couture, Director – Mr. Couture has over 40 years' experience in the oil and gas industry working on major domestic projects in Canada and overseas in Africa, Middle East, Asia and Russia. Personal work experience ranges widely from materials management, purchasing, warehousing, contracts and construction supervisor on facilities, pipelines and hydrogen plant. Mr. Courture worked for Enbridge Pipelines Inc. Canada from 2009 - 2016 as Contract Specialist: Field Contract Administrator on the Woodland Pipeline Extension in Northern Alberta. 2013 Pipeline Construction Inspection: Civil Craft Inspector on Enbridge Integrity Dig Program in Southern Ontario. Between 2009-2012 Pipeline Contracts/Procurement Lead: Managed all aspects of Construction contracts from Contractor Selection, RFP, bid evaluation, negotiations, contract formation and field contract administration. Mr. Couture worked for Petro Canada, Fort Hills Project, Calgary, Alberta Supply Chain Management Advisor: Owner's representative monitoring and supervising EPC contractor on Procurement/Contract activities during the Feed phase.

Bin Quah, Director – 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, 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

Jay Vieira, President and Director – Mr. Vieira is Vice President, Corporate and Legal Affairs for Distinct Infrastructure Group and plays an integral part in working with senior leadership to achieve Distinct's overall strategies and goals. Mr. Vieira supports Distinct's existing and prospective investor relations, ensuring corporate governance is met at all levels, assisting with mergers and acquisitions and ensuring compliance with securities and corporate law. Prior to loing Distinct in 2016, Mr. Vieira was a partner at the law firms Blaney McMurty LLP and Fogler Rubinoff, LLP, practicing corporate and securities law.

Alan Myers, Chief Financial Officer - Mr. Myers is a UK Chartered Accountant with over 30 years of professional and business experience. He started his career with Ernst and Young in Manchester, England followed by two years with Price Waterhouse in Toronto, Canada. From there, Mr. Myers moved into industry where he served as Controller at Wang Canada, the Canadian subsidiary of a major U.S. computer manufacturer, Chief Financial Officer at Hudson Bay Diecasting, a Toronto based public company in the auto parts industry, and Chief Financial Officer/Acting General Manager at E-Connect, an innovative broadband services provider which was bought out by AT&T. Since then, Mr. Myers has been operating his own successful consulting practice providing clients with financial services including assistance with raising venture capital, tax consulting, financial systems implementation, and accounting. He has also served on the boards of two resource-based exploration stage public companies.

Thierry Cherpillod, Vice President, Operations - Mr. Thierry Cherpillod is the Vice President Operations at Augusta Industries Inc. where he is responsible for the management of operations, engineering, research & development, and project planning. Mr. Cherpillod was a founding member of Fox-Tek after working 12 years at the Institute for Aerospace Studies (University of Toronto) working in the Space Dynamics, Controls, and Robotics Group. Whilst at UTIAS, he was responsible for the custom design of a variety of advanced embedded control systems and sensors for use in space systems and robotic applications.

Corporate Cease Trade Orders

None of the Resulting Issuer's directors, officers, or promoters, or a security holder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has, within 10 years prior to the date of this Information Circular, been a director, officer, or promoter of any company, including the Resulting Issuer and any personal holding companies, that was subject to a 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, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company.

Bankruptcies

None of the directors, officers, or promoters of the Resulting Issuer, or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or any personal holding companies of the foregoing, within 10 years prior to the date of this Circular has been a director, officer, or promoter of any company, as applicable, 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.

Penalties or Sanctions

No director, officer, Insider or Promoter of the Resulting Issuer, or a shareholder of the Resulting Issuer holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors, proposed directors and officers of the Resulting Issuer will be subject with respect to the operations of the Resulting Issuer. Certain of the directors, proposed directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the ABCA. The ABCA requires that directors and officers of the Resulting Issuer, who are also directors or officers of a party which enters into a material contract with the Resulting Issuer or otherwise have a material interest in a material contract entered into by the Resulting Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Resulting Issuer's directors to approve the contract.

Personal Bankruptcies

None of the proposed directors, officers or promoters of the Resulting Issuer, or security holders anticipated to hold a sufficient number of the securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such Person, has, during the past ten (10) years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, Amalgamations or compromise with creditors, or had a receiver, receiver manager or trustee appointed hold their assets.

Other Reporting Issuer Experience

The following directors and officers of the Resulting Issuer are, or within the past five years have been, directors, officers or promoters of the following reporting issuers (other than the Resulting Issuer).

EXECUTIVE COMPENSATION

The following disclosure of executive compensation is made in accordance with the requirements of NI 51-102. Disclosure is required to be made for the Resulting Issuer's CEO and four most highly compensated executive officers regardless of the amount of their compensation (collectively, the "**Named Executive Officers**"). Under these guidelines, disclosure for Jay Vieira, Alan Myers, Mumin Demiral and Thierry Cherpillod is required.

The following table sets forth the expected annual and long-term compensation of the Named Executive Officers for services in all capacities to the Resulting Issuer for the twelve months following completion of the Transaction:

SUMMARY COMPENSATION TABLE

Name and Principal Position of Resulting Issuer Named Executive Officer	Salary or Consulting Fee (1)	Share-Based Awards	Option Based Awards	Non-Equity Incentive Plan Compensation: Annual Incentive Plans (2)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans	All Other Compensation (3)	Total Compensation
Jay Vieira President	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time
Mumin Demiral Chief Scientific Officer	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time
Alan Myers Chief Financial Officer	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time

Thierry Cherpillod Vice President, Operations	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time	None proposed at this time

Notes:

(1) The Resulting Issuer does not have a share based awards plan.

(2) The Resulting Issuer has no immediate intention to issue option awards upon the Completion of the Qualifying Transaction. However, it is likely that the Resulting Issuer will issue options to employees, officers and/or directors pursuant to the terms and conditions of the Plan within the next twelve month period. See "*Information Concerning Mooncor – Stock Option Plan*."

(3) The Resulting Issuer does not have a long term incentive plan.

(4) The Resulting Issuer does not have a pension plan.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHER MANAGEMENT

No proposed director or officer of the Resulting Issuer, or Associate or Affiliate of any such director or officer, will be indebted to the Resulting Issuer.

INVESTOR RELATIONS AMALGAMATIONS

No agreement or understanding has been reached, or is intended to be reached, with any person to provide any promotional or investor relations services for the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

As of the date of this Information Circular and assuming Completion of the Transaction, there will be an aggregate 20,792 (after the proposed 30 for 1 consolidation) stock options outstanding. However, upon completion of the Proposed Transaction, the Resulting Issuer will have 5,287,662 Resulting Issuer Shares available for future grant.

The Resulting Issuer will continue to use the Option Plan, pursuant to which it may grant incentive stock options, to promote the profitability and growth of the Resulting Issuer by facilitating the efforts of the Resulting Issuer to obtain and retain key individuals. The Option Plan provides an incentive for and encourages ownership of the Resulting Issuer Shares by its key individuals so that they may increase their stake in the Resulting Issuer and benefit from increases in the value of the Resulting Issuer Shares. The Option Plan reserves a maximum of ten percent (10%) of the issued and outstanding Resulting Issuer Shares which may be granted to the directors, officers, consultants and employees of the Resulting Issuer or of an Affiliate thereof pursuant to stock options agreements. The details of the Plan are set out hereafter.

Pursuant to the Option Plan, the maximum number of Resulting Issuer Shares reserved for issuance in any 12-month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Mooncor Shares at the date of the grant. The maximum number of Mooncor Shares reserved for issuance in any 12 month period to consultants may not exceed 2% of the issued and outstanding Mooncor Shares at the date of the grant and the maximum number of Mooncor Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Mooncor Shares at the date of the grant. Incentive stock options may be exercised until the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following the date the optionee ceases to be a director, officer or employee of the Resulting Issuer or its Affiliates or a consultant or a management company employee, provided that if the cessation of such position or Amalgamation was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The restrictions imposed on the Plan by the CPC Policy will be lifted when the Exchange issues the Final Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC).

ESCROWED SECURITIES

The following paragraphs set out the number of securities of the Resulting Issuer which are held in escrow, assuming no Principals of the Resulting Issuer subscribe to the Private Placement. In addition to the Mooncor Shares held in escrow prior to the completion of the Qualifying Transaction, certain of the Mooncor Shares will be held in escrow or be subject to hold periods as set forth hereafter.

Securities Escrowed Pursuant to the Transaction

All of the Resulting Issuer Shares issued to principal securities holders will be deposited with Computershare under an Tier 1 value escrow agreement dated as of the date of closing of the Transaction (the "**Escrow Agreement**") as set out in the following table:

		Prior to Giving Effect to the Proposed Transaction		After Giving Effect to the Proposed Transaction and minimum Financing	
Name and Municipality of Residence of Security Holder	**Designation of class**	**Number of securities held in escrow**	**Percentage of class**	**Number of securities to be held in escrow(1)**	**Percentage of class**
Augusta Industries Inc. Ontario	Common	-	-	47,500,000	89.48%

Upon Completion of the Transaction, there will be an aggregate of 47,500,000 Resulting Issuer Shares held in pursuant to a National Instrument 46-201 emerging issuer escrow agreement.

Under the escrow agreement and upon completion of the Proposed Transaction, the Resulting Issuer Shares held under the Escrow Agreement will be subject to release in accordance with the following timeline:

Release Dates	Percentage of Escrowed Shares to be Released
Date of Listing on the CSE	25%
6 months following Date of Listing	25%
12 months following Date of Listing	25%
18 months following Date of Listing	25%

General Information Concerning Escrowed Securities

Holders of securities of the Resulting Issuer held in escrow may generally exercise voting rights attaching to such securities. However, no holder of securities held in escrow shall vote any securities (whether in escrow or not) in support of one or more Amalgamations that would result in the repayment of capital being made on the securities prior to a winding up of the Resulting Issuer. Generally, holders of securities in escrow do not see their right to receive a dividend or other distribution on the securities impaired.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

Wasserman Ramsay Chartered Accountants, will continue as auditor of the Resulting Issuer after completion of the Transaction.

Transfer Agent and Registrar

Computershare through its offices at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, will continue to be the transfer agent and registrar for the Resulting Issuer Shares.

INTEREST OF EXPERTS

Wasserman Ramsay Chartered Accountants is the external auditor of Mooncor. Such firm is independent of Mooncor within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

RELATIONSHIPS

Mooncor has not entered into an agreement with any registrant to provide sponsorship or corporate finance services, either now or in the future.

EXPERTS

Opinions

The following professional persons have prepared reports or have provided opinions that are either included or referenced within this Information Circular:

Wasserman Ramsay Chartered Accountants has provided auditor's reports on the audited financial statements of Mooncor included in this Information Circular, and has provided auditor's reports on the audited financial statements in connection with the Assets included in this Information Circular.

Interests of Experts

Except as disclosed herein, as of the Effective Date, no professional person who has provided an opinion or report referenced in this Information Circular, currently holds more than 1% of the issued and outstanding Mooncor Shares upon completion of the Transaction, will not hold more than 1% of the issued and outstanding Mooncor Shares, and no such professional person is expected to be elected, appointed or employed as a director, officer or employee of Mooncor or of its Associates or Affiliates. Wasserman Ramsay Chartered Accountants is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

MATERIAL FACTS

There are no material facts about Mooncor or the Transaction that are not disclosed within this Information Circular and which are necessary in order for this Information Circular to contain full, true and plain disclosure of all material facts relating to Mooncor assuming completion of the Transaction.

BOARD APPROVAL

The boards of directors of Mooncor and Fox-Tek have approved the contents of this Joint Information Circular.

RISK FACTORS

An investment in Mooncor and the Resulting Issuer is subject to various risks and should be considered highly speculative. Investors should consider the following risk factors in addition to those outlined or otherwise referred to in this Information Circular and the Appendices hereto.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Information Circular, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Mooncor consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Mooncor or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

Factors relating to Mooncor's current business will be risk factors relating to the Resulting Issuer's business and references to Mooncor in these risk factors should, where the context requires, be read to include the risks to the Resulting Issuer.

An investment in the securities of the Resulting Issuer involves significant risks. Investors should carefully consider the risks described below and the other information contained in this Information Circular before making an investment in the Resulting Issuer. Additional risks and uncertainties not presently known to Mooncor or that Mooncor currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occurs, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuers Shares could decline and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Completion of the Transaction

The Completion of the Transaction is subject to several conditions precedent. See *"Schedule "C" – The Transaction"*. There can be no assurances that the Transaction, either on the terms of the Amalgamation Agreement or as negotiated, will be completed. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed.

There is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will list the Mooncor for trading through the facilities of the Exchange. There can be no certainty, nor can Mooncor provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. There can be no certainty that the proposed Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, including the Private Placement, the proposed Transaction may not be completed.

Limited Operating History

Fox-Tek has a relatively short period of operational history. It is in an early phase of development. The Resulting Issuer is subject to many risks common to such start-up enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of the fact that limited operations have been conducted to date.

Competition

Market acceptance of the Resulting Issuer's current or future products and services will depend upon the products of the Resulting Issuer and services providing benefits comparable to or greater than products available from competitors. Competition in the sensor industry is extensive and is expected to continue, and the Resulting's competitors may have greater resources than itr. **There can be no absolute assurance that developments by competitors will not render the Resulting Issuer's services non-competitive or that the Resulting Issuer will be able to keep pace with new developments.** These competitors may be able to respond more quickly to new or emerging markets and to changes in customer requirements. They may enjoy advantages in a particular market that Mooncor does not have or they may have more experience or a better relationship with a particular client. Some products and services developed may be more effective and less costly than the products and services developed by the Resulting Issuer. Increased competition may result in price reductions, reduced gross margins and loss of market share, any of which could materially and adversely affect the Resulting Issuer's business. The Resulting Issuer may not be able to compete successfully against current and future competitors and the failure to do so would harm the Resulting Issuer's business.

The Resulting Issuer cannot guarantee that its products and services will remain competitive or that it can respond to all market demands and developments or new unexpected industry standards. If the Resulting Issuer is unable to identify a shift in market demand or industry standards quickly enough, it may not be able to develop products to meet those new demands or standards, or bring them to market in a timely way.

As such, there exists extensive competition in similar areas of business as Mooncor which could adversely affect Mooncor's profit margins in the future.

Ability to Secure Work

Fox-Tek generally secures new contracts either through a competitive bid process or through negotiation. Bids or negotiated contracts with public or private clients are generally awarded based upon price, but are also influenced by factors such as perceived level of service offered, schedule, project personnel and prior experience with the prospective client and the type of project. The Resulting Issuer will operate in markets that are competitive and there is pressure to find and maintain a competitive advantage. A large portion of its sales relates to privately edited projects. Any reduction in demand for Fox-Tek's services by the private sector whether as a result of funding constraints, changing political priorities or delays in projects would have an adverse impact on the Resulting Issuer.

Ability to Continue Acquiring Targets

The Resulting Issuer can make no assurance that it will be able to acquire its prospective targets in the timeline anticipated, or at all. The inability of the Resulting Issuer to successfully acquire additional and larger targets would significantly adversely affect its future revenues as its revenues are solely derived from management fees.

Acquisitions and Integration

As a direct result of Mooncor's growth strategy the Resulting Issuer will examine opportunities to acquire additional assets and businesses. Any acquisition that the Resulting Issuer may be of a significant size, may change the scale of the Resulting Issuer's business and operations, and may expose the Resulting Issuer to new risks. The Resulting Issuer's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Resulting Issuer. There can be no assurance, however, that the Resulting Issuer will be able to identify, acquire and integrate appropriate businesses or obtain financing for such acquisitions on satisfactory terms.

Any acquisitions would be accompanied by risks. For example, the Resulting Issuer may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Resulting Issuer's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisition, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Resulting Issuer may choose to finance any such acquisition with its existing resources. There can be no assurance that the Resulting Issuer would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Additional Funding

Failure to obtain sufficient future financing may result in a delay of the Resulting Issuer's business strategy and could have an adverse impact on the Resulting Issuer's future cash flows, earnings, and results of operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Resulting Issuer. Debt financing will expose the Resulting Issuer to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Resulting Issuer will be successful in overcoming these risks or any other problems encountered in connection with such financings. Failure to raise capital when needed would have an adverse effect on the Resulting Issuer's business, prospects and results of operations.

Third Party Obligations

The Resulting Issuer may be exposed to third party credit risk through its contractual arrangements with current or future suppliers, clients and other parties. The Resulting Issuer intends to manage this credit risk by entering into sales contracts with only creditworthy entities and reviewing its exposure to individual entities on a regular basis. However, in the event such entities fail to meet their contractual obligations to the Resulting Issuer, such failures may have a material adverse effect on the business, financial condition, results of operations and prospects of the Resulting Issuer.

Volatile Market Price for the Resulting Issuer Shares

The market price for the Resulting Issuer Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control, including the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer operates;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Resulting Issuer Shares;
- sales or perceived sales of additional Resulting Issuer Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

Financial markets tend to experience significant price and volume fluctuations that tend to affect the market prices of equity securities of companies and that can be unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Resulting Issuer Shares may decline even if the Resulting Issuer's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Resulting Issuer Shares may be materially adversely affected.

Future Sales of Mooncor Shares by Existing Shareholders

Sales of a large number of Resulting Issuer Shares in the public markets, or the potential for such sales, could decrease the trading price of the Resulting Issuer Shares and could impair the Resulting Issuer's ability to raise capital through future sales of Resulting Issuer Shares.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the future or that the Resulting Issuer will be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in subsequent years as it attempts to expand by acquiring additional targets. The amounts and timing of expenditures will depend on the progress of ongoing developments in emerging markets and the timing of prospective acquisitions and capital investments, if applicable, in addition to other factors, many of which are beyond the Resulting Issuer's control. The expansion of the Resulting Issuer's business will require the commitment of substantial resources. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Regulation

The oil and gas industry sectors are both directly and indirectly affected by government legislation and regulation which imposes responsibilities and liabilities on the Resulting Issuer's operations and on industries of the Resulting Issuer services.

While management believes that Mooncor and its subsidiaries have all licenses, permits, authorizations and approvals necessary to conduct its business and that Mooncor is not subject to any regulatory regime, there can be no assurance that these beliefs are accurate or that laws or regulatory regimes will not be changed in a manner that would adversely impact Mooncor, including by requiring it to obtain certain licenses, permits, authorizations or approvals or requiring it to operate subject to a regulatory regime.

Companies servicing the oil and gas sectors are subject to environmental regulation pursuant to a variety of local, provincial and federal legislation. Environmental legislation regulates health, safety, environment and land use. Permits, authorizations or licenses are generally required for work in the infrastructure and utility service sectors.

The Resulting Issuer's operations will be subject to a variety of other federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, and the manufacture, management, transportation, storage, and disposal of certain materials used in the Resulting Issuer's operations. It is impossible for the Resulting Issuer to predict the cost or effect of such laws, regulations or guidelines on the Resulting Issuer's future operations.

A breach of such legislation or regulations may result in suspension or revocation of necessary licenses, permits or authorizations, civil liability and the imposition of fines and penalties. Local, provincial and federal governments may also, at any time, change the rights they grant to and those restrictions they impose on infrastructure and utility service companies, which changes could restrict the Resulting Issuer's operations and growth.

Environmental liability

The Resulting Issuer will be committed to meeting its responsibilities to protect the environment and it is anticipated that expenditures of both a capital and expense nature will increase as a result of increasingly stringent laws relating to the protection of the environment. The costs required to effect compliance with environmental legislation is uncertain and there can be no assurance that the Resulting Issuer will not be required, at some future date, to incur significant costs to comply with environmental laws, or that its operations, business, assets or cash flow will not be materially adversely affected by existing conditions or by the requirements or potential liability under current or future environmental laws.

Mooncor is subject to numerous federal, provincial and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. Mooncor's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject Mooncor to civil and criminal penalties. While Mooncor strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond the Company's control that could adversely affect Mooncor. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of the Company's operations, capital expenditure requirements or competitive position, although there can be no assurance that future legislation will not be proposed and, if implemented, may have a material impact on the Company's operations.

Ability to establish and grow the business

The Resulting Issuer will be a new entity, upon Completion of the Transaction. The Resulting Issuer will have limited operating history. The Resulting Issuer's strategy will place significant demands on its financial, operational and management resources. The Resulting Issuer may not be able to find and train qualified personnel, or do so on a timely basis, or establish and expand operations and systems to the extent, and in the time, required. The success of the establishment of its business and future growth is generally dependent upon timing, the size and quality of opportunities, the ability to integrate complementary businesses, available debt capacity and market conditions. There can be no assurances that the Resulting Issuer will be successful in its plans or the method chosen to establish and grow its operations or that such operations will be a financial success.

Need to Manage Growth

The anticipated growth of the Resulting Issuer's business and the expansion of its products and services are expected to place significant demands on the Resulting Issuer's managerial, operational and accounting resources. Demands on the Resulting Issuer's operational and accounting information systems and controls, including its billing, accounts, accounts receivable and payable, tracking and other accounting systems, are expected to grow. Inability to properly manage such growth could have a material adverse effect on the Resulting Issuer's business, results of operations, cash flow, financial condition and prospects.

Dependence on senior management

It is expected that the Resulting Issuer will be highly dependent upon its senior management team. The availability of such experienced management personnel or how much it may cost to attract and retain such personnel as needed is not currently known. The loss of the services of any member of senior management, or the inability to hire experienced operations management personnel, could materially adversely affect the Resulting Issuer's operations and financial conditions.

Employees

The Resulting Issuer's business will require skilled personnel to conduct operations. Recruiting, training and retaining such employees will be critical to the success of the Resulting Issuer's business. There is high demand for skilled personnel in the industry in which the Resulting Issuer will operate and as such the Resulting Issuer may face difficulty in obtaining appropriate levels of skilled labour. The Resulting Issuer's inability to identify, hire, train, motivate and retain qualified managers could negatively affect its business and financial position.

Labour and Employment Matters

The Resulting Issuer's operations will be dependent upon the efforts of its employees. Relations between the Resulting Issuer and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Resulting Issuer carries on business. Changes in such legislation or in the relationship between the Resulting Issuer and its employees may have a material adverse effect on the Resulting Issuer's operations and financial condition.

Loss of Key Employees

The Resulting Issuer will depend on the business and technical expertise of a number of key personnel, including its directors, president and other executive officers and key personnel working full-time in management and administrative capacities or as consultants. The number of persons skilled in the provision of Mooncor's services is limited, and there is competition for such persons. As the Resulting Issuer's sales activities expand, it will require additional key personnel. .

Conflict of Interest

Certain proposed directors and officers of the Resulting Issuer may become associated with other reporting issuers or other corporations, which may give rise to conflicts of interest. In accordance with the OBCA, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer, as the case may be. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Resulting Issuer.

General market conditions

The Resulting Issuer's business will be subject to a number of general economic factors, many of which are out of the Resulting Issuer's control, which may have a material adverse effect on the business, financial condition and results of operations of the Resulting Issuer. These include recessionary economic cycles and downturns in the business cycles of the infrastructure and utility industries in which potential clients conduct business, as well as downturns in the regional economy where operations are located.

Economy and Cyclicality

Activity within infrastructure and utility services is tied to the general state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities available within the industry. The Resulting Issuer anticipates having up to a 12 months lead time in order to react to any significant changes in the macroeconomic landscape. Methods to insulate would include refocusing operations on to less impacted subsectors, downsizing workforce and fleet, and focusing business development activities on longer term opportunities. Mooncor generally enters into contracts in duration of two years or less and in rare cases up to three years. There is no assurance that any attempts to insulate will be effective in insulating Mooncor from a downturn in the economy.

Nature of Industry

Domestic and international economic conditions affect the oil and gas service sectors. Downturns in the economy may cause delays or cancelations in spending on projects. This, in turn, may lead to longer sales cycles, delays or failures in payment and collection, and price pressures, causing the Resulting Issuer to realize lower revenues and margins.

Completion & Performance Guarantees

Under some contracts, failure to meet a project deadline may expose Mooncor to financial penalties, liquidated damages under the contract or Mooncor may be held responsible for cost impacts to the client resulting from any delay. With other contracts, the work or portions thereof may be required to meet certain performance specifications. This places on Mooncor the added risk of liability for flaws as well as added construction costs that may results from such flaws. If the project fails to meet performance specifications Mooncor would be exposed to the costs necessary to meet the performance specifications or to rectify the error. Alternatively in some cases, Mooncor may be obligated for agreed-upon liquidated damages. Where Mooncor fails to meet these completion performance obligations, the total costs of the project could exceed original estimates and could result in a loss to Mooncor for that project. In extreme cases, such situations could have a material negative impact on the operating results and financial position of Mooncor.

Quality Assurance and Quality Control

Mooncor enters into contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, Mooncor would be exposed to additional costs for the correction of non-compliant work.

Risk of future legal proceedings

Alleged failure by the Resulting Issuer to comply with laws and regulations may lead to the imposition of fines, penalties, or the denial, revocation or delay of the renewal of permits and licenses by governmental authorities. In addition, governmental authorities as well as third parties may claim that the Resulting Issuer is liable for environmental damages. In addition, the Resulting Issuer may be the subject of litigation by clients, suppliers and other third parties. A significant judgment against the Resulting Issuer, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on the Resulting Issuer's business, financial condition and future prospects. Litigation is expensive, time consuming and may divert management's attention away from the operation of the business.

Potential Fluctuation in Quarterly Financial Results

The quarterly net income and results of operations are difficult to forecast. There may be substantial fluctuations in net income and results of operations from quarter to quarter. There is a high degree of seasonality in the infrastructure and utility service sectors.

Mooncor's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which Mooncor operates; labour unrest involving Mooncor's workers; and other conditions affecting revenue and expenses. Mooncor's operating expenses are incurred throughout the quarter. As a result, if expected revenues are not realized as anticipated, Mooncor's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in Mooncor's quarterly financial results.

Past Performance

The past performance of Mooncor is not indicative of future performance.

Devotion of Time of Directors and Officers

Many of the directors and officers of Mooncor will devote only a portion of their time to the business and affairs of Mooncor and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Dividends

It is not currently anticipated that the Resulting Issuer will distribute dividends to its security holders. If the Resulting Issuer generates earnings in the foreseeable future, it expects that such earnings will be retained to finance growth, if any, and, when appropriate, retire debt. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based on the Resulting Issuer's financial position at the relevant time.

Potential for Non-Payment

Before signing any contract, Mooncor goes to considerable lengths to satisfy itself that the potential client has adequate resources to pay as work is completed. Because of the nature of Mooncor's contracts and occasionally because of delays in customer payments, Mooncor may be required to utilize its working capital to fund operation costs temporarily. Payment default by a client could result in a financial loss to Mooncor that could have a material effect on Mooncor's operating results and financial position.

Speculative Nature of Investment

An investment in the Mooncor Shares should be considered highly speculative due to the nature of the Resulting Issuer's business. Neither Mooncor nor Fox-Tek has paid dividends nor is it expected that dividends will be paid in the immediate or foreseeable future. Mooncor is in an expansionary stage of its business and its operations are not of sufficient scale and diversification to mitigate the risks associated with its planned activities. Mooncor has modest cash available and other assets and is relatively small.

Availability of insurance

Mooncor has a full range of insurance in place including, but not limited to, key man insurance, health and safety insurance, and directors and officers insurance.

Pricing Models

The competitive market in which the Resulting Issuer operates may require that prices be reduced. If competitors offer low bids on certain services in an effort to recapture or gain market share, the Resulting Issuer may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would be likely to reduce margins and could adversely affect operating results. These practices could, over time, limit the prices that the Resulting Issuer can charge for its services. If the Resulting Issuer cannot offset price reductions with a corresponding increase in the number of sales or service revenues with lower costs, then the reduced revenue resulting from lower prices would adversely affect margins and operating results.

SCHEDULE "G"
PRO FORMA FINANCIAL STATEMENTS

Unaudited Pro Forma Financial Statements

MOONCOR OIL & GAS CORP.

Statement of Financial Position as at March 31, 2018

MOONCOR OIL 7 GAS CORP.
PRO FORMA STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018
(In CDN Dollars) (Unaudited)

	FOX-TEK March 31, 2018	MOONCOR March 31, 2018	COMBINED March 31, 2018	Adj 1 Note 3(3)	Adj 2 Note 3(3)	Adj 3 Note 3(2)	Adj 4 Note 3(6,7)	PROFORMA March 31, 2018
ASSETS								
Current Assets								
Cash and cash equivalents	283	1,626	1,909	1,000,000	(100,000)			901,909
Trade and other accounts receivable	283,135	10,548	293,683					293,683
Inventory	32,945	-	32,945					32,945
Tax credits receivable	25,817	-	25,817					25,817
Prepaid expenses and other assets	16,972	13,118	30,090					30,090
Total Current Assets	359,152	25,292	384,444					1,284,444
Non-Current Assets								
Oil and gas property interests	-	509,279	509,279					509,279
Deposits	-	253,578	253,578					253,578
Equipment	2,243	-	2,243					2,243
Total non-current assets	2,243	762,857	765,100					765,100
Total Assets	361,395	788,149	1,149,544					2,049,544
LIABILITIES & EQUITIES								
Current Liabilities								
Accounts payable and accrued liabilities	203,251	849,999	1,053,250			(782,239)		271,011
Advances	-	217,761	217,761			(217,761)		0
Advances from parent company	3,082,317	-	3,082,317					3,082,317
Deferred revenue	223,009	-	223,009					223,009
Total Current Liabilities	3,508,577	1,067,760	4,576,338					3,576,337
Long term liabilities								
Reclamation and decommissioning obligation	-	89,229	89,229					89,229
Total long term liabilities:	-	89,229	89,229					89,229
Total Liabilities	3,508,577	1,156,989	4,665,566					3,665,565
Shareholders' Deficiency								
Capital stock	1	20,586,793	20,586,794	1,000,000	(100,000)	1,000,000	(21,586,793)	3,906,522
							3,006,521	
Contributed surplus	-	1,897,322	1,897,322				(1,897,322)	-
Warrants	-	41,100	41,100				(41,100)	-
Foreign currency translation reserve	-	1,249	1,249				(1,249)	0
Deficit	(3,147,183)	(22,895,304)	(26,042,487)				22,895,304	(5,522,544)
							(2,375,361)	
Total Deficiency	(3,147,182)	(368,840)	(3,516,022)					(1,616,022)
								-
TOTAL LIABILITIES & DEFICIENCY	361,395	788,149	1,149,544					2,049,544

The attached notes and assumptions form an integral part of these proforma financial statements

1. Basis of presentation and assumptions

Mooncor Oil & Gas Corp. (TSXV: MOO) ("Mooncor") announced that they have entered into letter of intent (the "LOI") with Augusta Industries Inc. (TSXV: AAO) ("Augusta") pertaining to the sale of FOX-TEK Canada Inc. ("FOX-TEK") by Augusta to Mooncor for an aggregate purchase price of up to $21,500,000 (the "Purchase Price"). $9,500,000 of the Purchase Price will be satisfied through the issuance of an aggregate of 47,500,000 post-consolidated common shares (the "Consideration Shares") in the capital of Mooncor at a price of $0.20 per Consideration Share. The balance of the Purchase Price, being up to $12,000,000, will be satisfied through a royalty of 15% on all future sales of FOXTEK's products and a 20% royalty on all future sales of FOX-TEK's services (collectively, the "Royalty"). The Royalty shall be payable until the earlier of (i) the 10 year anniversary of the closing of the acquisition of FOX-TEK, and (ii) the aggregate payment of $12 million.

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 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. Mooncor's 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").

Fox-Tek Canada, Inc. (the "Company" or "FOX-TEK") was incorporated on December 24, 2009 under the laws of the Province of Ontario with a registered office and a head-office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Canada. FOX-TEK is a wholly-owned subsidiary of Augusta Industries Inc. ("Augusta"), a company which is traded on the TSX Venture Exchange ("TSXV") under the symbol "AAO".

The accompanying unaudited pro forma consolidated financial statements as at March 31, 2018 of Mooncor have been prepared by management of Mooncor using information derived from:

1. Interim condensed financial statements of Mooncor Oil & Gas Corporation for three months ended March 31, 2018;
2. Internal financial statements of FOX-TEK Canada Inc. for three months ended March 31, 2018;

The pro forma consolidated financial statements have been prepared for inclusion in the Filing Statement of Mooncor Oil & Gas Corp. as on June 26, 2018.

Accounting policies used in the preparation of the pro forma financial statements are in accordance with those disclosed in the audited financial statements of the companies mentioned above which were all prepared in accordance with International Financial Reporting Standards ("IFRS").

These pro forma financial statements should be read in conjunction with the financial statements of Mooncor and FOX-TEK for the applicable periods noted, including the notes thereto and the related Filing Statement of XX.

The pro forma consolidated statement of financial position gives effect to the proposed transaction described above as if it occurred on March 30, 2018. Mooncor and FOX-TEK have fiscal year ends of December 31. For purposes of the pro forma financial statements, it is assumed that the period end is March 31, 2018.

The pro forma consolidated financial statements are not intended to be indicative of the financial position of the Company which would have actually resulted had the proposed transactions described above and other pro forma adjustments occurred as assumed. Furthermore, the pro forma financial statements are not necessarily indicative of the financial position and results that may be achieved in the future.

(In CDN Dollars) (Unaudited)

2. Proposed transaction

Pursuant to the LOI, FOX-TEK and Sensor Technologies Inc. ("Sensor"), a wholly owned subsidiary of Mooncor, will enter into an amalgamation agreement (the "Agreement") whereby FOX-TEK will amalgamate with Sensor to form a new company ("AmalCo"). Both Augusta and Mooncor will receive shares in AmalCo as a result of the amalgamation. Augusta will transfer its securities in the capital of AmalCo to Mooncor in exchange for the Consideration Shares. As a result of the amalgamation, and the issuance of the Consideration Shares, FOX-TEK will be a wholly owned subsidiary of Mooncor. It is the intention of Augusta to distribute a portion of the Consideration Shares to its shareholders at a later date.

The transaction between Augusta and Mooncor is a non arm's length transaction as Allen Lone is a director and officer of both Augusta and Mooncor. Mr. Lone owns, directly and indirectly, 6,920,000 common shares (4.13%) in the capital of Mooncor and 76,754,264 common shares (29.97%) in the capital of Augusta. As such it is a related party transaction subject to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Pursuant to MI 61-101, Augusta and Mooncor may be required to obtain disinterested shareholder approval and a valuation of FOX-TEK.

3. Pro forma adjustments and assumptions

The pro forma consolidated financial statements have been prepared as if the transactions described above occurred on March 31, 2018 following completion of the qualifying transactions:

1. Mooncor will be calling a special meeting of its shareholders to approve, among other things, the Agreement and the consolidation of its issued and outstanding common shares on the basis of up to twenty (20) common shares for each existing common share. It is anticipated that Mooncor will file an application with the TSX Venture Exchange to approve the issuance of the Consideration Shares to Augusta pursuant to the Agreement.
2. Mooncor will convert $1,000,000 of debt into common shares at 20 cents per share. (Adjustment 3).
3. Financing in the form of a private placement of subscription receipts to raise gross proceeds of $1,000,000 (6,666,667 new common shares at 15 cents each) will be issued immediately before the closing of the qualifying transaction. In connection with the financing, share issuance costs are expected to be $100,000. Net proceeds are estimated to be $900,000. (Adjustment 1 and 2).
4. $9,500,000 of the Purchase Price will be satisfied through the issuance of an aggregate of 47,500,000 post-consolidated common shares (the "Consideration Shares") in the capital of Mooncor at a price of $0.20 per Consideration Share.
5. After the above transactions, existing Mooncor shareholders will own 20,043,476 shares (30%) and the prior shareholder of FOX-TEK (Augusta) will own 47,500,000 shares (70%) (see table below). As such, the transaction is considered a reverse-takeover of Mooncor by FOX-TEK.

	Number of shares	%	Common Stock ($)
Current Outstanding	**167,536,185**		**20,586,793**
Roll back current outstanding 20:1	**8,376,809**		**20,586,793**
Sensor Tech, raises $1,000,000 @ 15 cents	**6,666,667**		**1,000,000**
Before acquisition	**15,043,476**		**21,586,793**
Converting of debt to equity $1,000,000 @ 20 cents	**5,000,000**		**1,000,000**
Mooncor shareholders after acquisition	**20,043,476**	**30%**	**22,586,793**
Fox-Tek shareholder (Augusta) - Sensor Tech issues $9,500,000 @ 20 cents for Fox-Tek (see below for valuation)	**47,500,000**	**70%**	**3,006,521**
Elimination of Mooncor share capital prior to acquisition			**(21,586,793)**
Transaction costs	**-**		**(100,000)**
	67,543,476	**100%**	**3,906,521**

(In CDN Dollars) (Unaudited)

6. Under RTO accounting the purchase price is determined by the fair value of shares that would have had to been issued as if FOX-TEK were the acquirer. This number has been determined to be 20,043,476 FOX-TEK shares. The value of these shares has been calculated as $3,006,521 using the per share value of the shares issued in the private placement that took place prior to closing. This amount was $0.15 per share. (Adjustment 4)

Using value of shares issued in financing of $0.15	$ 3,006,521
Less costs incurred	-
	$ 3,006,521

7. As Mooncor's operations are not considered to constitute a business under IFRS, the amount paid over and above the net book value of the Company is considered an expense of acquiring a public listing. As a result of the RTO, the pro-forma consolidated statement of financial position has been adjusted for the elimination of Mooncor`s share capital and accumulated deficit within shareholders equity. As a result of this acquisition, a cost of public listing expense of $2,375,361 (purchase price paid in excess of net book value) has been recorded. (Adjustment 4)
8. In accordance with reverse acquisition accounting, the assets and liabilities of FOX-TEK are included in the pro-forma consolidated statement of financial position at their carrying values while the net assets of Mooncor are included at their fair value.
9. The listing expense of $2,375,361 was determined as follows:

Value of shares issued to Mooncor shareholders		$ 3,006,521
Less: Net Book Value of Mooncor after $1,000,000 financing		
Financing raised	1,000,000	
Total deficiency	(368,840)	
		(631,160)
Cost of public listing		$ 2,375,361

The above-noted acquisition price allocation and share valuations are preliminary. The final net assets and valuation of consideration will be calculated at the closing date of the RTO.

Total cash transaction costs which are expected to be incurred for the reverse asset acquisition amounts to $100,000 which includes exchange fees, professional and consulting fees.

4. Pro-forma statutory income tax rate

The pro forma effective statutory income tax rate of the combined companies will be 26.5%.

SCHEDULE "H"
FOX-TEK FINANCIAL STATEMENTS

Fox-Tek Canada, Inc.

FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For The Years Ended December 31, 2017, 2016 and 2015

Wasserman Ramsay

Chartered Accountants

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Tel. 905-948-8637 Fax 905.948.8638
email: wram@wassermanramsay.ca

INDEPENDENT AUDITORS' REPORT

To Augusta Industries Inc.

We have audited the accompanying financial statements of Fox-Tek Canada, Inc., which comprise the statement of financial position as at December 31, 2017 and the statement of loss and comprehensive loss, changes in deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Fox-Tek Canada, Inc. as at December 31, 2017 and the results of its financial performance, changes in deficit and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has a history of operating losses. As at December 31, 2017 the Company as an accumulative deficit of $3,128,509 and a working capital deficiency of $3,131,004. These conditions along with other matters set forth in Note 2(b) indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other matter

The comparative financial statements of Fox-Tek Canada Inc. for the years ended December 31, 2016 and 2015 are unaudited.

Wasserman Ramsay

Markham, Ontario
June 20, 2018

Chartered Accountants
Licensed Public Accountants

FOX-TEK CANADA, INC.
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017, 2016 AND 2015
(Expressed in Canadian dollars)

	Note	December 31, 2017	December 31, 2016	December 31, 2015
			(Unaudited)	(Unaudited)
Assets				
Current Assets				
Cash and cash equivalents		8,739	8,323	6,234
Trade and other accounts receivable		46,299	279,849	125,156
Inventory	6	32,656	110,636	199,732
Tax credits receivable	8	20,489	21,675	35,787
Prepaid expenses and other assets		15,362	16,727	32,932
Total Current Assets		123,545	437,210	399,841
Non-Current Assets				
Equipment	7	2,496	3,866	6,079
Total non-current assets		2,496	3,866	6,079
Total Assets		126,041	441,076	405,920
Liabilities and Equity				
Current Liabilities				
Accounts payable and accrued liabilities		197,189	80,002	153,334
Advances from parent company	13 (c)	3,012,766	3,163,379	3,483,432
Deferred revenue		44,594	248,790	63,814
Total Current Liabilities		3,254,549	3,492,171	3,700,580
Total Liabilities		3,254,549	3,492,171	3,700,580
Shareholders' Deficiency				
Capital stock	10	1	1	1
Deficit		(3,128,509)	(3,051,096)	(3,294,661)
Total Deficiency		(3,128,508)	(3,051,095)	(3,294,660)
Total Liabilities and Equity		126,041	441,076	405,920

Going concern (Note 2(b))
Subsequent event (Note 19)

Approved on behalf of the Board of Directors

"Warren Goldberg, CPA, CA"	"Allen Lone"
Director	**Director**

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian dollars)

	Note	2017	2016	2015
			(Unaudited)	(Unaudited)
Sales		467,234	784,476	509,371
Cost of sales	2(d)(ii), 6	201,568	211,572	199,681
		265,666	572,904	309,690
Reseach and development		148,073	154,667	199,119
Selling		37,885	33,788	48,218
Salaries & short-term benefits		76,315	55,176	78,943
Professional Fees		5,370	3,045	6,272
Rent and occupancy costs		33,041	24,280	35,832
Office expenses		15,109	26,204	22,012
Amortization		1,370	2,213	3,600
Others		20,181	21,492	19,987
		337,344	320,865	413,983
(Loss) income before the undernoted		(71,678)	252,039	(104,293)
Interest and bank charges		(1,924)	(2,719)	(49,372)
Foreign exchange		(3,811)	(5,755)	44,509
(Loss) income for the year		(77,413)	243,565	(109,156)
(Loss) income per common share based on Net (loss) income for the year	10(b)	(774)	2,436	(1,092)
Number of common shares outstanding		100	100	100

The accompanying notes are an integral part of these financial statements

(Expressed in Canadian dollars)

	Share Capital						
	Number		Amount		Deficit		Total (Deficiency)
Balance, December 31, 2014	100	$	1	$	(3,185,505)	$	(3,185,504)
Net loss for the year	-		-		(109,156)		(109,156)
Balance, December 31, 2015	100	$	1	$	(3,294,661)	$	(3,294,660)
Balance, December 31, 2015	100	$	1	$	(3,294,661)	$	(3,294,660)
Net income for the year	-		-		243,565		243,565
Balance, December 31, 2016	100	$	1	$	(3,051,096)	$	(3,051,095)
Balance, December 31, 2016	100	$	1	$	(3,051,096)	$	(3,051,095)
Net loss for the year	-		-		(77,413)		(77,413)
Balance, December 31, 2017	100	$	1	$	(3,128,509)	$	(3,128,508)

The accompanying notes are an integral part of these financial statements.

(All numbers are in Canadian dollars)

	Year ended December 31,		
	2017	2016	2015
		(Unaudited)	(Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net (loss) income for the year	(77,413)	243,565	(109,156)
Items not involving cash			
Amortization	1,370	2,213	3,600
	(76,043)	245,778	(105,556)
Changes in non-cash working capital			
Trade and other accounts receivable	233,550	(154,693)	(39,692)
Inventory	77,980	89,096	9,470
Prepaid expenses and other assets	1,365	16,205	(1,315)
Tax credit receivable	1,186	14,112	909
Accounts payable and accrued liabilities	117,187	(73,332)	(229,101)
Deferred revenue	(204,197)	184,976	(14,595)
	227,071	76,364	(274,324)
Net cash used in (generated by) operating activities	151,028	322,142	(379,880)
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES			
Repayment of advances from third party	-	-	(129,211)
Repayment of advances from parent company	(150,612)	(320,053)	-
Advances from parent company	-	-	462,186
Net cash (used in) generated from financing activities	(150,612)	(320,053)	332,975
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR	416	2,089	(46,905)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,323	6,234	53,139
CASH AND CASH EQUIVALENTS, END OF YEAR	8,739	8,323	6,234

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Fox-Tek Canada, Inc. (the "Company" or "FOX-TEK") was incorporated on December 24, 2009 under the laws of the Province of Ontario with a registered office and a head-office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Canada. FOX-TEK is a wholly-owned subsidiary of Augusta Industries Inc. ("Augusta"), a company which is traded on the TSX Venture Exchange ("TSXV") under the symbol "AAO".

FOX-TEK was formed to develop, integrate and sell fiber optic sensing systems for the strain/temperature sensing market. The target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

These financial statements were approved for issue by the Board of Directors on June 20, 2018.

2. BASIS OF PRESENTATION AND GOING CONCERN

(a) Statement of Compliance

These financial statements have been prepared 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") in effect as of December 31, 2017. These standards are collectively referred to as "IFRS".

(b) Going Concern

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has net loss of $77,413 for the year ended December 31, 2017 (2016 – income of $243,565; 2015 – loss of $109,156), has an accumulated deficit of $3,128,509 (2016 – $3,051,096; 2015 - $3,294,661) from inception and working capital deficiency of $3,131,004 (2016 – $3,054,961; 2015 - $3,300,739). The challenges of securing requisite funding beyond December 31, 2018 and the cumulative operating losses indicate the existence of a material uncertainty which cast significant doubt upon the Company's ability to continue as a going concern. These 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.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Critical accounting judgments, estimates and assumptions

The preparation of 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 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 financial statements are as follows:

(i) Allowances for impairment of trade and other accounts receivables

The Company's carrying value of trade and other receivables as at December 31, 2017 was $46,299 (2016 – $279,849; 2015 – 125,156). The policy for allowances for impairment on accounts receivable of the Company is based on the evaluation of collectability and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history. If the financial conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(ii) Impairment of inventory

Inventory is recorded at the lower of cost and net realizable value. The cost of inventory may not be recoverable if their selling prices have declined. The estimate of net realizable value is based on the expected to be sold for less costs of selling. As at December 31, 2017, the carrying amount of inventory is $32,656 (2016 – $110,636; 2015 - $199,732). Included in cost of sales is inventory impairment charge of $85,110 for the year ended December 31, 2017 (2016 – $8,655; 2015 - $50,443).

(iii) 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.

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

(i) Going concern

The Company applies judgment in evaluating the going concern assumption and disclosure. The Company prepares a budget to determine its future cash needs and considers future sources of financing. Refer to Note 2(b) for further details.

(ii) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. Refer to Note 11 for further details.

(iii) Revenue recognition

Management exercises judgement in determining the fair value of its multiple element arrangements. In making their judgement, management considered the criteria of IAS 18, Revenue, to allocate the consideration received in such arrangements. The consideration allocated to the data monitoring and installation is measured by reference to their fair value – the amount for which the services could be sold separately.

(iv) Classification of financial instruments

The Company applies judgment when selecting the classification of its financial instruments. The Company considered the nature and purpose of each financial asset and liability and selected the classification which aligns with the risk management objectives of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies as set out below were consistently applied to all periods presented unless otherwise noted.

(a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and;

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from a contract to provide services such as installation and data monitoring is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Installation fees are recognized by reference to the stage of completion of the installation to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- Servicing fees included in the data monitoring products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold; and

- Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses as incurred.

Revenue from the sale of goods is recognised when title has passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of electric field mapping ("EFM") monitoring systems and Fox-Tek ("FT") systems are accounted for as separately identifiable components and the fair value of the consideration received or receivable is allocated between the goods supplied and the installation and data monitoring sold. The consideration allocated to the data monitoring is measured by reference to their fair value – the amount for which the services could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognized as revenue pro rata over the service period.

(b) Inventory

Inventory consists of raw materials used in the manufacturing of fiber optics sensing systems, work in process and finished goods. Inventory is recorded at the lower of cost and net realizable value. The cost is determined on the weighted average principle and includes expenditures incurred in acquiring the inventories, production or conversion costs and other cost incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and short-term investments with original maturities of less than three months. Cash are offset and the net amount presented in the statements of financial position to the extent that there is a right to set off and a practice of net settlement. Cash includes accrued interest on short-term investments. As at December 31, 2017, 2016 and 2015, the Company had no cash equivalents.

(d) Equipment

Computer hardware, scientific and office equipment, and computer software are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the declining balance method. The estimated useful lives, residual values and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The amortization rates for equipment are as follows:

	Method	Rate
Computer hadware	Declining balance	30%
Office equipment	Declining balance	20%
Computer software	Declining balance	50%

(e) Research and Development

All research costs are expensed as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and,
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

As at December 31, 2017, 2016 and 2015, the Company did not have any projects in the development stage.

(f) Impairment of Equipment

At the end of each reporting period, the Company assess whether there is any indication of an impairment loss. If any such indication exists, then the Company will perform an impairment test. The impairment test is to compare the asset's carrying amount and its recoverable amount, where the recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. Under the value-in-use calculation, the expected future cash flows from the asset are discounted to their net present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(g) Foreign Currencies

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.

(h) Income (Loss) per Common Share

Basic income (loss) per common share is determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted income (loss) per common share is calculated in accordance with the if-converted method and based on the weighted average number of common shares outstanding adjusted for the effects of all dilutive potential shares including convertible securities. The Company does not have any dilutive securities as at December 31, 2017, 2016 and 2015.

(i) Taxation

i. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not through profit or loss.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits, and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statement of loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each consolidated statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(j) Tax Credit Receivable

Government assistance and tax credits relating to qualifying expenditures, to the extent that there is reasonable assurance of realization, are accounted for using the cost reduction method, whereby the government assistance and tax credits are recorded as reductions against the related expenses or the carrying value of the related assets. Tax credits are subject to review by the Canada Revenue Agency ("CRA") and any adjustments that may result could reduce the tax credit recorded.

(k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(l) Financial Assets and Liabilities

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.

(i) Financial assets

Financial assets that are managed to collect contractual cash flows made up of principal and interest on specified dates are classified as subsequently measured at amortized cost. All other financial assets are designated as at fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of financial assets classified as subsequently measured at amortized cost, directly attributable transaction costs.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset. The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(ii) 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 for the period.
b) Other financial liabilities – All other financial liabilities except financial liabilities FVTPL.

(iii) Valuation of financial instruments

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements.

IFRS 13, Fair Value Measurement, establishes a 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)

The Company's financial instruments consist of the following:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The fair values of cash and cash equivalents, trade and other accounts receivable, accounts payable and accrued liabilities and debentures approximate their carrying values due to their short-term nature.

(iv) 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.

(m) Changes in accounting policies

During the year ended December 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included:

(i) IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2017 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 statements for the year ended December 31, 2017.

(ii) IAS 12 – Income Taxes ("IAS 12") was amended in January 2017 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 statements for the year ended December 31, 2017.

4. Future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. 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 as a complete standard in July 2014 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 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2017 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities. There have been no material changes in the risks, objectives, policies and procedures during the years ended December 31, 2017, 2016 and 2015.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

(Expressed in Canadian dollars)

The Company's financial instruments and the nature of the risks which these instruments may be subject to are set out in the following table.

	Risks			
	Credit	Liquidity	Foreign exchange	Market Interest rate
Cash and cash equivalents	Yes	Yes	Yes	Yes
Trade and other accounts receivable	Yes	Yes	Yes	
Advances from parent company		Yes		
Accounts payable and accrued liabilities		Yes	Yes	

(a) Credit risk

Trade and other accounts receivable

Trade and other accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amounts of trade and other accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statement of loss in general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss. Historically, trade credit losses have been minimal.

Concentration of credit risk

Three customers represent approximately 77% of sales for the year ended December 31, 2017 (2016 – 81% and 2015 – 61%). The sales from major customers and their respective operational segments are as follows:

	Year ended December 31,		
	2017	**2016**	**2015**
Apache	36,194	440,855	-
Enbridge USA	171,600	110,250	86,337
Enbridge Canada	151,927	87,781	102,822
Zamil Group Holding Co.	-	-	122,250
	$ 359,721	**$ 638,886**	**$ 311,409**

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. For many new international clients, the Company demands that equipment costs are prepaid prior to shipment.

(Expressed in Canadian dollars)

Cash

Cash consist of bank balances and petty cash. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at December 31, 2017, the Company had cash of $8,739 (2016 - $8,323; 2015 - $6,234), and does not expect any counterparties to fail to meet their obligations.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy is to actively maintain credit facilities to ensure sufficient available funds to meet its obligations as they come due.

The following items are the contractual maturities of financial liabilities:

December 31, 2017	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 197,189	$ 197,189	$ 197,189	$ -
Advances from parent company	3,012,766	3,012,766	3,012,766	-
Non-cash liabilities	44,594	44,594	44,595	-
	$ 3,254,549	**$ 3,254,549**	**$ 3,254,550**	**$ -**

December 31, 2016	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 80,002	$ 80,002	$ 80,002	$ -
Advances from parent company	3,163,379	3,163,379	3,163,379	-
Non-cash liabilities	248,790	248,790	248,790	-
	$ 3,492,171	**$ 3,492,171**	**$ 3,492,171**	**$ -**

December 31, 2015	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 153,334	$ 153,334	$ 153,334	$ -
Advances from parent company	3,483,432	3,483,432	3,483,432	-
Non-cash liabilities	63,814	63,814	63,814	-
	$ 3,700,580	**$ 3,700,580**	**$ 3,700,580**	**$ -**

(Expressed in Canadian dollars)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency, therefore limiting exposure to foreign exchange rates.

(iii) Foreign exchange

As at December 31, 2017, the Company's US dollar net monetary liabilities totaled $236 (2016 - net monetary assets of $8,539; 2015 – net monetary assets of $19,025). Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $12 (2016 - $427; 2015 - $951).

6. INVENTORY

Inventory is valued at lower of cost or net realizable value. The breakdown of inventory is comprised as follows:

		December 31, 2017		December 31, 2016		December 31, 2015
Raw materials	$	32,656	$	96,125	$	185,221
Finished goods		-		14,511		14,511
	$	**32,656**	**$**	**110,636**	**$**	**199,732**

The total amount of inventory expensed at cost as cost of sales during the year ended December 31, 2017 was $24,352 (2016 - $127,840; 2015 - $95,566). Cost of sales include inventory impairment expenses during the year ended December 31, 2017 was $85,110 (2016 – $8,655; 2015 - $50,543).

7. EQUIPMENT

		Computer Hardware		Office Equipment		Computer Software		Total
Cost								
Balance at December 31, 2015, 2016 and 2017	**$**	**934**	**$**	**2,448**	**$**	**16,725**	**$**	**20,107**
Accumulated amortization								
Balance at December 31, 2014	**$**	**(649)**	**$**	**(1,383)**	**$**	**(8,396)**	**$**	**(10,428)**
Amortization charge		(75)		(194)		(3,331)		(3,600)
Balance at December 31, 2015	**$**	**(724)**	**$**	**(1,577)**	**$**	**(11,727)**	**$**	**(14,028)**
Amortization charge		(55)		(159)		(1,999)		(2,213)
Balance at December 31, 2016	**$**	**(779)**	**$**	**(1,736)**	**$**	**(13,726)**	**$**	**(16,241)**
Amortization charge		(40)		(130)		(1,200)		(1,370)
Balance at December 31, 2017	**$**	**(819)**	**$**	**(1,866)**	**$**	**(14,926)**	**$**	**(17,611)**
Net Book Value December 31, 2015	**$**	**210**	**$**	**871**	**$**	**4,998**	**$**	**6,079**
Net Book Value December 31, 2016	**$**	**155**	**$**	**712**	**$**	**2,999**	**$**	**3,866**
Net Book Value December 31, 2017	**$**	**115**	**$**	**582**	**$**	**1,799**	**$**	**2,496**

8. TAX CREDITS RECEIVABLE

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce the income tax payable in the current year and future years.

During the year ended December 31, 2017, the Company recognized $24,411 (2016 - $21,675; 2015 - $35,787) Ontario Investment Tax Credit, which has been deducted from research and development expenses. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed, accordingly the Company has accrued a refundable credit of $20,489 for year ended December 31, 2017 (2016 - $21,675; 2015 - $35,787). As at December 30, 2017, the Company received $25,597 in Ontario Investment Tax Credits against the 2016 receivable.

(Expressed in Canadian dollars)

9. INCOME TAXES

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the statutory rate in the US of approximately 25% (2016 and 2015 - 25%) are as follows:

	2017	2016	2015
Net income (loss) before income taxes	$ (77,413)	$ 243,565	$ (109,156)
Expected income tax expense (recovery) based on statutory rate	(19,300)	60,800	(27,300)
Adjustment to expected income tax benefit:			
Change in deferred tax assets not recognized	19,300	(60,800)	27,300
Total income tax expense	$ -	$ -	$ -

Significant components of the income tax recovery (expense) are as follows:

Current income tax provision	$ -	$ -	$ -
Deferred income tax recovery	-	-	-
	$ -	$ -	$ -

(b) Unrecognized Deductible Temporary Differences

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

	2017	2016	2015
Non-capital loss carry-forwards	$ 2,713,000	$ 2,712,000	$ 2,443,000
Research and development tax credit carry-forwards	592,000	552,000	552,000
Other temporary differences	12,000	12,000	12,000
Total	$ 3,317,000	$ 3,276,000	$ 3,007,000

The tax losses expire from 2029 to 2037. 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.

(Expressed in Canadian dollars)

10. SHAREHOLDERS' EQUITY

(a) Share Capital

The Company is authorized to issue and unlimited number common shares (par value of $0.01 per share) of which 100 are outstanding and issued to Augusta.

(b) Basic and diluted loss per common share based on net loss for the years ended December 31, 2017, 2016 and 2015:

Numerator:	Year ended December 31,		
	2017	**2016**	**2015**
Net (loss) income for the year	$ (77,413)	$ 243,565	$ (109,156)

Denominator:	Year ended December 31,		
	2017	**2016**	**2015**
Number of common shares outstanding	100	100	100

(Loss) income per common share based on (loss) income for the year:	Year ended December 31,		
	2017	**2016**	**2015**
Basic	$ (774)	$ 2,436	$ (1,092)

11. REVENUE BY GEOGRAPIC REGION

	Year ended December 31,		
	2017	**2016**	**2015**
USA	$ 171,600	$ 110,250	$ 86,337
Canada	238,095	644,463	264,343
Middle East	-	18,900	122,250
Others	57,539	10,863	36,441
Total	**$ 467,234**	**$ 784,476**	**$ 509,371**

(Expressed in Canadian dollars)

12. OPERATING LEASE COMMITMENTS

The Company is committed under operating lease agreements for the rental of its premises and a car lease. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2018		54,486
2019		13,622
	$	**68,108**

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Officers of the Company and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions with related parties were in the normal course of operations and were measured at fair value. Related party transactions not disclosed elsewhere in these interim consolidated statements are as follows:

(a) Included in accounts payable and accrued liabilities as at December 31, 2017 is $21,450 (2016 - $21,450; 2015 - $42,900) owing to the CEO and a company controlled by the CEO.

(b) As at December 31, 2017, $19,882 (2016 - $745; 2015 - $19,671) is owing to other officers of the Company.

(c) The Company's advances from the parent company, Augusta, are non-interest bearing and due on demand. As at December 31, 2017, the Company owed $3,012,766 (2016 - $3,163,379; 2015 - $3,483,432) to Augusta.

14. KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended December 31, 2017, the Company recognized salaries and short-term benefit expenses of $117,500 (2016 - $117,500; 2015 - $117,500) for its key management personnel, including VP of Operations, and CFO of the Company.

15. CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include advances from parent company and shareholders' deficiency which amounts to a deficit of $115,742 (2016 – capital of $112,283; 2015 – capital of $188,771).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company has no commitments to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has not changed its approach to capital management during the years ended December 31, 2017, 2016 and 2015.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, Augusta Industries Inc. announced it had signed a letter of intent with Mooncor Oil & Gas Corp (TSXV: "MOO") ("Mooncor") whereby Mooncor would acquire 100% of the shares of FOX-TEK. The transaction is non-arms-length since the Company and Mooncor have common officers and a director. The transaction is subject to the approval of the TSXV and the shareholders of Augusta and the shareholders of Mooncor. There can be no assurance that the transaction will be completed as proposed or at all.

Fox-Tek Canada, Inc.

INTERIM CONDENSED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

For Three Months Ended March 31, 2018

FOX-TEK CANADA INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(Expressed in Canadian dollars)

	Note	March 31, 2018	December 31, 2017
Assets			
Current Assets			
Cash and cash equivalents		283	8,739
Trade and other accounts receivable		283,135	46,299
Inventory	6	32,945	32,656
Tax credits receivable	8	25,817	20,489
Prepaid expenses and other assets		16,972	15,362
Total Current Assets		359,152	123,545
Non-Current Assets			
Equipment	7	2,243	2,496
Total non-current assets		2,243	2,496
Total Assets		361,395	126,041
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued liabilities		203,251	197,189
Advances from parent company	13	3,082,317	3,012,766
Deferred revenue		223,009	44,594
Total Current Liabilities		3,508,577	3,254,549
Total Liabilities		3,508,577	3,254,549
Shareholders' Deficiency			
Capital stock	10	1	1
Deficit		(3,147,183)	(3,128,509)
Total Deficiency		(3,147,182)	(3,128,508)
Total Liabilities and Equity		361,395	126,041

The accompanying notes are an integral part of these interim condensed financial statements

FOX-TEK CANADA INC.
INTERIM CONDENSED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian dollars)

		Three months ended March 31,	
	Note	**2018**	**2017**
Sales		85,225	189,967
Cost of sales	2(d)(ii), 6	10,595	45,067
		74,630	144,900
Reseach and development		39,906	37,381
Selling		6,747	7,225
Salaries & short-term benefits		17,887	21,832
Professional Fees		-	750
Rent and occupancy costs		8,342	8,261
Office expenses		13,403	4,126
Amortization		253	406
Others		4,352	6,110
		90,890	86,090
(Loss) income before the undernoted		(16,260)	58,810
Interest and bank charges		(1,090)	(655)
Foreign exchange		(1,324)	4,041
(Loss) income for the period		(18,674)	62,196
(Loss) income per common share based on			
Net (loss) income for the period	10(b)	(187)	622
Number of common shares outstanding		100	100

The accompanying notes are an integral part of these interim condensed financial statements

(Expressed in Canadian dollars)

	Share Capital						
	Number		Amount		Deficit		Total (Deficiency)
Balance, December 31, 2016	100	$	1	$	(3,051,096)	$	(3,051,095)
Net income for the period	-		-		62,196		62,196
Balance, March 31, 2017	100	$	1	$	(2,988,900)	$	(2,988,899)
Balance, December 31, 2017	100	$	1	$	(2,988,900)	$	(2,988,899)
Net loss for the period	-		-		(18,674)		(18,674)
Balance, March 31, 2018	100	$	1	$	(3,007,574)	$	(3,007,573)

The accompanying notes are an integral part of these interim condensed financial statements.

(All numbers are in Canadian dollars)

	Three months ended March 31, 2018	2017
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net (loss) income for the period	(18,674)	62,196
Items not involving cash		
Amortization	253	406
	(18,421)	62,602
Changes in non-cash working capital		
Trade and other accounts receivable	(236,836)	160,023
Inventory	(289)	(5,142)
Prepaid expenses and other assets	(1,610)	(68,159)
Tax credit receivable	(5,328)	(5,289)
Accounts payable and accrued liabilities	6,062	1,437
Deferred revenue	178,415	(182,798)
	(59,586)	(99,928)
Net cash used in operating activities	(78,007)	(37,326)
CASH FLOWS GENERATED FROM (USED IN) FINANCING ACTIVITIES		
Advances from parent company	69,551	45,491
Net cash generated from financing activities	69,551	45,491
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR	(8,456)	8,165
CASH AND CASH EQUIVALENTS, BEGINNING OF period	8,739	8,323
CASH AND CASH EQUIVALENTS, END OF period	283	16,488

The accompanying notes are an integral part of these interim condensed financial statements.

1. NATURE OF OPERATIONS

Fox-Tek Canada, Inc. (the "Company" or "FOX-TEK") was incorporated on December 24, 2009 under the laws of the Province of Ontario with a registered office and a head-office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Canada. FOX-TEK is a wholly-owned subsidiary of Augusta Industries Inc. ("Augusta"), a company which is traded on the TSX Venture Exchange ("TSXV") under the symbol "AAO".

FOX-TEK was formed to develop, integrate and sell fiber optic sensing systems for the strain/temperature sensing market. The target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

These financial statements were approved for issue by the Board of Directors on June 20, 2018

2. BASIS OF PRESENTATION AND GOING CONCERN

(a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements and as such may not contain all of the disclosure that is required for annual financial statements. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended December 31, 2017. In addition the accounting policies applied in these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2017.

The Company's interim results are not necessarily indicative of its results for a full year.

(b) Going Concern

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has net loss of $18,674 for the three months ended March 31, 2018 (2017 – income of $62,196), has an accumulated deficit of $3,147,183 (December 31, 2017 - $3,128,509) from inception and working capital deficiency of $3,149,425 (December 31, 2017 – $3,131,004). The challenges of securing requisite funding beyond December 31, 2018 and the cumulative operating losses indicate the existence of a material uncertainty which cast significant doubt upon the Company's ability to continue as a going concern. These 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.

(c) Basis of Measurement

The financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Changes in accounting policies

During the year ended December 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included:

(i) IAS 7 – Statement of Cash Flows ("IAS 7") was amended in January 2017 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 statements for the year ended December 31, 2017.

(ii) IAS 12 – Income Taxes ("IAS 12") was amended in January 2017 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 statements for the year ended December 31, 2017.

(e) Future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. 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 16 – Leases ("IFRS 16") was issued in January 2017 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

3. FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities. There have been no material changes in the risks, objectives, policies and procedures during the three months ended March 31, 2018.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

The Company's financial instruments and the nature of the risks which these instruments may be subject to are set out in the following table.

	Risks			
	Credit	**Liquidity**	**Foreign exchange**	**Market Interest rate**
Cash and cash equivalents	Yes	Yes	Yes	Yes
Trade and other accounts receivable	Yes	Yes	Yes	
Advances from parent company		Yes		
Accounts payable and accrued liabilities		Yes	Yes	

(a) Credit risk

Trade and other accounts receivable

Trade and other accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amounts of trade and other accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statement of loss in general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce other expenses in the statement of loss. Historically, trade credit losses have been minimal.

(Expressed in Canadian dollars)

Concentration of credit risk

Two customers represent approximately 96% of sales for the year ended December 31, 2017 (2017 – four customers represent 86% The sales from major customers and their respective operational segments are as follows:

		Three months ended March 31		
		2018		**2017**
Apache		-		33,657
Enbridge Canada		52,400		40,049
Enbridge USA		29,098		32,400
Stork Technical Services		-		57,538
	$	**81,498**	**$**	**163,644**

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. For many new international clients, the Company demands that equipment costs are prepaid prior to shipment.

Cash

Cash consist of bank balances and petty cash. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at March 31, 2018 the Company had a cash and bank balance of $283 (December 31, 2017, cash of $8,739) and does not expect any counterparties to fail to meet their obligations.

(Expressed in Canadian dollars)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy is to actively maintain credit facilities to ensure sufficient available funds to meet its obligations as they come due.

The following items are the contractual maturities of financial liabilities:

March 31, 2018	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 203,251	$ 203,251	$ 203,251	$ -
Advances from parent company	3,082,317	3,082,317	3,082,317	-
Non-cash liabilities	223,009	44,594	44,594	-
	$ 3,508,577	**$ 3,330,162**	**$ 3,330,162**	**$ -**

December 31, 2017	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 197,189	$ 197,189	$ 197,189	$ -
Advances from parent company	3,012,766	3,012,766	3,012,766	-
Non-cash liabilities	44,594	44,594	44,594	-
	$ 3,254,549	**$ 3,254,549**	**$ 3,254,549**	**$ -**

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency, therefore limiting exposure to foreign exchange rates.

(d) Foreign exchange

As at March 31, 2018, the Company's US dollar net monetary assets totalled $82,170 (December 31, 2017 – net monetary liabilities of $236). Accordingly, a 5% change in the US dollar exchange rate as at March 31, 2018 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $4,108.

(Expressed in Canadian dollars)

4. INVENTORY

Inventory is valued at lower of cost or net realizable value. The breakdown of inventory is comprised as follows:

		March 31, 2018		December 31, 2017
Raw materials	$	32,945	$	32,656
Finished goods		-		-
	$	**32,945**	**$**	**32,656**

The total amount of inventory expensed at cost as cost of sales during the year ended March 31, 2018 was $955 (2017 - $9,738).

5. EQUIPMENT

		Computer Hardware		Office Equipment		Computer Software		Total
Cost								
Balance at December 31, 2017 and March 31, 2018	**$**	**934**	**$**	**2,448**	**$**	**16,725**	**$**	**20,107**
Accumulated amortization								
Balance at December 31, 2016	**$**	**(779)**	**$**	**(1,736)**	**$**	**(13,726)**	**$**	**(16,241)**
Amortization charge		(40)		(130)		(1,200)		(1,370)
Balance at December 31, 2017	**$**	**(819)**	**$**	**(1,866)**	**$**	**(14,926)**	**$**	**(17,611)**
Amortization charge	**$**	**(9)**	**$**	**(29)**	**$**	**(215)**	**$**	**(253)**
Balance at March 31, 2018	**$**	**(828)**	**$**	**(1,895)**	**$**	**(15,141)**	**$**	**(17,864)**
Net Book Value December 31, 2017	**$**	**115**	**$**	**582**	**$**	**1,799**	**$**	**2,496**
Net Book Value March 31, 2018	**$**	**106**	**$**	**553**	**$**	**1,584**	**$**	**2,243**

6. TAX CREDITS RECEIVABLE

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce the income tax payable in the current year and future years.

The claim for 2017 has not been assessed by the Canada Revenue Agency ("CRA") and the actual credit may range from $nil to $20,489. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by CRA. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed, accordingly the Company has accrued a refundable credit of $5,328 for the three months ended March 31, 2018 (2017 - $5,289). As at March 31, 2018, the tax credits receivable totaled $25,817 (December 31, 2017 - $20,489).

(Expressed in Canadian dollars)

7. SHAREHOLDERS' EQUITY

(a) Share Capital

The Company is authorized to issue and unlimited number common shares (par value of $0.01 per share) of which 100 are outstanding and issued to Augusta.

(b) Basic and diluted loss per common share based on net loss for the years ended December 31, 2017, 2016 and 2015:

Numerator:		Three months ended March 31,		
		2018		2017
Net (loss) income for the period	$	(18,674)	$	62,196

Denominator:	Three months ended March 31,	
	2018	2017
Number of common shares outstanding	100	100

(Loss) income per common share based on (loss) income for the period:		Three months ended March 31,		
		2018		2017
Basic	$	(187)	$	622

8. REVENUE BY GEOGRAPIC REGION

		Three months ended March 31		
		2018		2017
USA	$	32,631	$	40,050
Canada		52,594		87,338
Others		-		62,579
Total	**$**	**85,225**	**$**	**189,967**

9. OPERATING LEASE COMMITMENTS

The Company is committed under operating lease agreements for the rental of its premises and a car lease. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2018		3,405
2019		13,622
	$	**17,027**

10. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Officers of the Company and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions with related parties were in the normal course of operations and were measured at fair value. Related party transactions not disclosed elsewhere in these interim consolidated statements are as follows:

(a) Included in accounts payable and accrued liabilities as at March 31, 2018 is $21,450 (December 31, 2017 - $21,450) owing to the CEO and a company controlled by the CEO.

(b) As at March 31, 2018 $9,811 (December 31, 2017, $19,882) is owing to other officers of the Company.

(c) The Company's advances from the parent company, Augusta, are non-interest bearing and due on demand. As at March 31, 2018, the Company owed 3,082,317 (December 31, 2017 - $3,012,766) to Augusta.

11. KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended March 31, 2018, the Company recognized salaries and short term benefit expenses of $29,375 (2017 - $29,375) for its key management personnel, including VP of Operations, and CFO of the Company.

12. CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include advances from parent company and shareholders' deficiency which amounts to a deficit of $64,865 (December 31, 2017 - $115,742).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company has no commitments to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has not changed its approach to capital management during the three months ended March 31, 2018.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2018, Augusta Industries Inc. announced it had signed a letter of intent with Mooncor Oil & Gas Corp (TSXV: "MOO") ("Mooncor") whereby Mooncor would acquire 100% of the shares of FOX-TEK. The transaction is non-arms-length since the Company and Mooncor have common officers and a director. The transaction is subject to the approval of the TSXV and the shareholders of Augusta and the shareholders of Mooncor. There can be no assurance that the transaction will be completed as proposed or at all.

SCHEDULE “I”
FOX-TEK MANAGEMENT DISCUSSION AND ANALYSIS

Fox-Tek Canada Inc.

Management's Discussion and Analysis
For the Years Ended
December 31, 2017, 2016 and 2015

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of FOX-TEK Canada Inc. (the "Company") for the years ended December 31, 2017, 2016 and 2015. It should be read in conjunction with the financial statements for the years ended December 31, 2017, 2016 and 2015. The financial statements for the year ended December 31, 2017 are audited while the statements for the years ended December 31, 2016 and 2015 are unaudited.

References to "we", "our", "FOX-TEK", or "the Company" means FOX-TEK Canada Inc., unless the context requires otherwise.

BASIS OF PRSENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information is reported in Canadian dollars and is expressed in thousands except for per share amounts which are expressed in dollars.

The MD&A was approved for issue by the Board of Directors on June 20, 2018

CHANGES IN ACCOUNTING POLICIES

During the year ended December 31, 2017, the Company adopted International Accounting Standards ("IAS") 7 and IAS 12. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. 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 as a complete standard in July 2014 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 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2017 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements that reflect the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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 statements, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking statements contained in this MD&A are provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation, regulations or policies. All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW OF BUSINESS

Corporate Overview

Fox-Tek Canada, Inc. (the "Company" or "FOX-TEK") was incorporated on December 24, 2009 under the laws of the Province of Ontario with a registered office and a head-office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Canada. FOX-TEK is a wholly-owned subsidiary of Augusta Industries Inc. ("Augusta"), a company which is traded on the TSX Venture Exchange ("TSXV") under the symbol "AAO".

FOX-TEK was formed to develop, integrate and sell fiber optic sensing systems for the strain/temperature sensing market. The target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has net loss of $77,413 for the year ended December 31, 2017 (2016 – income of $243,565; 2015 – loss of $109,156), has an accumulated deficit of $3,128,509 (2016 – $3,051,096; 2015 - $3,294,661) from inception and working capital deficiency of $3,131,004 (2016 – $3,054,961; 2015 - $3,300,739). The challenges of securing requisite funding beyond December 31, 2018 and the cumulative operating losses indicate the existence of a material uncertainty which cast significant doubt upon the Company's ability to continue as a going concern. These 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.

Principal Business

Fox-Tek is engaged in the development, design, manufacture and supply of systems using fiber optic sensors, related monitoring instruments, and software. Clients buy and operate systems and Fox-Tek handles the installation and reporting of information on an outsourcing basis. Fox-Tek provides support engineering services related to planning, training, on-site installation, and data interpretation and reporting. Fox-Tek's target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

Fox-Tek's main products are patented non-intrusive asset health monitoring sensor systems for the oil and gas market to help operators track the thinning of pipelines and refinery vessels due to corrosion/erosion, strain due to bending/buckling, and process pressure and temperature.

Fox-Tek's FT fiber optic sensor monitoring systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. The FT system uses non-intrusive fiber optic sensors to monitor strain due to settling, movement or buckling of a variety of civil structures, such as bending, buckling, elongation or compression of pipelines. Movement of soil or foundation footing can also be monitored. Measurements can be made at multiple locations up to 2,000 meters apart.

FT systems are highly sensitive and easy to operate: portable or dedicated FT monitors make continuous or periodic measurements by interrogating multiple permanently mounted sensors. Digital data facilitates semi-automated analysis and prompt reporting. Remote telemetry, long robust lead cables, and maintenance-free sensors enable early warning, or confirmation of effective mitigation solutions such as rebuilding slopes or grades. The non-electrical sensors are very robust and inherently immune to electromagnetic interference. FT sensors can be field-bonded to steel, concrete, composite / FRP structures located underwater, below grade or imbedded during a pour. They safely and efficiently monitor:

- Steel structure degradation due to corrosion;
- Concrete column compression and swelling due to corrosion;
- Composite girder / deck bending strains;
- Frame stability / buckling;
- Piling & anchor movement caused by ground heaving or seismic activity;
- Foundation settling;
- Dam subsidence;
- Tunnel wall and building fascia buckling;
- Storage tank floor / wall integrity

FT systems can be used in a wide array of engineered structures, and for any root cause of stress or degradation. FT sensor measurements combined with standard structural modeling and finite element analysis provide information to optimize maintenance, or institute prevention measures such as load control.

Fox-Tek's Electric Field Mapping ("EFM") System is a continuous, non-intrusive wall thickness monitoring system for pipelines and process piping with a number of breakthrough features:
1. Welded-on or spring-loaded sensor array
2. Rated for direct burial applications
3. Remote telemetry
4. Immediate reporting of alarms
5. Streamlined, objective data processing

Fox-Tek's Data Management and Analysis Tool ("DMAT") platform which was launched in 2011 is the database management and analysis tool for providing analysis and interpretation of the collected data. Data from all channels of FT Monitors, or EFM Monitors is collected and processed into easily understood tabular or graphical formats. It is anticipated that the DMAT Platform will provide additional value to pipeline operators and other stakeholders by allowing such users to easily manage multiple Fox-Tek systems ("FT").

Fox-Tek has been able to enhance the DMAT Platform user interface to facilitate the consistent presentation of data across multiple sites and improve the tools for location comparison and data reporting. In addition, the DMAT Platform now contains an alarm-on-event capability which the customer can customize according to their specific needs and thresholds.

Fox-Tek's Fiber Bragg Grating ("FBG") sensor system is an advanced fiber optic system consisting of many point strain sensors on one sensor string with high dynamic bandwidth. The FBG sensors measure the average local strain using Fox-Tek's FTG-3500 instrument. The system is suitable for static or low to medium frequency monitoring applications such as continuous in-situ structural health monitoring.

As an all-fiber optic sensor, FBG sensors possess some unique advantages, compared to conventional electrical sensors. They are immune to electromagnetic interference, and being light powered, they are intrinsically safe, making them ideal for deployment in hazardous or flammable environments.

The sensor itself is made from conventional single-mode optical fiber, with a diameter of 250 microns. This small diameter allows the sensor to be embedded inside the structure being monitored with minimal intrusive effect. The sensors are also available in various ruggedized packaged configurations, for easy installations.

BUSINESS DEVELOPMENT

The Company is constantly working to improve its position in terms of intellectual property and what it offers to its customers. In fiscal 2017 the Company continued to focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly in the oil and gas sectors.

Fox-Tek continues to support its independent sales agents and distributors primarily outside of North America with the intent of utilizing their local contacts and established relationships within the oil and gas industry to expedite the distribution of Fox-Tek's products in the local jurisdictions. Fox-Tek has also streamlined its production process to meet the higher demand of our systems. In addition, we have an ongoing goal of significant reductions in overhead expenses, to provide greater potential towards corporate profitability.

The Company will continue to work closely with its existing clients to ensure their needs are met in order to strengthen and preserve the relationship in addition to developing new relationships with new clients.

After a very successful first introductory trip to India, FOX-TEK has provide a number of technical proposals and bids on a number of different projects – based on a number of our technologies. One of the more interested oil companies has requested a bid for 2 large EFM systems to be placed on vessels within a refinery. The client has provided a sample plate for testing purposes that would lead to a custom design for that specific material. The Company is also working on introducing our leak detection technology for long distance applications in India.

The Company has initiated talks Ontario Centres of Excellence (OCE) to supplement a number of high quality personnel (HQP) within the organization. This includes having a Post Doctorate Fellow to come in and provide a full assessment on our data analysis techniques and to look at ways to better manage our large database of data.
Through OCE, FOX-TEK with the McMaster University's Centre of Opportunity, will be developing an innovative constant current source. This will be used across all of our EFM products, providing our existing and new clients with a better quality of analysis – with the use of a high precision constant current source A full prototype demonstrator has been completed.

The Company has been working to fulfill its obligations toward the Engineering and field services to meet the requirements of the contract announced on July 10th 2017 with one of our largest and long standing clients in North America.

The Company is still working closely with The Trans Africa Pipeline project ("T.A.P.") to provide non-intrusive sensing equipment which will verify the integrity of the pipeline composite at key locations. In addition to the non-intrusive sensing equipment, Fox-Tek will provide optical based sensing technology which would allow T.A.P. to monitor the right of way zones from possible third-party intrusions. The last update was that partial financing is completed and the site survey will be concluded for the Desalination Plant will be underway later in

2018.

The company is continuing to qualify with Petrobras as a supplier of corrosion detection monitoring systems, optical strain/pressure/temperature sensors & leak detection technology.

The Company is working with FiBos on two separate applications to monitor pressure in injectors. These injectors are critical to the plant operations since failures of these could lead to slowdowns or shutdowns of operations, A proof of concept was successfully completed and we are current working Phase 2

Sales of EFM Corrosion Monitoring Systems

Company has successfully completed 3 site surveys for one of our largest and long standing clients in North America and negotiating a contract with the client to convert of the competitor's technology to Fox-Tek's EFM technology. Company is currently awaiting a contract

The Company has been working closely with engineering firms and major oil and gas companies in the Middle East, England, in addition to all the major Canadian companies. There have been increased interest the Company's products from a number of overseas markets including India and the UK. The Company entered into a contract in 2016 with a company in the U.K. for the supply of a custom built EFM system for a laboratory. This system was shipped out in the first quarter of 2017 and installed in the second quarter of 2017. The Company is confident this could lead to future orders for more portable and mobile systems that could be used for periodic monitoring for less critical applications.

The Company is also negotiating a contract for sale of another EFM unit to another of our clients.

DMAT Platform

The Company continues to enhance the DMAT platform (Data Management and Analysis Tool). Response from customers utilizing the DMAT service has been very positive. For DMAT, the revenue stream is guaranteed when a customer acquires the hardware. The Company has successfully negotiated new contracts with several clients, for Engineering services and Data Analysis, for the 2017 fiscal year and beyond.

Leak Detection Technology

Fox-Tek's leak detection technology has the potential of becoming a disrupting technology within the oil and gas sector due to its ability to detect minute amounts of volatile organic compounds present in hydrocarbon leaks. Due to the nature of the technology, it will likely have fewer false alerts unlike a number of competing technologies.

1. The Company has received a contract for a system to detect oil on water in a drainage culvert.
2. The Company has been invited to be part of an onsite technical review for the use of our technology to monitor leaks in a pipe, within a tank farm. A budgetary/technical proposal was provided to the client. The pipe is estimated to be about 500 meters long. A site survey will be conducted end of April followed by contract negotiations
3. FOX-TEK has successfully completed an evaluation of its leak detection technology by a large consortium consisting of a number of oil & gas companies.
4. FOX-TEK is working closely with CANMETon the development of a new sensor technology (RFID corrosion sensor) to be used as a way to determine the damage of time on pipeline coatings. A letter of Interest submitted to a government initiative. We have been selected to phase 2 - LOI Technical review.

The company has an additional 5 bids for a number of applications utilizing a number of our technologies (EFM, FBG, & Leak detection.)

SELECTED FINANCIAL AND OPERATING RESULTS

Statement of Financial Position

As at December 31, 2017, the Company has a working capital deficiency of $3,131,004 (2016 – $3,054,960 and 2015 - $3,300,739). As at December 31, 2017, the Company had total assets of $126,041 (2016 –$441,076 and 2015 - $405,920).

Total assets decreased by $315,035 during the year ended December 31, 2017 compared to the previous year as trade and other accounts receivable decreased by $233,550 as Company discontinued its policy of invoicing for monitoring services in advance following discussions with customers. In 2017, inventory fell by $77,980 to $32,656 largely because of a write-down of $85,110 of inventory due to impairment. In December 31, 2015, the inventory level was unusually high at $199,732 because of finished goods in transit of $81,708. These finished goods in transit were delivered in 2016 and inventory levels came down to a more normal level of $110,636 in December 31, 2016.

As at December 31, 2017, the Company had total liabilities of $3,254,549 (2016 – $3,492,171 and 2015 - $3,700,580). Accounts payable and accrued liabilities increased in 2017 by $117,187 compared to 2016 while advances from parent company decreased $150,612 – both due to the assumption of liabilities of $104,280 and subsequent payment by Fox-Tek to Collins Barrow, former auditors of Augusta on behalf of Augusta. In 2015, advances from parents were used to pay down accounts payable and accrued liabilities (which reduced by $229,110) and to repay advances to a third party taken in 2014.

Total deficiency was $3,128,509 in 2017 (2016 – 3,051,095 and 2015 - $3,294,660)

Results of Operations

The following is a summary of the Company's three most recently completed financial years:

	2017	2016	2015
		(Unaudited)	(Unaudited)
Sales	467,234	784,476	509,371
Cost of sales	201,568	211,572	199,681
	265,666	572,904	309,690
Reseach and development	148,073	154,667	199,119
Selling	37,885	33,788	48,218
Salaries & short-term benefits	76,315	55,176	78,943
Professional Fees	5,370	3,045	6,272
Rent and occupancy costs	33,041	24,280	35,832
Office expenses	15,109	26,204	22,012
Amortization	1,370	2,213	3,600
Others	20,181	21,492	19,987
	337,344	320,865	413,983
(Loss) income before the undernoted	(71,678)	252,039	(104,293)
Interest and bank charges	(1,924)	(2,719)	(49,372)
Foreign exchange	(3,811)	(5,755)	44,509
(Loss) income for the year	(77,413)	243,565	(109,156)
(Loss) income per common share based on Net (loss) income for the year	(774)	2,436	(1,092)
Number of common shares outstanding	100	100	100

Sales in 2017 were lower by $317,242 compared to 2016 mainly because of hardware sale of 5 units to a customer in 2016. This was an unusually high number of hardware sales and the 2017 and 2015 sales figures are more typical.

Cost of sales include inventory impairment expenses during the year ended December 31, 2017 was $85,110 (2016 – $8,655; 2015 - $50,543).

Total operating expenses for the year ended December 31, 2017 were $337,344 (2016 - $320,865 and 2015 - $413,983). The main expense is research development costs which are net of investment tax credits. In 2016, there were fewer engineers working on research and development compared to 2015. Salaries in 2017 was

$76,315 (2016 - $55176 and 2015 - $78,943). Salaries in 2016 were lower again because of less employees for a period of time. Selling expenses were $37,885 in 2017 (2016 - $33,788 and 2015 - $48,218). Selling expenses were high in 2016 because more trade shows were attended.

Interest and bank charges were $1,924 in 2017 (2016 - $2,719 and 2015 - $49,372). In 2015, $46,545 interest was charged on the inter-company balances with an associated company, Marcon International Inc, a subsidiary of Augusta. In 2016, the Company decided to channel all associate company transactions through the parent company.

During the year ended December 31, 2017, the Company recognized $24,411 (2016 - $21,675; 2015 - $35,787) Ontario Investment Tax Credit, which has been deducted from research and development expenses. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed, accordingly the Company has accrued a refundable credit of $20,489 for year ended December 31, 2017 (2016 - $21,675; 2015 - $35,787). As at December 30, 2017, the Company received $25,597 in Ontario Investment Tax Credits against the 2016 receivable.

Summary of Consolidated Quarterly Results

The following is a summary of results for the Company's eight most recently completed interim financial periods:

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Total Revenue	$502,363	$106,050	$85,453	$90,610	$189,967	$100,542	$85,797	$90,927
Net income or loss	279,615	(9,380)	(10,698)	(15,970)	62,196	(11,168)	(21,440)	(107,001)
Basic and diluted income/(loss) per share	2,796	(94)	(107)	(160)	622	(112)	(214)	(1,070)
Total Assets	831,508	600,153	321,462	441,076	367,462	410,662	257,351	126,041

Gross profit analysis

For the eight quarters, the gross profit margin fluctuated within a range of negative 25% to 79%, which was mainly due to the fluctuation of the sales mix between Fox-Tek data monitoring services and hardware and inventory impairment charges. In the fourth quarter of 2017, cost of sales included $85,110 of inventory impairment charges and that explains the gross loss. Without the inventory impairment charges, the gross profit would have been 68%. Fox-Tek has an average of about 59% gross profit margins.

Gross profit (loss) for Fox-Tek

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Sales	$502,363	$106,050	$85,453	$90,610	$189,967	$100,542	$85,797	$90,927
Cost of sales	107,737	26,560	17,852	59,423	45,066	22,311	20,229	113,962
Gross profit (loss)	**$394,626**	**$79,490**	**$67,601**	**$31,187**	**$144,901**	**$78,231**	**$65,568**	**($23,035)**
Gross profit (loss) %	**79%**	**75%**	**79%**	**34%**	**76%**	**78%**	**76%**	**-25%**

The Company's revenue continues to be difficult to forecast and is likely to fluctuate significantly from period to period. In addition, the Company's operating results do not follow any past trends. The factors affecting the Company's revenue and results of operations include:

- competitive conditions in the industrial sensing industry, including new products, product announcements and special pricing offered by competitors of the Company;
- market acceptance of the Company's products;
- ability to hire, train and retain sufficient sales and professional services staff;
- ability to complete its service obligations related to product sales in a timely manner;
- varying size, timing and contractual terms of product orders, which may delay the recognition of revenue;
- ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts;
- the length and variability of the sales cycles for the Company's products;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the oil and gas industry resulting in a decrease in the overall demand for the products and services offered by the Company or otherwise affecting its customers' capital investment levels in workforce management software;
- changes in the Company's pricing policies and the pricing policies of its competitors;
- timing of product development and new product initiatives; and
- changes in the mix of revenue attributable to substantially lower-margin service revenue as opposed to higher-margin product license revenue.

Since the Company's revenue will be dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of sales prospects into revenue could cause the Company to plan or budget inaccurately. Such variations could adversely affect the Company's financial results. Delays and reductions in the amount of, or cancellations of, customers' purchases would adversely affect the Company's revenue, results of operations and financial condition.

Historically, the Company's revenues and net results have not been affected by seasons. Seasonal fluctuations will become more significant as the weighting of sales to the oil and gas field increases, since business activity is generally greater in the winter for this sector.

Performance Indicators

In order to evaluate the Company's performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

- Distribution, sales, and long-term recurring revenues;
- Products and innovation;
- Short-term financial performance and cash flows;
- Strategic acquisitions and development of new projects.

Revenue by Geographic Region

	Year ended December 31,		
	2017	2016	2015
USA	$ 171,600	$ 110,250	$ 86,337
Canada	238,095	644,463	264,343
Middle East	-	18,900	122,250
Others	57,539	10,863	36,441
Total	**$ 467,234**	**$ 784,476**	**$ 509,371**

LIQUIDITY AND CASH RESOURCES

Net cash provided by operating activities was $151,028 during the year ended December 31, 2017 (2016 - $322,142 and 2015 – cash used $379,880). Trade and other accounts receivable decreased by $233,550 (2016 – increase of $154,693 and 2015 – increase of $39,692) due to the fact that in 2016 the Company invoiced the 2017 DMAT in advance to expedite collections but advance invoicing was not done in 2017. The advance invoicing in 2016 is also reflected in a higher deferred revenue in 2016 and which fell by $204,197 in 2017.

In 2017, inventory fell by $77,980 to $32,656 largely because of a write-down of $85,110 of inventory due to impairment. In December 31, 2015, the inventory level was unusually high at $199,732 because of finished goods in transit of $81,708. These finished goods in transit were delivered in 2016 and inventory levels came down to a more normal level of $110,636 in December 31, 2016.

Accounts payable and accrued liabilities increased in 2017 by $117,187 compared to 2016 while advances from parent company decreased $150,612 – both due to the assumption of liabilities of $104,280 and subsequent payment to Collins Barrow, former auditors of Augusta on behalf of Augusta. In 2015, advances from parents were used to pay down accounts payable and accrued liabilities (which reduced by $229,110) and to repay advances to a third party taken in 2014.

For the year ended December 31, 2017, there was a net increase in the cash and cash equivalents of $416 (2016 - $2,089 and 2015 – decrease of $46,904). As a result, as at December 31, 2017, the Company had cash and cash equivalents balance of $8,739 (2016 - $8,323 and 2015 - $6,234).

The Company is committed under operating lease agreements for the rental of its premises and a car lease. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2018		54,486
2019		13,622
	$	**68,108**

Management will continue to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements.

The Company uses its capital to finance marketing expense, research and development activities, administrative charges, working capital and capital assets. Historically, the Company has financed activities through advances from the parent company, Augusta. These advances are non-interest bearing and due on demand. As at December 31, 2017, the Company owed $3,012,766 (2016 - $3,163,379; 2015 - $3,483,432) to Augusta.

SHARE CAPITAL

100 shares of voting common stocks were issued and outstanding as at December 31, 2017 and as of the date of this MD&A (December 31, 2016 and 2015 – 100).

OFF-BALANCE SHEET ARANGEMENTS

Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted. Related party transactions are as follows:

(a) Included in accounts payable and accrued liabilities as at December 31, 2017 is $21,450 (2016 - $21,450; 2015 - $42,900) owing to the CEO and a company controlled by the CEO.

(b) As at December 31, 2017, $19,882 (2016 - $745; 2015 - $19,671) is owing to other officers of the Company.

(c) The Company's advances from the parent company, Augusta, are non-interest bearing and due on demand. As at December 31, 2017, the Company owed $3,012,766 (2016 - $3,163,379; 2015 - $3,483,432) to Augusta.

KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended December 31, 2017, the Company recognized salaries and short term benefit expenses of $117,500 (2016 - $117,500; 2015 - $117,500) for its key management personnel, including VP of Operations, and CFO of the Company.

RISKS AND UNCERTAINTIES

High Degree of Product Concentration

Substantially all of the Company's currently anticipated revenues will be derived from a limited number of products and services. Consequently, the Company's performance will depend on establishing market acceptance of these products and services in a single market, as well as enhancing the performance of such products and services to meet the evolving needs of customers. The Company, like other entities involved in a rapidly evolving new industry, faces the risk that the Company's products and services may not prove to be commercially successful or may be rendered obsolete by further scientific and technological developments. There can be no assurances that the Company will establish and maintain a position at the forefront of emerging technological trends. Any reduction in anticipated future demand or anticipated future sales of these products or any increase in competition could have a material adverse effect on the Company's business prospects, operating results or financial condition.

Competition

The Company has experienced, and expects to continue to experience, competition from a number of companies. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Many of the competitors and potential competitors of the Company have significantly greater financial, technical, marketing and/or service resources than does the Company. Many of these companies also have a larger installed base of users, longer operating histories or greater name recognition than the Company. Customers of the Company are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's smaller size and short operating history may be considered negatively by prospective customers. Even if competitors of the Company provide products with more limited system functionality than those of the Company, these products may incorporate other capabilities of interest to some customers and may be appealing due to a reduction in the number of different types of systems used to operate such customers' businesses. Further, competitors of the Company may be able to respond more quickly than the Company to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products.

Market Uncertainty

The Company's success depends to a significant degree on its ability to develop the market and gain acceptance for its products and services. There is no assurance that a significant market will develop for the Company's principal products and services. Implementation and adoption of its products have been slow to develop and may continue to be subject to delays. There can be no assurances that the additional commercial applications and markets for the Company's products will develop as currently contemplated.

The market for the Company's products is just beginning to develop and the Company's business plan will continue to require significant marketing efforts and working capital. To manage such development, the Company must continue to expand its existing resources and management information systems and must attract, train, and motivate qualified marketing, management, technical and administrative personnel. There can be no assurance that the Company will be able to achieve these goals.

Labour and Key Personnel

The Company depends on the services of its engineers, technical employees, and key management personnel. The loss of one of these people could have a significant unfavorable impact on the Company, its operating results, and its financial position. The success of the Company is largely dependent upon its ability to identify, hire train, motivate, and retain highly skilled management employees, engineers, technical employees, and sales and marketing personnel. Competition for its employees can be intense, and the Company cannot ensure that it will be able to bring in and retain highly skilled technical and management personnel in the future. Its ability to bring in and retain management and technical personnel and the necessary sales and marketing employees could have unfavorable impact on its growth and future profitability. The Company may be obligated to increase the compensation paid to current or new employees, which could substantially increase operating expenses.

Growth Management and Market Development

There is no guarantee that the Company can develop its market significantly, thus affecting its profitability. The Company expected growth might create significant pressure on management, operations, and technical resources. In order to manage its growth, FOX-TEK may need to increase the size of its technical and operational staff and manage its personnel while maintaining many effective relationships with third parties.

Pricing Policies

The competitive market in which FOX-TEK operates could force it to reduce its prices. If its competitors offer large discounts on certain products and services in order to gain market shares or sell products and services, the Company may need to lower its prices and offer other favorable terms in order to compete successfully. Such changes could reduce profit margins and have an unfavorable impact on its operating results. Some of FOX-TEK's competitors could offer products and services that compete with theirs for promotional purposes or as part of a long-term pricing strategy or offer price guarantees or product implementation. With time, these practices could limit the prices FOX-TEK may charge for its products and services. If FOX-TEK cannot offset these price reductions with a corresponding increase in sales volume or decreased expense, the decreased revenues from products and services could unfavorable affect its profit margins and operating results.

Product Failures and Mistakes

FOX-TEK products are complex and therefore may contain failures and mistakes that could be detected at any time in a product's life cycle. Failures and mistakes in its products could have a significant unfavorable impact on its reputation, open it up to significant costs, delay product launch dates, and harm its ability to sell its products in the future. The costs of correcting a failure or mistake in one of these products could be significant and could negatively affect its operating margins. Although FOX-TEK expects to continue to test products to detect failure and mistakes and to work with its customers through its support and maintenance services in order to find and correct failure and mistakes, they could appear in its products in the future. FOX-TEK is exposed to warranty expenses, product recalls and other claims, particularly if the products prove to be defective, which would harm business development and the Company's reputation. FOX-TEK provides one year warranty for its products.

Technological Obsolescence

Competitors and new companies could launch new products. In order to remain on the cutting edge of technology, FOX-TEK may need to launch a new generation of fiber optic sensors and develop its related products and services. Whether it is competition from development companies and /or marketing of fiber optic sensors or a merger or acquisition of existing companies, competition within certain fiber optic sensor industry sectors offering solutions similar to what FOX-TEK offers is vigorous and could increase. Some of FOX-TEK's competitors have significantly greater financial, technical, distribution, and marketing resources than FOX-TEK. Technological progress and product development could make FOX-TEK products obsolete or reduce their value.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash, trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities and advances.

The Company doesn't have any other instruments that will be settled by the delivery of non-financial assets.

The fair value of financial instruments

The Company has estimated the fair value of its financial instruments as follows:

- Cash is carried at its stated value;
- The carrying value of trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and advances approximate their fair values due to the short-term nature of these instruments;

The classification and measurement base of financial instruments

The classification and measurement base for the Company's financial instruments as follows:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

Cash

Cash consists of bank balances and petty cash. Credit risk associated with cash and bank is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at December 31, 2017, the Company held cash of $8,739 (2016 - $8,323 and 2015 - $6,234).

Trade and Other Accounts Receivable

Accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of loss in expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the statement of loss. Historically, trade credit losses have been minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has working capital deficiency of $3,131,004 (2016 - $3,054,960 and 2015 – $3,300,739).

The following items are the contractual maturities of financial liabilities:

December 31, 2017	Carrying amount	Contractual cash flows	0 to 12 months	After 12 months
Accounts payable and accrued liabilities	$ 197,189	$ 197,189	$ 197,189	$ -
Advances from parent company	3,012,766	3,012,766	3,012,766	-
Non-cash liabilities	44,594	44,594	44,595	-
	$ 3,254,549	**$ 3,254,549**	**$ 3,254,550**	**$ -**

December 31, 2016	Carrying amount	Contractual cash flows	0 to 12 months	After 12 months
Accounts payable and accrued liabilities	$ 80,002	$ 80,002	$ 80,002	$ -
Advances from parent company	3,163,379	3,163,379	3,163,379	-
Non-cash liabilities	248,790	248,790	248,790	-
	$ 3,492,171	**$ 3,492,171**	**$ 3,492,171**	**$ -**

December 31, 2015	Carrying amount	Contractual cash flows	0 to 12 months	After 12 months
Accounts payable and accrued liabilities	$ 153,334	$ 153,334	$ 153,334	$ -
Advances from parent company	3,483,432	3,483,432	3,483,432	-
Non-cash liabilities	63,814	63,814	63,814	-
	$ 3,700,580	**$ 3,700,580**	**$ 3,700,580**	**$ -**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency and therefore limiting exposure to foreign exchange rates.

Foreign Exchange

As at December 31, 2017, the Company's US dollar net monetary liabilities totaled $236 (2016 - net monetary assets of $8,539; 2015 – net monetary assets of $19,025). Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $12 (2016 - $427; 2015 - $951).

Capital Management

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include advances from parent company and shareholders' deficiency which amounts to a deficit of $115,742 (2016 – capital of $112,283; 2015 – capital of $188,771).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company has no commitments to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has not changed its approach to capital management during the years ended December 31, 2017, 2016 and 2015.

Subsequent Events

Subsequent to December 31, 2017, Augusta Industries Inc. announced it had signed a letter of intent with Mooncor Oil & Gas Corp (TSXV: "MOO") ("Mooncor") whereby Mooncor would acquire 100% of the shares of FOX-TEK. The transaction is non-arms-length since the Company and Mooncor have common officers and a director. The transaction is subject to the approval of the TSXV and the shareholders of Augusta and the shareholders of Mooncor. There can be no assurance that the transaction will be completed as proposed or at all.

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Fox-Tek Canada Inc.

Management's Discussion and Analysis
For Three Months Ended March 31, 2018

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of FOX-TEK Canada Inc. (the "Company") for three months ended March 31, 2018. It should be read in conjunction with the financial statements for three months ended March 31, 2018.

References to "we", "our", "FOX-TEK", or "the Company" means FOX-TEK Canada Inc., unless the context requires otherwise.

BASIS OF PRSENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information is reported in Canadian dollars and is expressed in thousands except for per share amounts which are expressed in dollars.

The MD&A was approved for issue by the Board of Directors on June 20, 2018.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements that reflect the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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 statements, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking statements contained in this MD&A are provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation, regulations or policies. All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW OF BUSINESS

Corporate Overview

Fox-Tek Canada, Inc. (the "Company" or "FOX-TEK") was incorporated on December 24, 2009 under the laws of the Province of Ontario with a registered office and a head-office at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. Canada. FOX-TEK is a wholly-owned subsidiary of Augusta Industries Inc. ("Augusta"), a company which is traded on the TSX Venture Exchange ("TSXV") under the symbol "AAO".

FOX-TEK was formed to develop, integrate and sell fiber optic sensing systems for the strain/temperature sensing market. The target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has net loss of $18,674 for the three months ended March 31, 2018 (2017 – income of $62,196), has an accumulated deficit of $3,147,183 (December 31, 2017 - $3,128,509) from inception and working capital deficiency of $3,149,425 (December 31, 2017 – $3,131,004). The challenges of securing requisite funding beyond December 31, 2018 and the cumulative operating losses indicate the existence of a material uncertainty which cast significant doubt upon the Company's ability to continue as a going concern. These 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.

Principal Business

Fox-Tek is engaged in the development, design, manufacture and supply of systems using fiber optic sensors, related monitoring instruments, and software. Clients buy and operate systems and Fox-Tek handles the installation and reporting of information on an outsourcing basis. Fox-Tek provides support engineering services related to planning, training, on-site installation, and data interpretation and reporting. Fox-Tek's target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

Fox-Tek's main products are patented non-intrusive asset health monitoring sensor systems for the oil and gas market to help operators track the thinning of pipelines and refinery vessels due to corrosion/erosion, strain due to bending/buckling, and process pressure and temperature.

Fox-Tek's FT fiber optic sensor monitoring systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. The FT system uses non-intrusive fiber optic sensors to monitor strain due to settling, movement or buckling of a variety of civil structures, such as bending, buckling, elongation or compression of pipelines. Movement of soil or foundation footing can also be monitored. Measurements can be made at multiple locations up to 2,000 meters apart.

FT systems are highly sensitive and easy to operate: portable or dedicated FT monitors make continuous or periodic measurements by interrogating multiple permanently mounted sensors. Digital data facilitates semi-automated analysis and prompt reporting. Remote telemetry, long robust lead cables, and maintenance-free sensors enable early warning, or confirmation of effective mitigation solutions such as rebuilding slopes or grades. The non-electrical sensors are very robust and inherently immune to electromagnetic interference. FT sensors can be field-bonded to steel, concrete, composite / FRP structures located underwater, below grade or imbedded during a pour. They safely and efficiently monitor:

- Steel structure degradation due to corrosion;
- Concrete column compression and swelling due to corrosion;
- Composite girder / deck bending strains;
- Frame stability / buckling;
- Piling & anchor movement caused by ground heaving or seismic activity;
- Foundation settling;
- Dam subsidence;
- Tunnel wall and building fascia buckling;
- Storage tank floor / wall integrity

FT systems can be used in a wide array of engineered structures, and for any root cause of stress or degradation. FT sensor measurements combined with standard structural modeling and finite element analysis provide information to optimize maintenance, or institute prevention measures such as load control.

Fox-Tek's Electric Field Mapping ("EFM") System is a continuous, non-intrusive wall thickness monitoring system for pipelines and process piping with a number of breakthrough features:

1. Welded-on or spring-loaded sensor array
2. Rated for direct burial applications
3. Remote telemetry
4. Immediate reporting of alarms
5. Streamlined, objective data processing

Fox-Tek's Data Management and Analysis Tool ("DMAT") platform which was launched in 2011 is the database management and analysis tool for providing analysis and interpretation of the collected data. Data from all channels of FT Monitors, or EFM Monitors is collected and processed into easily understood tabular or graphical formats. It is anticipated that the DMAT Platform will provide additional value to pipeline operators and other stakeholders by allowing such users to easily manage multiple Fox-Tek systems ("FT").

Fox-Tek has been able to enhance the DMAT Platform user interface to facilitate the consistent presentation of data across multiple sites and improve the tools for location comparison and data reporting. In addition, the DMAT Platform now contains an alarm-on-event capability which the customer can customize according to their specific needs and thresholds.

Fox-Tek's Fiber Bragg Grating ("FBG") sensor system is an advanced fiber optic system consisting of many point strain sensors on one sensor string with high dynamic bandwidth. The FBG sensors measure the average local strain using Fox-Tek's FTG-3500 instrument. The system is suitable for static or low to medium frequency monitoring applications such as continuous in-situ structural health monitoring.

As an all-fiber optic sensor, FBG sensors possess some unique advantages, compared to conventional electrical sensors. They are immune to electromagnetic interference, and being light powered, they are intrinsically safe, making them ideal for deployment in hazardous or flammable environments.

The sensor itself is made from conventional single-mode optical fiber, with a diameter of 250 microns. This small diameter allows the sensor to be embedded inside the structure being monitored with minimal intrusive effect. The sensors are also available in various ruggedized packaged configurations, for easy installations.

BUSINESS DEVELOPMENT

The Company is constantly working to improve its position in terms of intellectual property and what it offers to its customers. In fiscal 2018 the Company continued to focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly in the oil and gas sectors.

Fox-Tek continues to support its independent sales agents and distributors primarily outside of North America with the intent of utilizing their local contacts and established relationships within the oil and gas industry to expedite the distribution of Fox-Tek's products in the local jurisdictions. Fox-Tek has also streamlined its production process to meet the higher demand of our systems. In addition, we have an ongoing goal of significant reductions in overhead expenses, to provide greater potential towards corporate profitability.

The Company will continue to work closely with its existing clients to ensure their needs are met in order to strengthen and preserve the relationship in addition to developing new relationships with new clients.

After a very successful first introductory trip to India, FOX-TEK has provide a number of technical proposals and bids on a number of different projects – based on a number of our technologies. One of the more interested oil companies has requested a bid for 2 large EFM systems to be placed on vessels within a refinery. The client has provided a sample plate for testing purposes that would lead to a custom design for that specific material. The Company is also working on introducing our leak detection technology for long distance applications in India.

The Company has initiated talks Ontario Centres of Excellence (OCE) to supplement a number of high quality personnel (HQP) within the organization. This includes having a Post Doctorate Fellow to come in and provide a full assessment on our data analysis techniques and to look at ways to better manage our large database of data.
Through OCE, FOX-TEK with the McMaster University's Centre of Opportunity, will be developing an innovative constant current source. This will be used across all of our EFM products, providing our existing and new clients with a better quality of analysis – with the use of a high precision constant current source A full prototype demonstrator has been completed.

The Company has been working to fulfill its obligations toward the Engineering and field services to meet the requirements of the contract announced on July 10th 2017 with one of our largest and long standing clients in North America.

The Company is still working closely with The Trans Africa Pipeline project ("T.A.P.") to provide non-intrusive sensing equipment which will verify the integrity of the pipeline composite at key locations. In addition to the non-intrusive sensing equipment, Fox-Tek will provide optical based sensing technology which would allow T.A.P. to monitor the right of way zones from possible third-party intrusions. The last update was that partial financing is completed and the site survey will be concluded for the Desalination Plant will be underway later in 2018.

The company is continuing to qualify with Petrobras as a supplier of corrosion detection monitoring systems, optical strain/pressure/temperature sensors & leak detection technology.

The Company is working with FiBos on two separate applications to monitor pressure in injectors. These injectors are critical to the plant operations since failures of these could lead to slowdowns or shutdowns of operations, A proof of concept was successfully completed and we are current working Phase 2

Sales of EFM Corrosion Monitoring Systems

Company has successfully completed 3 site surveys for one of our largest and long standing clients in North America and negotiating a contract with the client to convert of the competitor's technology to Fox-Tek's EFM technology. Company is currently awaiting a contract

The Company has been working closely with engineering firms and major oil and gas companies in the Middle East, England, in addition to all the major Canadian companies. There have been increased interest the Company's products from a number of overseas markets including India and the UK. The Company entered into a contract in 2016 with a company in the U.K. for the supply of a custom built EFM system for a laboratory. This system was shipped out in the first quarter of 2017 and installed in the second quarter of 2017. The Company is confident this could lead to future orders for more portable and mobile systems that could be used for periodic monitoring for less critical applications.

The Company is also negotiating a contract for sale of another EFM unit to another of our clients.

DMAT Platform

The Company continues to enhance the DMAT platform (Data Management and Analysis Tool). Response from customers utilizing the DMAT service has been very positive. For DMAT, the revenue stream is guaranteed when a customer acquires the hardware. The Company has successfully negotiated new contracts with several clients, for Engineering services and Data Analysis, for the 2017 fiscal year and beyond.

Leak Detection Technology

Fox-Tek's leak detection technology has the potential of becoming a disrupting technology within the oil and gas sector due to its ability to detect minute amounts of volatile organic compounds present in hydrocarbon leaks. Due to the nature of the technology, it will likely have fewer false alerts unlike a number of competing technologies.

1. The Company has received a contract for a system to detect oil on water in a drainage culvert.
2. The Company has been invited to be part of an onsite technical review for the use of our technology to monitor leaks in a pipe, within a tank farm. A budgetary/technical proposal was provided to the client. The pipe is estimated to be about 500 meters long. A site survey will be conducted end of April followed by contract negotiations
3. FOX-TEK has successfully completed an evaluation of its leak detection technology by a large consortium consisting of a number of oil & gas companies.
4. FOX-TEK is working closely with CANMETon the development of a new sensor technology (RFID corrosion sensor) to be used as a way to determine the damage of time on pipeline coatings. A letter of Interest submitted to a government initiative. We have been selected to phase 2 - LOI Technical review.

The company has an additional 5 bids for a number of applications utilizing a number of our technologies (EFM, FBG, & Leak detection.)

SELECTED FINANCIAL AND OPERATING RESULTS

Statement of Financial Position

As at March 31, 2018 the Company has a working capital deficiency of $3,149,425 (December 31, 2017 - $3,131,004). As at, the Company had total assets of $361,395 (December 31, 2017 - $126,041).

Total assets increased by $235,354 during the three months ended March 31, 2018 compared to December 31, 2017 as trade and other accounts receivable increased by $236,836 as the Company invoiced the major customers for monitoring services for the year 2018 in advance. This also had an effect of increasing deferred revenue by $178,415 during this period.

As at March 31, 2018, the Company had total liabilities of $3,508,577 (December 31, 2017 - $3,254,549) – an increase of $254,028. Deferred revenue went up by $178,415 due to the advance invoicing as mentioned above. Advances from parent company increased by $69,551 to finance the cash used in operating activities.

Total deficiency was $3,147,182 as at March 31, 2018 (December 31, 2017 - $3,128,508).

Results of Operations

	Three months ended March 31, 2018	2017
Sales	85,225	189,967
Cost of sales	10,595	45,067
	74,630	144,900
Reseach and development	39,906	37,381
Selling	6,747	7,225
Salaries & short-term benefits	17,887	21,832
Professional Fees	-	750
Rent and occupancy costs	8,342	8,261
Office expenses	13,403	4,126
Amortization	253	406
Others	4,352	6,110
	90,890	86,090
(Loss) income before the undernoted	(16,260)	58,810
Interest and bank charges	(1,090)	(655)
Foreign exchange	(1,324)	4,041
(Loss) income for the period	(18,674)	62,196
(Loss) income per common share based on		
Net (loss) income for the period	(187)	622
Number of common shares outstanding	100	100

Sales in the 1st quarter of 2018 was lower by $104,472 compared to the 1st quarter of 2017. This was mainly due to sale of a hardware unit in 2017 for $57,540 and installation fees on 2 units for $29,304. There were no hardware sales or installation in 2017. The gross margin for the 1st quarter of 2018 was 87.5% compared to 76.7% in the 1st quarter of 2017. This is because DMAT margins are higher than hardware an installation margins. The 2017 revenue, as mentioned above, includes hardware and installation while the 2018 sales were largely DMAT.

Total operating expenses for the 1st quarter of 2018 were $90,890 (2017 - $86,090). The expenses in 2018 were reasonably consistent with 2017 except for offices expense that are higher by 9,277 due to a consulting fee paid to McMaster University of $9,210 The main expense is research development costs which are net of investment tax credits.

Interest and bank charges were $1,090 in 2018 (2017 - $655).

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce the income tax payable in the current year and future years. The claim for 2017 has not been assessed by the Canada Revenue Agency ("CRA") and the actual credit may range from $nil to $20,489. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by CRA. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed, accordingly the Company has accrued a refundable credit of $5,328 for the three months ended March 31, 2018 (2017 - $5,289). As at March 31, 2018, the tax credits receivable totaled $25,817 (December 31, 2017 - $20,489).

Summary of Consolidated Quarterly Results

The following is a summary of results for the Company's eight most recently completed interim financial periods:

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Total Revenue	$106,050	$85,453	$90,610	$189,967	$100,542	$85,797	$90,927	$85,225
Net income or loss	(9,380)	(10,698)	(15,970)	62,196	(11,168)	(21,440)	(107,001)	(18,674)
Basic and diluted income/(loss) per share	(94)	(107)	(160)	622	(112)	(214)	(1,070)	(187)
Total Assets	600,153	321,462	441,076	367,462	410,662	257,351	126,041	359,242

Gross profit analysis

For the eight quarters, the gross profit margin fluctuated within a range of negative 25% to 88%, which was mainly due to the fluctuation of the sales mix between Fox-Tek data monitoring services and hardware and inventory impairment charges. In the fourth quarter of 2017, cost of sales included $85,110 of inventory impairment charges and that explains the gross loss. Without the inventory impairment charges, the gross profit would have been 68%. Fox-Tek has an average of about 60% gross profit margins.

Gross profit (loss) for Fox-Tek

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Sales	$106,050	$85,453	$90,610	$189,967	$100,542	$85,797	$90,927	$85,225
Cost of sales	26,560	17,852	59,423	45,066	22,311	20,229	113,962	10,595
Gross profit (loss)	**$79,490**	**$67,601**	**$31,187**	**$144,901**	**$78,231**	**$65,568**	**($23,035)**	**$74,630**
Gross profit (loss) %	**75%**	**79%**	**34%**	**76%**	**78%**	**76%**	**-25%**	**88%**

The Company's revenue continues to be difficult to forecast and is likely to fluctuate significantly from period to period. In addition, the Company's operating results do not follow any past trends. The factors affecting the Company's revenue and results of operations include:

- competitive conditions in the industrial sensing industry, including new products, product announcements and special pricing offered by competitors of the Company;
- market acceptance of the Company's products;

- ability to hire, train and retain sufficient sales and professional services staff;
- ability to complete its service obligations related to product sales in a timely manner;
- varying size, timing and contractual terms of product orders, which may delay the recognition of revenue;
- ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts;
- the length and variability of the sales cycles for the Company's products;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the oil and gas industry resulting in a decrease in the overall demand for the products and services offered by the Company or otherwise affecting its customers' capital investment levels in workforce management software;
- changes in the Company's pricing policies and the pricing policies of its competitors;
- timing of product development and new product initiatives; and
- changes in the mix of revenue attributable to substantially lower-margin service revenue as opposed to higher-margin product license revenue.

Since the Company's revenue will be dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of sales prospects into revenue could cause the Company to plan or budget inaccurately. Such variations could adversely affect the Company's financial results. Delays and reductions in the amount of, or cancellations of, customers' purchases would adversely affect the Company's revenue, results of operations and financial condition.

Historically, the Company's revenues and net results have not been affected by seasons. Seasonal fluctuations will become more significant as the weighting of sales to the oil and gas field increases, since business activity is generally greater in the winter for this sector.

Performance Indicators

In order to evaluate the Company's performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

- Distribution, sales, and long-term recurring revenues;
- Products and innovation;
- Short-term financial performance and cash flows;
- Strategic acquisitions and development of new projects.

Revenue by Geographic Region

	Three months ended March 31			
		2018		**2017**
USA	$	32,631	$	40,050
Canada		52,594		87,338
Others		-		62,579
Total	**$**	**85,225**	**$**	**189,967**

LIQUIDITY AND CASH RESOURCES

Net cash used operating activities was $78,007 during the three months ended March 31, 2018 (2017 - $37,326). Trade and other accounts receivable increased by $236,836 while deferred revenue also increased by $178,415. In the 1st quarter of 2018 the Company invoiced major customers DMAT for the entire year. This increased both accounts receivable and deferred revenue as at March 31, 2018.

Advances from parent company went up by $69,551 during the three months ended March 31, 2018 mainly to finance the net cash used in operating activities.

For the three months ended March 31, 2018, there was a net decrease in the cash and cash equivalents of $8,456 and as a result, the Company had cash and cash equivalents balance of $283.

The Company is committed under operating lease agreements for the rental of its premises and a car lease. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2018		3,405
2019		13,622
	$	**17,027**

Management will continue to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements.

The Company uses its capital to finance marketing expense, research and development activities, administrative charges, working capital and capital assets. Historically, the Company has financed activities through advances from the parent company, Augusta. These advances are non-interest bearing and due on demand. As at March 31, 2018, the Company owed $3,082,317 (December 31, 2017 - $3,012,766) to Augusta.

SHARE CAPITAL

100 shares of voting common stocks were issued and outstanding as at December 31, 2017 and as of the date of this MD&A.

OFF-BALANCE SHEET ARANGEMENTS

Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted. Related party transactions are as follows:

(a) Included in accounts payable and accrued liabilities as at March 31, 2018 is $21,450 (December 31, 2017 - $21,450) owing to the CEO and a company controlled by the CEO.

(b) As at March 31, 2018 $9,811 (December 31, 2017, $19,882) is owing to other officers of the Company.

(c) The Company's advances from the parent company, Augusta, are non-interest bearing and due on demand. As at March 31, 2018, the Company owed 3,082,317 (December 31, 2017 - $3,012,766) to Augusta.

KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended March 31, 2018, the Company recognized salaries and short term benefit expenses of $29,375 (2017 - $29,375) for its key management personnel, including VP of Operations, and CFO of the Company.

RISKS AND UNCERTAINTIES

High Degree of Product Concentration

Substantially all of the Company's currently anticipated revenues will be derived from a limited number of products and services. Consequently, the Company's performance will depend on establishing market acceptance of these products and services in a single market, as well as enhancing the performance of such products and services to meet the evolving needs of customers. The Company, like other entities involved in a rapidly evolving new industry, faces the risk that the Company's products and services may not prove to be commercially successful or may be rendered obsolete by further scientific and technological developments. There can be no assurances that the Company will establish and maintain a position at the forefront of emerging technological trends. Any reduction in anticipated future demand or anticipated future sales of these products or any increase in competition could have a material adverse effect on the Company's business prospects, operating results or financial condition.

Competition

The Company has experienced, and expects to continue to experience, competition from a number of companies. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Many of the competitors and potential competitors of the Company have significantly greater financial, technical, marketing and/or service resources than does the Company. Many of these companies also have a larger installed base of users, longer operating histories or greater name recognition than the Company. Customers of the Company are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's smaller size and short operating history may be considered negatively by prospective customers. Even if competitors of the Company provide products with more limited system functionality than those of the Company, these products may incorporate other capabilities of interest to some customers and may be appealing due to a reduction in the number of different types of systems used to operate such customers' businesses. Further, competitors of the Company may be able to respond more quickly than the Company to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products.

Market Uncertainty

The Company's success depends to a significant degree on its ability to develop the market and gain acceptance for its products and services. There is no assurance that a significant market will develop for the Company's principal products and services. Implementation and adoption of its products have been slow to develop and may continue to be subject to delays. There can be no assurances that the additional commercial applications and markets for the Company's products will develop as currently contemplated.

The market for the Company's products is just beginning to develop and the Company's business plan will continue to require significant marketing efforts and working capital. To manage such development, the Company must continue to expand its existing resources and management information systems and must attract, train, and motivate qualified marketing, management, technical and administrative personnel. There can be no assurance that the Company will be able to achieve these goals.

Labour and Key Personnel

The Company depends on the services of its engineers, technical employees, and key management personnel. The loss of one of these people could have a significant unfavorable impact on the Company, its operating results, and its financial position. The success of the Company is largely dependent upon its ability to identify, hire train, motivate, and retain highly skilled management employees, engineers, technical employees, and sales and marketing personnel. Competition for its employees can be intense, and the Company cannot ensure that it will be able to bring in and retain highly skilled technical and management personnel in the future. Its ability to bring in and retain management and technical personnel and the necessary sales and marketing employees could have unfavorable impact on its growth and future profitability. The Company may be obligated to increase the compensation paid to current or new employees, which could substantially increase operating expenses.

Growth Management and Market Development

There is no guarantee that the Company can develop its market significantly, thus affecting its profitability. The Company expected growth might create significant pressure on management, operations, and technical resources. In order to manage its growth, FOX-TEK may need to increase the size of its technical and operational staff and manage its personnel while maintaining many effective relationships with third parties.

Pricing Policies

The competitive market in which FOX-TEK operates could force it to reduce its prices. If its competitors offer large discounts on certain products and services in order to gain market shares or sell products and services, the Company may need to lower its prices and offer other favorable terms in order to compete successfully. Such changes could reduce profit margins and have an unfavorable impact on its operating results. Some of FOX-TEK's competitors could offer products and services that compete with theirs for promotional purposes or as part of a long-term pricing strategy or offer price guarantees or product implementation. With time, these practices could limit the prices FOX-TEK may charge for its products and services. If FOX-TEK cannot offset these price reductions with a corresponding increase in sales volume or decreased expense, the decreased revenues from products and services could unfavorable affect its profit margins and operating results.

Product Failures and Mistakes

FOX-TEK products are complex and therefore may contain failures and mistakes that could be detected at any time in a product's life cycle. Failures and mistakes in its products could have a significant unfavorable impact on its reputation, open it up to significant costs, delay product launch dates, and harm its ability to sell its products in the future. The costs of correcting a failure or mistake in one of these products could be significant and could negatively affect its operating margins. Although FOX-TEK expects to continue to test products to detect failure and mistakes and to work with its customers through its support and maintenance services in order to find and correct failure and mistakes, they could appear in its products in the future. FOX-TEK is exposed to warranty expenses, product recalls and other claims, particularly if the products prove to be defective, which would harm business development and the Company's reputation. FOX-TEK provides one year warranty for its products.

Technological Obsolescence

Competitors and new companies could launch new products. In order to remain on the cutting edge of technology, FOX-TEK may need to launch a new generation of fiber optic sensors and develop its related products and services. Whether it is competition from development companies and /or marketing of fiber optic sensors or a merger or acquisition of existing companies, competition within certain fiber optic sensor industry sectors offering solutions similar to what FOX-TEK offers is vigorous and could increase. Some of FOX-TEK's competitors have significantly greater financial, technical, distribution, and marketing resources than FOX-TEK. Technological progress and product development could make FOX-TEK products obsolete or reduce their value.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash, trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities and advances.

The Company doesn't have any other instruments that will be settled by the delivery of non-financial assets.

The fair value of financial instruments

The Company has estimated the fair value of its financial instruments as follows:

- Cash is carried at its stated value;
- The carrying value of trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and advances approximate their fair values due to the short-term nature of these instruments;

The classification and measurement base of financial instruments

The classification and measurement base for the Company's financial instruments as follows:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

Cash

Cash consists of bank balances and petty cash. Credit risk associated with cash and bank is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at March 31, 2018, The Company held cash and bank balances of $253 (December 31, 2017 - $8,739).

Trade and Other Accounts Receivable

Accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of loss in expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the statement of loss. Historically, trade credit losses have been minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has working capital deficiency of $3,149.425 (December 31, 2017 - $3,131,004).

The following items are the contractual maturities of financial liabilities:

March 31, 2018	Carrying amount	Contractual cash flows	0 to 12 months	After 12 months
Accounts payable and accrued liabilities	$ 203,251	$ 203,251	$ 203,251	$ -
Advances from parent company	3,082,317	3,082,317	3,082,317	-
Non-cash liabilities	223,009	44,594	44,594	-
	$ 3,508,577	**$ 3,330,162**	**$ 3,330,162**	**$ -**

December 31, 2017	Carrying amount	Contractual cash flows	0 to 12 months	After 12 months
Accounts payable and accrued liabilities	$ 197,189	$ 197,189	$ 197,189	$ -
Advances from parent company	3,012,766	3,012,766	3,012,766	-
Non-cash liabilities	44,594	44,594	44,594	-
	$ 3,254,549	**$ 3,254,549**	**$ 3,254,549**	**$ -**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency and therefore limiting exposure to foreign exchange rates.

Foreign Exchange

As at March 31, 2018, the Company's US dollar net monetary assets totalled $82,170 (December 31, 2017 – net monetary liabilities of $236). Accordingly, a 5% change in the US dollar exchange rate as at March 31, 2018 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $4,108.

Capital Management

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include advances from parent company and shareholders' deficiency which amounts to a deficit of $64,865 (December 31, 2017 - $115,742)

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company has no commitments to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has not changed its approach to capital management during the three months ended March 31, 2018.

Subsequent Events

Subsequent to March 31, 2018, Augusta Industries Inc. announced it had signed a letter of intent with Mooncor Oil & Gas Corp (TSXV: "MOO") ("Mooncor") whereby Mooncor would acquire 100% of the shares of FOX-TEK. The transaction is non-arms-length since the Company and Mooncor have common officers and a director. The transaction is subject to the approval of the TSXV and the shareholders of Augusta and the shareholders of Mooncor. There can be no assurance that the transaction will be completed as proposed or at all.

1.

SCHEDULE "J"
CHANGE OF AUDITORS MATERIALS

MOONCOR OIL & GAS CORP.

Notice of Change of Auditor
Pursuant to NI 51-102 (Part 4.11)

To: **Ontario Securities Commission**
Alberta Securities Commission
British Columbia Securities Commission

And To: **UHY McGovern Hurley LLP**

And To: **Wasserman Ramsay, Chartered Accountant**

Re: **Notice of Change of Auditor**

TAKE NOTICE THAT:

Pursuant to National Instrument 51-102 — *Continuous Disclosure Obligations*, Mooncor Oil & Gas Corp. (the "**Company**") advises that effective February 28, 2018 (the "**Effective Date**"), UHY McGovern Hurley LLP (the "**Former Auditors**") have resigned, at the Company's request, as the auditors of the Company, and that Wasserman Ramsay, Chartered Accountants (the "**Successor Auditors**") have been appointed as the Company's auditors in their place.

The resignation of the Former Auditors and the appointment of the Successor Auditor was approved by the Company's Board of Directors and its audit committee. The Company will ask that the shareholders of the Company ratify the appointment of Wasserman Ramsay, Chartered Accountants at the next annual meeting of the shareholders of the Company.

None of UHY McGovern Hurley LLP reports on the Company's financial statements for the financial years ended December 31, for which an audit report was issued preceding the date of this notice, contained any reservations.

The Board of Directors is of the opinion that there are no reportable events, including disagreements, consultations or unresolved issues, as such terms are defined in section 4.11(1) of NI 51-102.

Dated this 1st day of March, 2018.

MOONCOR OIL & GAS CORP.

Per: ______________________

Name: Allen Lone
Title: President

Wasserman Ramsay

Chartered Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3
Tel. 905-948-8637 Fax 905.948.8638
email: wram@wassermanramsay.ca

February 28, 2018

To: Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

Re: **Notice of Change of Auditor of Mooncor Oil & Gas Corp (the "Company")**

We have reviewed the information contained in the Change of Auditor Notice of the Company dated February 28, 2018 (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 UHY McGovern Hurley LLP.

Yours truly,

Wasserman Ramsay

Wasserman Ramsay Chartered Accountants
Licensed Public Accountants

UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

March 2, 2018

To: Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

Re: **Notice of Change of Auditor of Mooncor Oil & Gas Corp. (the "Company")**

We have reviewed the information contained in the Change of Auditor Notice of the Company dated March 1, 2018 (the "**Notice**"), delivered to us, which we understand will be filed pursuant to Section 4.11 of 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 the successor auditor.

Yours truly,

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

SCHEDULE "K"
MOONCOR FINANCIAL STATEMENTS

MOONCOR OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

For The Years Ended December 31, 2017 and 2016

Wasserman Ramsay

Chartered Accountants

3601 Hwy 7 East, Suite 1008, Markham, Ontario L3R 0M3
Tel. 905-948-8637 Fax 905.948.8638
email: wram@wassermanramsay.ca

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, 2017, and the consolidated statement of income and comprehensive 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, 2017 and their financial performance and cash flows for the year 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 the Company has a history of operating losses. As at December 31, 2017, the Company has a working capital deficiency in the amount of $1,071,351 and has an accumulative deficit of $22,861,966. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other matter

The consolidated financial statements of Mooncor Oil & Gas Corp.as at December 31, 2016 and for the year then ended, were audited by other auditors who expressed an unmodified opinion on those statements on April 21, 2017.

Wasserman Ramsay

Markham, Ontario
April 27, 2018

Chartered Accountants
Licensed Public Accountants

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Current Assets:			
Cash		$ 65,013	$ 49,520
Sundry receivables		23,448	8,615
Prepaid expenses		7,620	13,171
Total current assets		96,081	71,306
Non-current assets:			
Oil and gas property interests	5	509,279	515,692
Deposits	11	315,490	486,393
Total non-current assets		824,769	1,002,085
Total assets		$ 920,850	$ 1,073,391
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities		$ 926,373	$ 1,211,801
Reclamation and decommissioning obligation - current portion	8	28,946	5,796
Advances	6	212,113	102,663
Total current liabilities		1,167,432	1,320,260
Long term liabilities			
Reclamation and decommissioning obligation	8	88,831	112,452
Total long term liabilities:		88,831	112,452
Total liabilities		1,256,263	1,432,712
SHAREHOLDERS' DEFICIENCY			
Capital stock	7	20,586,793	20,586,793
Contributed surplus	7	1,897,322	1,897,322
Warrants	7	41,100	41,100
Foreign currency translation reserve		1,338	(4,552)
Deficit		(22,861,966)	(22,879,984)
Total shareholders' deficiency		(335,413)	(359,321)
Total liabilities and shareholders' deficiency		$ 920,850	$ 1,073,391
Nature and continuance of operations	1		
Commitments and contingencies	8,11		
Subsequent event	18		

Approved by the Board of Dorectors

"Binh Quach"	Director
"Allen Lone"	Director

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2017	2016
Revenue	5(a)	$ 77,143	$ -
Interest income		3,864	7,073
Total revenue		$ 81,007	$ 7,073
Expenses			
Operational expenses	14	$ 232,918	$ -
Depletion of oil and gas property interests	5(a)	6,413	-
Professional fees and disbursements		16,186	40,061
Exploration expenses	12	80,476	29,487
Finance costs	6	19,450	2,663
Office and general	13	(325,011)	222,461
Insurance		30,070	35,496
Total expenses		$ 60,502	$ 330,168
Income (loss) before undernoted		**20,505**	**(323,095)**
(Loss) on foreign exchange		(2,487)	(1,012)
Unrealized loss on investments		-	(27,000)
Net realized gain on sale of investments		-	1,528
Net income (loss) for the year		**18,018**	**(349,579)**
Other comprehensive income			
Exchange differences on translation of foreign operations		5,890	2,598
Total comprehensive income (loss) for the year		**$ 23,908**	**$ (346,981)**
Weighted average shares outstanding - basic and diluted	7	167,536,185	167,536,185
Earnings (loss) per common share based on net income (loss) for the year	7	$ 0.00	$ (0.00)

See accompanying note to the consolidated financial statements

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Warrants	Foreign currency translation reserve	Deficit	Total Deficiency
Balance at December 31, 2015	167,536,185	$ 20,175,578	$ 1,897,322	$ 452,315	(7,150)	$ (22,530,405)	$ (12,340)
Net loss for the year	-	-	-	-	-	(349,579)	(349,579)
Expired warrants transferred to capital stock	-	411,215	-	(411,215)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	2,598	-	2,598
Balance at December 31, 2016	167,536,185	$ 20,586,793	$ 1,897,322	$ 41,100	$ (4,552)	$ (22,879,984)	$ (359,321)
Balance at December 31, 2016	167,536,185	$ 20,586,793	$ 1,897,322	$ 41,100	$ (4,552)	$ (22,879,984)	$ (359,321)
Net income for the year	-	-	-	-		18,018	18,018
Exchange differences on translation of foreign operations	-	-	-	-	5,890	-	5,890
Balance at December 31, 2017	167,536,185	$ 20,586,793	$ 1,897,322	$ 41,100	$ 1,338	$ (22,861,966)	$ (335,413)

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

	Year ended December 31, 2017	2016
Cash flows used in operating activities		
Net income (loss) for the year	$ 18,018	$ (349,579)
Depletion of oil and gas property interests	6,413	-
Reversal of old accounts payable	(512,458)	-
Net realized gain on sale of investments	-	(1,528)
Net change in unrealized loss on investments	-	27,000
Accretion of reclamation and decommissioning obligation	(471)	583
	(488,498)	(323,524)
Changes in non-cash working capital balances		
Sundry receivables	(14,833)	55,274
Prepaid expenses	5,551	(8,291)
Accounts payable and accrued liabilities	227,030	132,247
Cash flows used in operations	(270,750)	(144,294)
Cash flows from investing activities		
Proceeds on sale of investments	-	73,528
Decrease in deposits	170,903	(4,474)
Cash flows from investing activities	170,903	69,054
Cash flows from financing activities		
Accrued interest on advances	19,450	2,663
Proceeds from advances	90,000	100,000
Cash flows from financing activities	109,450	102,663
Net increase in cash	9,603	27,423
Effect of changes in foreign exchange rate	5,890	2,598
Cash, beginning of year	49,520	19,499
Cash, end of year	$ 65,013	$ 49,520
Supplemental Information		
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.A. Inc ("PPCUSA"), a Montana, USA corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA corporation and AP Petroleum Company LLC ("APLLC"), a Montana, USA Corporation. The Board of Directors approved these consolidated financial statements for issue on April 27, 2018.

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. As at December 31, 2017, the Company has a working capital deficiency in the amount of $1,071,351 (2016 - $1,248,954) and has a deficit in the amount of $22,861,966 (2016 - $22,879,984). 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, 2017 will not be sufficient to meet the Company's potential capital and operating expenditures through December 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.

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 oil and gas property interests

  While assessing whether any indications of impairment exist for 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 property interests. 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. 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. 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 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.

- 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.

- Oil and natural gas reserves

  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.

- Contingencies

  Refer to Note 11.

The information about significant areas of judgment considered by management in preparing the consolidated statements is as follows:

- Going concern

  The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated statements continue to be prepared on a going concern basis. However, management does not believe the Company has sufficient cash on hand to meet the Company's operating expenditures beyond December 31, 2017 which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 1.

- Oil and gas property interests expenditures

  The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of income (loss) in the period when the new information becomes available.

- Determination of functional currency

  The effects of Changes in Foreign Exchange Rates' (IAS 21) define the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiaries, management determined that the functional currency for the parent company is Canadian dollars and the US dollar for the Company's subsidiaries located in the USA.

- Deferred tax assets

  Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. As at December 31, 2017 and 2016, the Company has not recognized any deferred tax assets because it is not probable that future taxable income will be available against which the Company can use the benefits of the deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Oil and gas exploration and evaluation assets and oil and gas property interests

- 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.

  Costs incurred subsequent to the determination of technical feasibility and commercial viability are added to the cost base of the respective item of P&E when they increase the future economic benefits of that asset. The costs of regular service and maintenance are expensed in profit or loss in the period in which they occur.

  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 consolidated statement of income (loss).

- Oil and gas property interests

  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.

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.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and short-term investments with original maturities of less than three months. Cash are offset and the net amount presented in the statements of financial position to the extent that there is a right to set off and a practice of net settlement. Cash includes accrued interest on short-term investments. As at December 31, 2017 and 2016, the Company had no cash equivalents.

Depletion

Depletion of oil and gas property interests 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 oil 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.

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.

Income (loss) per share

Basic income (loss) per share figures are calculated using the weighted average number of common shares outstanding during the year. Diluted income (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 income (loss) per share on the exercise of the warrants and stock options would be anti-dilutive.

Basic and diluted income (loss) per common share is calculated using the weighted average number of common shares outstanding during the year. 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.

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 income (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 consolidated statement of income (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 consolidated statement of income (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	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
Advances	Other financial liabilities	Amortized cost

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

As of December 31, 2017 and 2016, 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 transaction date. 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 income (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 income (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 income (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.

Accounting changes

Effective January 1, 2017, the Company adopted new IFRS standards, interpretations, amendments and improvements of existing standards, as follows:

a. 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 consolidated Statements for the year ended December 31, 2017.

b. 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 consolidated Statements for the ended December 31, 2017.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. 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.

a. IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 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.

b. IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

c. IFRS 16 – Leases ("IFRS 16") was issued in January 2017 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(Expressed in Canadian Dollars)

d. IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

4. INVESTMENTS

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 incurred prior to the acquisition as described in Note 11. These shares were valued at $72,000 based on the quoted market price at the time of receipt. During the year ended December 31, 2016, the Company sold all of the Keek shares for net proceeds of $73,528 resulting in a net realized gain on disposal of investments of $1,528 and a net change in unrealized loss on investments of $27,000 which have been reflected in the consolidated statement of loss during the year ended December 31, 2016.

5. OIL AND GAS PROPERTY INTERESTS

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

		Alberta (a)
Balance, December 31, 2015	**$**	**505,000**
Reclamation and decommissioning obligation		10,692
Balance, December 31, 2016		515,692
Depletion for the year		(6,413)
Balance, December 31, 2017	**$**	**509,279**

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

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 costs 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.

During the year ended December 31, 2017, the two wells were placed into production and produced 2,064 barrels of oil. Included in the statement of income and comprehensive income for the year ended December 31, 2017 is revenue of $77,143 and depletion of oil and gas property interests of $6,413 relating to the production from the two wells in accordance with the Company's accounting policy.

(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.

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 2017 to 2023. Mooncor is 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 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, 2017, the Company spent $80,476 (2016 - $29,487) on exploration expenses for operating leases which was expensed in the consolidated statements of income (loss) and comprehensive income (loss).

Subsequent to December 31, 2017, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy.

(Expressed in Canadian Dollars)

6. ADVANCES

During the year ended December 31, 2016, the Company signed promissory notes and received $100,000. Of the total, $75,000 were from related parties (directors and a company controlled by an officer of the Company). The loans are due on demand and bear interest at 12% per annum. Of the total, $50,000 is secured against the assets of the Company and $50,000 is unsecured.

During the year ended December 31, 2017, the Company signed additional promissory notes and received $90,000 from related parties (directors and a company controlled by an officer of the Company). These additional promissory notes are secured against the Company's assets and are due on demand. 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 income and comprehensive income for the year ended December 31, 2017 was interest expense of $19,450 (2016 - $2,663) relating to these advances.

7. SHAREHOLDERS' EQUITY

Capital Stock

At December 31, 2017 and 2016, the authorized share capital comprised an unlimited number of common shares with no par value.

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

Warrants

Details of warrant transactions for the years ended December 31, 2017 and 2016 are as follows:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2015	**29,050,157**	**$**	**452,315**	**$**	**0.10**
Expiry of warrants - April 1, 2016	(10,000,000)		(217,785)		0.10
Expiry of warrants - October 1, 2016	(7,601,665)		(193,430)		0.10
Balance, December 31, 2017 and December 31, 2016	**11,448,492**	**$**	**41,100**	**$**	**0.10**

The following table summarizes information about warrants outstanding as at December 31, 2017 and 2016.

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

(Expressed in Canadian Dollars)

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 twelve 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, 2017 or 2016.

The following table summarizes information about the options outstanding and exercisable as at December 31, 2017 and 2016:

# of Options Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$ 0.25	November 19, 2020	2.89
75,000	0.20	April 8, 2021	3.27
67,500	0.23	May 4, 2021	3.34
211,250	0.14	November 29, 2021	3.92
623,750	**$ 0.20**		**3.33**

Basic and diluted income (loss) per share based on income (loss) for the year

Basic and diluted income (loss) per share based on income (loss) for the years ended December 31:

Numerator:	**2017**	2016
Net income (loss) for the year	**$ 18,018**	$ (349,579)
Denominator:	**2017**	2016
Weighted average number of common shares outstanding - basic and diluted (i)	**167,536,185**	167,536,185
Earnings (loss) per common share based on net income (loss) for the year	**2017**	2016
Basic and diluted	**$ 0.00**	$ (0.00)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 12,072,242 shares related to convertible securities that were anti-dilutive for the year ended December 31, 2017 (2016 – 12,072,242 shares).

(Expressed in Canadian Dollars)

8. RECLAMATION AND DECOMMISSIONING OBLIGATION

The Company provided $117,777 as at December 31, 2017 (2016 - $118,248) 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 $83,000 (2016 - $83,000). 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 $29,955. 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 costs as at December 31, 2017 and 2016 are as follows:

	Alberta	Montana	Total
Balance, December 31, 2015	**$ 85,731**	**$ 31,934**	**$ 117,665**
Accretion expense	1,536	180	1,716
Foreign currency translation	-	(1,133)	(1,133)
Balance, December 31, 2016	**$ 87,267**	**$ 30,981**	**$ 118,248**
Accretion expense	1,564	-	1,564
Foreign currency translation	-	(2,035)	(2,035)
Balance, December 31, 2017	**$ 88,831**	**$ 28,946**	**$ 117,777**

$28,946 of the Montana reclamation costs are expected to be incurred in 2018 while the Alberta costs are expected to be incurred in 2024.

9. 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 December 31, 2017 is $31,316 (2016 - $52,817) for legal fees and disbursements owing to a law firm (McMillan) in which an officer of the Company, Robbie Grossman, was a former partner.

b. Included in accounts payable and accrued liabilities as at December 31, 2017 is $43,068 (2016 - $42,536) 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 December 31, 2017, $398,750 (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.

d. At December 31, 2017 $nil (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 December 31, 2017 $nil (2016 - $10,625) is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).

f. At December 31, 2017 $nil (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. At December 31, 2017 and 2016, $4,000 is included in accounts payable and accrued liabilities to an officer and director of the Company.

h. At December 31, 2017 $2,430 (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 the year ended December 31, 2017 (2016 - $75,000), the Company signed promissory notes and received $90,000 from related parties (directors and a company controlled by an officer of the Company) and secured against the assets of the Company and due on demand. The loans bear interest at 12% per annum and are secured against the assets of the Company (2016 - $50,000 were secured and $25,000 unsecured). (Note 4)

j. Included in office and general expenses for the year ended December 31, 2017 is $6,650 (2016 - $2,200) for consulting services provided by Binh Quach, a director of the Company. As at December 31, 2017, $19,817 (2016- $14,930) has been included in accounts payable and accrued liabilities.

k. Included in professional fees for the year ended December 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 December 31, 2017 $1,243 (December 31, 2016, $1,271) 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 are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	Year ended December 31, 2017	2016
Short-term compensation	$ 100,000	$ 100,000

These transactions are in the normal course of operations.

(Expressed in Canadian Dollars)

10. 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:

	2017 $	2016 $
Income (loss) before income taxes	18,018	(349,579)
Expected income tax recovery based on statutory rate	4,600	(90,000)
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	22,000	2,000
Change in tax and exchange rates	-	3,000
Change in deferred tax assets not recognized	(26,600)	85,000
Deferred income tax	-	-

b) Deferred Income Tax

	2017 $	2016 $
Recognized deferred tax assets and liabilities:		
Non-capital loss carry-forwards	-	110,000
Exploration and evaluation	-	(110,000)
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:		
Non-capital loss carry-forwards	14,319,000	14,184,000
Capital loss carry-forwards	2,464,000	2,463,000
Other temporary differences	41,000	41,000
Total	16,824,000	16,688,000

The Canadian non-capital losses of $14,007,000 (2016 - $14,180,000) expire from 2026 to 2037. The U.S. non-capital losses of 312,000 (2016 - $433,000) expire from 2030 to 2037. 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.

(Expressed in Canadian Dollars)

11. 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 for the 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.

Deposits

The Company is liable to undertake reclamation and abandonment work on its leases. The Company has lodged deposits of $252,765 (2016 - $419,258) with the Alberta Energy Resource Conservation Board as required by legislation. The Company has also lodged a drilling deposit of US$50,000 ($62,725) (2016 - US$50,000 ($67,135)) 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.

12. EXPLORATION EXPENSES

The exploration costs during the years ended December 31, 2017 and 2016 were as follows:

	Year ended December 31,	
	2017	**2016**
Annual lease renewal costs	$ 25,222	$ 21,339
Land management	54,495	5,576
Others	759	2,572
	$ 80,476	$ 29,487

(Expressed in Canadian Dollars)

13. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2017 and 2016 were as follows:

	Year ended December 31, 2017	2016
Accounting services	$ 46,425	$ 49,938
Management salary	100,000	100,000
Corporate services	(8,041)	17,818
Rent expense	19,260	29,160
Computer expenses	584	8,479
Telephone expense	2,682	2,597
Transfer agent	3,245	12,091
Reversal of old accounts payable	(512,458)	-
Others	23,292	2,378
	$ (325,011)	$ 222,461

14. OPERATIONAL EXPENSES

The operational expenses relating to the wells in Alberta for the year ended December 31, 2017 were as follows. There were no operational expenses in 2016.

	Year ended December 31, 2017
Contract operator & labour	$ 13,002
Road & Lease maintennace	10,804
Equipment Rental	24,111
Services & minor workover	60,751
Fuel & power	21,225
Trucking	16,933
Service rig	42,683
Waste disposals and chemical supplies	8,471
Royalty	7,723
Vacuum truck	2,525
Inspection services	2,795
Installation & supervision	21,895
	$ 232,918

15. 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, foreign currency translation reserve and deficit, which at December 31, 2017 was a deficiency of $335,413 (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 have been no changes in the way the Company manages its capital during the years ended December 31, 2017 and 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 December 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.

16. 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, interest or foreign exchange 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, 2017 and 2016.

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, deposits and sundry receivables. Cash 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, cash and deposits 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, 2017, the Company had cash of $65,013 (2016 – $49,250) to settle current liabilities of $1,144,282 (2016 - $1,320,260). The Company has a working capital deficiency of $1,071,351 at December 31, 2017 (2016 - $1,248,954).

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, 2017, the Company's US dollar net monetary assets totaled $30,992. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $1,550

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.

(Expressed in Canadian Dollars)

17. 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, 2017

	Canadian Operation	US Operation	Total
Total assets	$ 854,473	$ 66,377	$ 920,850
Oil and gas property interests	$ 509,279	$ -	$ 509,279

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

18. SUBSEQUENT EVENT

Subsequent to December 31, 2017, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy.

MOONCOR OIL & GAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

For The Years Ended December 31, 2016 and 2015

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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 statements of financial position as at December 31, 2016 and 2015, 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, 2016 and 2015, 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, 2016. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the ability of Mooncor Oil & Gas Corp. to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 21, 2017

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current Assets:			
Cash		$ 49,520	$ 19,499
Investments	4	-	99,000
Sundry receivables		8,615	63,889
Prepaid expenses		13,171	4,880
Total current assets		71,306	187,268
Non-current assets:			
Oil and gas property interests	5	515,692	515,692
Deposits	10	486,393	481,919
Total non-current assets		1,002,085	997,611
Total assets		$ 1,073,391	$ 1,184,879
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	8	$ 1,211,801	$ 1,079,554
Reclamation and decommissioning obligation - current portion	7	5,796	-
Advances	17	102,663	-
Total current liabilities		1,320,260	1,079,554
Long term liabilities			
Reclamation and decommissioning obligation	7	112,452	117,665
Total long term liabilities:		112,452	117,665
Total liabilities		1,432,712	1,197,219
SHAREHOLDERS' DEFICIENCY			
Capital stock	6	20,586,793	20,175,578
Contributed surplus	6	1,897,322	1,897,322
Warrants	6	41,100	452,315
Foreign currency translation reserve		(4,552)	(7,150)
Deficit		(22,879,984)	(22,530,405)
Total shareholders' deficiency		(359,321)	(12,340)
Total liabilities and shareholders' deficiency		$ 1,073,391	$ 1,184,879
Nature and continuance of operations	1		
Commitments and contingencies	5,10		
Subsequent event	18		

Approved by the Board of Dorectors

"Binh Quach" Director

"Allen Lone" Director

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Canadian Dollars)

		Year ended December 31,	
	Note	**2016**	**2015**
Interest income		$ 7,073	$ 514
Total revenue		$ 7,073	$ 514
Expenses			
Professional fees and disbursements		$ 40,061	$ 138,838
Exploration expenses	12	29,487	166,615
Finance costs		2,663	-
Office and general	13	222,461	190,695
Travel		-	3,766
Insurance		35,496	27,733
Total expenses		$ 330,168	$ 527,647
Loss before undernoted		**(323,095)**	**(527,133)**
Excess of fair value over net assets acquired	11	-	15,996
(Loss) gain on foreign exchange		(1,012)	4,882
Unrealized (loss) gain on investments		(27,000)	268,648
Net realized gain (loss) on sale of investments	4	1,528	(262,485)
Net (loss) for the year		**(349,579)**	**(500,092)**
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		2,598	(7,150)
Total comprehensive (loss) for the year		**$ (346,981)**	**$ (507,242)**
Weighted average shares outstanding - basic and diluted	6	167,536,185	167,536,185
Net loss per share based on net loss for the year - basic and diluted	6	$ (0.00)	$ (0.00)

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIENCY) EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Contributed Surplus	Warrants	Foreign currency translation reserve	Deficit	Total Equity/(Deficiency)
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)
Balance at December 31, 2015	167,536,185	$ 20,175,578	$ 1,897,322	$ 452,315	$ (7,150)	$ (22,530,405)	$ (12,340)
Net loss for the year	-	-	-	-		(349,579)	(349,579)
Expired warrants transferred to capital stock	-	411,215	-	(411,215)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	2,598	-	2,598
Balance at December 31, 2016	167,536,185	$ 20,586,793	$ 1,897,322	$ 41,100	$ (4,552)	$ (22,879,984)	$ (359,321)

See accompanying notes to the consolidated financial statements.

MOONCOR OIL & GAS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Year ended December 31,	
	2016	**2015**
Cash flows used in operating activities		
Net loss for the year	$ (349,579)	$ (500,092)
Net realized (gain) loss on sale of investments	(1,528)	262,485
Net change in unrealized loss (gain) on investments	27,000	(268,648)
Excess of fair value over net assets acquired	-	(15,996)
Accrued interest on advances	2,663	-
Settlement of reclamation and decommissioning obligation	-	(22,421)
Accretion of reclamation and decommissioning obligation	583	1,663
	(320,861)	(543,009)
Changes in non-cash working capital balances		
Sundry receivables	55,274	(51,372)
Prepaid expenses	(8,291)	1,644
Accounts payable and accrued liabilities	132,247	269,393
Cash flows used in operations	(141,631)	(323,344)
Cash flows from investing activities		
Proceeds on sale of investments	73,528	54,515
Increase in deposits	(4,474)	(26,108)
Cash flows from investing activities	69,054	28,407
Cash flows from investing activities		
Proceeds from advances	100,000	-
Cash flows from financing activities	100,000	-
Net increase (decrease) in cash	27,423	(294,937)
Effect of changes in foreign exchange rate	2,598	(8,212)
Cash, beginning of year	19,499	322,648
Cash, end of year	$ 49,520	$ 19,499
Supplemental Information		
Non-cash purchase of investments	$ -	$ 72,000

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.A. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company LLC ("APLLC"), a Montana, USA Corporation. The Board of Directors approved these consolidated financial statements on April 21, 2017.

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. As at December 31, 2016, the Company has a working capital deficiency in the amount of $1,248,954 (2015 - $892,286) and has a deficit in the amount of $22,879,984 (2015 - $22,530,405). 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, 2016 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2017. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

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 oil and gas property interests

  While assessing whether any indications of impairment exist for 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 property interests. 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. 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. 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 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.

- 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.

- Oil and natural gas reserves

  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.

- Contingencies

  Refer to Note 10.

The information about significant areas of judgment considered by management in preparing the consolidated statements is as follows:

- Going concern

  The Company's management has made an assessment of the Company's ability to continue as a going concern and the consolidated statements continue to be prepared on a going concern basis. However, management does not believe the Company has sufficient cash on hand to meet the Company's operating expenditures beyond December 31, 2017 which may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Refer to Note 1.

- Oil and gas property interests expenditures

  The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in the consolidated statement of loss in the period when the new information becomes available.

- Determination of functional currency

  The effects of Changes in Foreign Exchange Rates' (IAS 21) define the functional currency as the currency of the primary economic environment in which an entity operates. The determination of functional currency, which is performed on an entity by entity basis, is based on various judgmental factors outlined in IAS 21. Based on assessment of the factors in IAS 21, primarily those that influence labour, material and other costs of goods or services received by its subsidiaries, management determined that the functional currency for the parent company is Canadian dollars and the US dollar for the Company's subsidiaries located in the USA.

- Deferred tax assets

  Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies. As at December 31, 2016 and 2015, the Company has not recognized any deferred tax assets because it is not probable that future taxable income will be available against which the Company can use the benefits of the deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Oil and gas exploration and evaluation assets and oil and gas property interests

- 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.

  Costs incurred subsequent to the determination of technical feasibility and commercial viability are added to the cost base of the respective item of P&E when they increase the future economic benefits of that asset. The costs of regular service and maintenance are expensed in profit or loss in the period in which they occur.

  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.

- Oil and gas property interests

  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.

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.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and short-term investments with original maturities of less than three months. Cash are offset and the net amount presented in the statements of financial position to the extent that there is a right to set off and a practice of net settlement. Cash includes accrued interest on short-term investments. As at December 31, 2016 and 2015, the Company had no cash equivalents.

Depletion

Depletion of oil and gas property interests 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 oil 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.

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.

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	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
Advances	Other financial liabilities	Amortized cost

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

As of December 31, 2016 and 2015, 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 transaction date. 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.

(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 commencing on or after January 1, 2017. 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.

1. IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 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.

2. IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. 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.

4. 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.

5. IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

6. 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.

Accounting changes

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 7, IFRS 11, and IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

4. INVESTMENTS

(a) Investment in Pinetree Capital Ltd.:

On April 1, 2014, pursuant to the terms of a securities purchase agreement (i) Pinetree Capital Ltd. ("Pinetree"), a publicly-traded investment company (TSX:"PNP"), 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. 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.

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 incurred 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 during the year ended December 31, 2015.

During the year ended December 31, 2016, the Company sold all of the Keek shares for net proceeds of $73,528 resulting in a net realized gain on disposal of investments of $1,528 and a net change in unrealized loss on investments of $27,000 which have been reflected in the consolidated statement of loss during the year ended December 31, 2016.

(Expressed in Canadian Dollars)

5. OIL AND GAS PROPERTY INTERESTS

Oil and gas property interests as at December 31, 2016 and 2015 consist of:

		Alberta (a)
Balance, December 31, 2016, 2015 and 2014	**$**	**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.

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 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.

Management does not intend on renewing leases and certain leases expired in 2016.

(Expressed in Canadian Dollars)

6. SHAREHOLDERS' EQUITY

Capital Stock

At December 31, 2016 and 2015, the authorized share capital comprised an unlimited number of common shares with no par value.

	# of Common Shares		Amount
Balance, December 31, 2015 and 2014	**167,536,185**	**$**	**20,175,578**
Expired warrants transferred to capital stock	-		**411,215**
Balance, December 31, 2016	**167,536,185**	**$**	**20,586,793**

Warrants

Details of warrant transactions for the years ended December 31, 2016 and 2015 are as follows:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2015 and 2014	**29,050,157**	**$**	**452,315**	**$**	**0.10**
Expiry of warrants - April 1, 2016	(10,000,000)		(217,785)		0.10
Expiry of warrants - October 1, 2016	(7,601,665)		(193,430)		0.10
Balance, December 31, 2016	**11,448,492**	**$**	**41,100**	**$**	**0.10**

The following table summarizes information about warrants outstanding as at December 31, 2016.

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

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 twelve 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, 2016 or 2015.

(Expressed in Canadian Dollars)

The following table summarizes information about the options outstanding and exercisable as at December 31, 2016 and 2015:

# of Options Outstanding and Exercisable	Exercise Price		Expiry Date	Remaining Contractual Life (years)
270,000	$	0.25	November 19, 2020	3.89
75,000		0.20	April 8, 2021	4.27
67,500		0.23	May 4, 2021	4.34
211,250		0.14	November 29, 2021	4.92
623,750	**$**	**0.20**		**4.33**

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

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

Numerator:		**2016**		2015
Net loss for the year	**$**	**(349,579)**	$	(500,092)
Denominator:		**2016**		2015
Weighted average number of common shares outstanding - basic and diluted (i)		**167,536,185**		167,536,185
Loss per common share based on net loss for the year:		**2016**		2015
Basic and diluted	**$**	**(0.00)**	$	(0.00)

(i) The determination of the weighted average number of common shares outstanding – diluted excludes 12,072,242 shares related to convertible securities that were anti-dilutive for the year ended December 31, 2016 (2015 – 29,673,907 shares).

(Expressed in Canadian Dollars)

7. RECLAMATION AND DECOMMISSIONING OBLIGATION

The Company provided $118,248 as at December 31, 2016 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 $83,000 (2015 - $81,000). 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 $29,955. 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 costs as at December 31, 2016 and 2015 are as follows:

	Alberta	Montana	Total
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**
Accretion expense	1,536	180	1,716
Foreign currency translation	-	(1,133)	(1,133)
Balance, December 31, 2016	**$ 87,267**	**$ 30,981**	**$ 118,248**

$5,796 of the Montana reclamation costs are expected to be incurred in 2017 and $25,185 in 2018 while the Alberta costs are expected to be incurred in 2024.

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. Included in professional fees for the year ended December 31, 2016 is $3,043 (year ended December 31, 2015 – $19,787) 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, 2016 is $52,817 (December 31, 2015 - $52,228) owing to this law firm.

b. Included in accounts payable and accrued liabilities at December 31, 2016 is $42,536 (December 31, 2015 - $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 December 31, 2016, $277,224 (December 31, 2015 - $175,000) has been included in accounts payable and accrued liabilities for remuneration of the Company's Chief Executive Officer and director, Allen Lone.

d. During the year ended December 31, 2016, the Company paid $9,000 (year ended December 31, 2015 - $12,000) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director. At December 31, 2016, $10,170 (December 31, 2015 - $nil) has been included in accounts payable and accrued liabilities.

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

f. Gerry Feldman, a director of the Company was an officer of Pinetree at the time of the Company's acquisition of the common shares of Pinetree. See note 4.

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

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

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

j. $4,000 is included in accounts payable and accrued liabilities at December 31, 2016 and 2015 to directors of the Company.

k. Included in professional fees for the year ended December 31, 2016 is $791 for taxation services provided by Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO, is a partner (2015 – $791). At December 31, 2016, $1,582 (2015 - $791) has been included in accounts payable and accrued liabilities for Alan Myers and Associates.

l. During the year ended December 31, 2016, the Company paid $9,778 (the year end December 31, 2015 - $22,509) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At December 31, 2016, $6,365 (December 31, 2015 - $5,578) has been included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

m. During the year ended December 31, 2016, the Company signed promissory notes and received $75,000 (2015 - $nil) from related parties (directors and a company controlled by an officer of the Company). The loans are due between February 15, 2017 and April 26, 2017. The loans bear interest at 12% per annum. Of the total $25,000 is secured against the assets of the Company and $50,000 is unsecured. Included in finance costs in the consolidated statements of loss for the year ended December 31, 2016 was interest expense of $2,219 (2015 - $nil) relating to these loans. See note 17.

n. Included in office and general expenses for the year ended December 31, 2016 is $2,200 for accounting services provided by Binh Quach, a director of the Company during the year. At December 31, 2016, $14,930 has been included in accounts payable and accrued liabilities for Binh Quach.

o. Included in professional fees for the year ended December 31, 2016 is $1,271 for taxation services provided by DNTW Toronto LLP, an accounting firm in which Gerry Feldman, a director, is a partner (2015 – $nil). At December 31, 2016, $1,271 (2015 - $nil) 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 are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	Years ended December 31, 2016	2015
Short-term compensation	$ 100,000	$ 100,000

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% (2015 - 25.75%) were as follows:

	2016	**2015**
	$	**$**
Loss before income taxes	349,579	500,092
Expected income tax recovery based on statutory rate	90,000	129,000
Adjustment to expected income tax benefit:		
Non-deductible expenses and other	(2,000)	(1,181,000)
Change in tax and exchange rates	(3,000)	20,000
Tax assets acquired on business combination	-	133,000
Change in deferred tax assets not recognized	(85,000)	899,000
Deferred income tax	-	-

b) Deferred Income Tax

	2016	**2015**
	$	**$**
Recognized deferred tax assets and liabilities:		
Non-capital loss carry-forwards	110,000	114,000
Exploration and evaluation	(110,000)	(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:		
Non-capital loss carry-forwards	14,184,000	13,856,000
Capital loss carry-forwards	2,463,000	2,464,000
Other temporary differences	41,000	43,000
Total	16,688,000	16,363,000

The Canadian non-capital losses of $14,180,000 (2015 - $13,884,000) expire from 2026 to 2036. The U.S. non-capital losses of $433,000 (2015 - $416,000) expire from 2020 to 2024. 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 for the 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 $419,258 (December 31, 2015 - $412,719) with the Alberta Energy Resource Conservation Board as required by legislation. The Company has also lodged a drilling deposit of US$50,000 ($67,135) (December 31, 2015 - US$50,000 ($69,200)) 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 an asset acquisition. 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(b)).

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

The exploration costs during the years ended December 31, 2016 and 2015 were as follows:

	Years ended December 31, 2016		2015	
Annual lease renewal costs	$	21,339	$	97,773
Land management		5,576		53,283
Others		2,572		15,559
	$	29,487	$	166,615

(Expressed in Canadian Dollars)

13. OFFICE AND GENERAL EXPENSES

The office and general expenses during the years ended December 31, 2016 and 2015 were as follows:

	Years ended December 31,	
	2016	**2015**
Accounting services	$ 49,938	$ 26,575
Management salary	100,000	100,000
Corporate services	17,818	9,191
Rent expense	29,160	29,160
Computer expenses	8,479	12,020
Telephone expense	2,597	1,757
Transfer agent	12,091	2,992
Others	2,378	9,000
	$ 222,461	$ 190,695

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, foreign currency translation reserve and deficit, which at December 31, 2016 was a deficiency of $359,321 (2015 – $12,340).

The Company manages its capital structure and makes adjustments to it based on general economic conditions, short term working capital requirements, and planned exploration and development. The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets' underlying assumptions as necessary. There have been no changes in the way the Company manages its capital during the years ended December 31, 2016 and 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, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

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, interest or foreign exchange 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, 2016 and 2015.

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, deposits and sundry receivables. Cash 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, cash and deposits 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, 2016, the Company had cash of $49,520 (2015 – $19,499) to settle current liabilities of $1,320,260 (2015 - $1,079,554). The Company has a working capital deficiency of $1,248,954 at December 31, 2016 (2015 - $892,286).

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, 2016, the Company's US dollar net monetary liabilities totaled $47,632. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2016 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $2,382.

(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.

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, 2016

		Canadian Operation		US Operation		Total
Total assets	$	996,181	$	77,210	$	1,073,391
Oil and gas property interests	$	515,692	$	-	$	515,692

As of December 31, 2015

		Canadian Operation		US Operation		Total
Total assets	$	1,065,692	$	119,187	$	1,184,879
Oil and gas property interests	$	515,692	$	-	$	515,692

17. ADVANCES

During the year ended December 31, 2016, the Company signed promissory notes and received $100,000 (2015 - $nil). Of the total, $75,000 were from related parties (directors and a company controlled by an officer of the Company). The loans are due between February 15, 2017 and May 7, 2017. The loans bear interest at 12% per annum. Of the total $50,000 is secured against the assets of the Company and $50,000 is unsecured. Included in finance costs in the consolidated statements of loss for the year ended December 31, 2016 was interest expense of $2,663 (2015 - $nil) relating to these loans.

18. SUBSEQUENT EVENT

Subsequent to December 31, 2016, the Company signed promissory notes and received $50,000 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.

SCHEDULE “I”
MOONCOR MANAGEMENT DISCUSSION AND ANALYSIS

MOONCOR OIL & GAS CORP.

Management's Discussion and Analysis
For the Years Ended
December 31, 2017 and 2016

Date of report: April 27, 2018

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 and notes thereto as at and for the years ended December 31, 2017 and 2016 (the "consolidated financial statements").

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 commercial production. The Company is also 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. The 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

The Company has conducted field operations at the Company's two Lloydminster wells and these two wells were placed into production and produced 2,064 barrels of oil during the year ended December 31, 2017. Prior to the production, the two wells had a long shut-in period that required intensive work on both the wells - the 03-28 well still requires a new bottom hole pump or an upgrade to handle all the sand. The Company will continue to work on these wells and anticipates that they will resume sustained production shortly. The Company has spent $232,918 (2016 - $nil) on these two wells and generated revenue of $77,143 during the year ended December 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.

Subsequent to December 31, 2017, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy.

Going concern

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. As at December 31, 2017, the Company has a working capital deficiency in the amount of $1,071,351 (2016 - $1,248,954) and has a deficit in the amount of $22,861,966 (2016 - $22,879,984).

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, 2017 will not be sufficient to meet the Company's potential capital and operating expenditures through December 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.

Property interests

Oil and gas property interests as at December 31, 2017 totaled $509,279 (2016 – $515,692).

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

During the year ended December 31, 2017, the two wells were placed into production and produced 2,064 barrels of oil. Included in the statement of income and comprehensive income for the year ended December 31, 2017 is revenue of $77,143 and depletion of oil and gas property interests of $6,413 relating to the production from the two wells in accordance with the Company's accounting policy.

(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, 2017, the Company spent $80,476 (2016 - $29,487) on exploration expenses for operating leases which was expensed in the consolidated statements of income (loss) and comprehensive income (loss).

Subsequent to December 31, 2017, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy.

Income Statements

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

	Year Ended December 31, 2017	2016	2015
Revenue	$ 77,143	$ -	$ -
Interest Income	3,864	7,073	514
Total revenue	$ 81,007	$ 7,073	$ 514
EXPENSES			
Operational expenses	$ 232,918	$ -	$ -
Depletion of oil and gas interest	6,413	-	-
Professional fees and disbursements	16,186	$ 40,061	$ 138,838
Exploration expenses	80,476	29,487	166,615
Office and general	(325,011)	222,461	190,695
Finance costs	19,450	2,663	-
Travel	-	-	3,766
Insurance	30,070	35,496	27,733
Total expenses	$ 60,502	$ 330,168	$ 527,647
Income (loss) before undernoted	**20,505**	**(323,095)**	**(527,133)**
Excess of fair value over net assets acquired	-	-	15,996
(Loss) gain on foreign exchange	(2,487)	(1,012)	4,882
Unrealized (loss) gain on investments	-	(27,000)	268,648
Net realized gain (loss) on sale of investments	-	1,528	(262,485)
Net income (loss) for the year	**18,018**	**(349,579)**	**(500,092)**
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations	5,890	2,598	(7,150)
Total comprehensive income (loss) for the year	**$ 23,908**	**$ (346,981)**	**$ (507,242)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	167,536,185
Earnings (loss) per common share based on net income (loss) for the year	$ 0.00	$ (0.00)	$ (0.00)

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, 2017	Q/E Sept 30, 2017	Q/E June 30, 2017	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
Total revenue	$1,671	$26,795	$30,842	$21,699	$7,073	$nil	$nil	$nil
Net profit/(loss) for the period	$350,108	($29,376)	($115,651)	($187,063)	($102,655)	($59,399)	($84,166)	($103,359)
Total comprehensive profit/(loss) for the period	$347,049	($24,711)	($112,598)	($185,832)	($105,520)	($61,111)	($83,360)	($96,990)
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

As previously discussed, the Company has conducted field operations at the Company's two Lloydminster wells and the two wells have produced 2,064 barrels of oil during the year ended December 31, 2017. The revenue generated from selling the oil produced from the wells was $77,143 (2016 - $nil). The depletion of oil and gas property interests during the year ended December 31, 2017 was $6,413 (2016 - $nil).

Total expenses for the year ended December 31, 2017 were $60,502 (2016 - $330,168). An increase of costs relating to the two Lloydminster wells that were brought into production were off-set by a reversal of old payables (some accrued for over five years) of $512,458. Finance charges on advances to the Company were $19,450 during the year ended December 31, 2017 (2016 - $2,663), relating to interest on advances, primarily from related parties.

Exploration expenses were $80,476 for the year ended December 31, 2017 (2016 – 29,487) and includes annual lease cost renewals of $25,222 (2016 - $21,339) and land management fees were $54,495 (2016 - $5,576). In 2017, Sinopec Daylight Energy was paid $53,986 for land management.

Professional expenses for the year ended December 31, 2017 were $16,186 (2016 - $40,061) and primarily comprise of accruals for audit fees ($12,240), land management services ($645) and engineering consulting and disbursements ($13,689) and there was a reversal of $11,582 following a settlement with a vendor.

For the year ended December 31, 2017, there was a credit of $325,011 in office and general (2016 - expenses of $222,461). The credit was primarily due to the reversal of old payables of $512,458 as mentioned above offset by accrued salary to the CEO ($100,000), accounting services ($46,425) and rent ($19,260).

Insurance charges for the year ended December 31, 2017 were $30,070 (2016 - $35,496) including for Montana assets.

Finance costs for year ended December 31, 2017 were $19,450 (2016 - $2,663l) was for the interest expense on the cash advances to the Company.

2017 Fourth Quarter Results

For the three months ended December 31, 2017, there was a net credit for expenses of $348,318 (2016 – expenses of $110,423), relating to the reversal of old accrued liabilities.

The Company has conducted field operations at the Company's two Lloydminster wells during the year ended December 31, 2017. The cost of production and the cost of repairs during the three months ended December 31, 2017 were $7,563. No oil was produced during the fourth quarter of 2017 and accordingly there was no depletion of oil and gas interests.

Professional expenses were $3,123 (2016 – $9,395) and comprise of accruals for audit fees ($765) and engineering consulting and disbursements ($1,531), tax accounting fees of $750. Exploration expenses were $63,601 (2016 – $15,170), primarily comprise of land management fee paid to Sinopec Daylight Energy ($53,226). Office and general expenses were a credit of $437,834 (2016 - $74,868) primarily due to the reversal of old accounts payables of $483,750. Some of the major office and general expenses were accrued salary for the CEO $25,000, rent of $5,040 and accounting services of $12,650. Corporate services were a credit of $18,194 in the fourth quarter of 2017 due to a write-back of an accrued liability of $21,500 no longer considered necessary.

Insurance charges for the period were $9,482 including the Montana assets (2016 - $8,327).

Finance costs for fourth quarter of 2017 were $5,747 (2016 - $2,663l) was for the interest expense on the cash advances to the Company.

Exploration Expenses

The exploration costs during the years ended December 31, 2017 and 2016 were as follows:

	Year ended December 31, 2017	2016
Annual lease renewal costs	$ 25,222	$ 21,339
Land management	54,495	5,576
Others	759	2,572
	$ 80,476	$ 29,487

Office and general expenses

The office and general expenses during the years ended December 31, 2017 and 2016 were as follows:

	Year ended December 31, 2017	2016
Accounting services	$ 46,425	$ 49,938
Management salary	100,000	100,000
Corporate services	(8,041)	17,818
Rent expense	19,260	29,160
Computer expenses	584	8,479
Telephone expense	2,682	2,597
Transfer agent	3,245	12,091
Reversal of old accounts payable	(512,458)	-
Others	23,292	2,378
	$ (325,011)	$ 222,461

Operational expenses

The operational expenses relating to the wells in Alberta during the year ended December 31, 2017 were as follows. There were no operational expenses in 2016.

	Year ended December 31, 2017
Contract operator & labour	$ 13,002
Road & Lease maintennace	10,804
Equipment Rental	24,111
Services & minor workover	60,751
Fuel & power	21,225
Trucking	16,933
Service rig	42,683
Waste disposals and chemical supplies	8,471
Royalty	7,723
Vacuum truck	2,525
Inspection services	2,795
Installation & supervision	21,895
	$ 232,918

Cash Flow

During the year ended December 31, 2017 the Company used cash of $270,750 (2016 - $144,294) in operating activities. For the year ended December 31, 2017 sundry receivables increased by $14,833 (2016 – decreased by $55,274) while accounts payable and accrued expenses increased by $227,030 (2016 - increased by $132,247).

During the year ended December 31, 2017, net cash generated in investing activities was $170,903 (2016 - $69,054) as Alberta Energy Board refunded a deposit of $169,760 as two of the wells were put into operation. Proceeds on disposal of investments during the year ended December 31, 2017 was $nil (2016 - $73,528).

During the year ended December 31, 2017, the Company received $90,000 (2016 - $100,000) as advances in the form of promissory notes in financing activities.

For the year ended December 31, 2017, the Company had a net increase in cash of $9,603 (2016 - 27,423). For the year ended December 31, 2017, the Company also had a gain from the exchange rate changes on its foreign operations' cash balances of $5,890 (2016 –$2,598) leaving a cash balance of $65,013 as at December 31, 2017 (2016 – $49,520).

Liquidity and Capital Resources

Consolidated statements of financial position highlights		December 31, 2017		December 31, 2016
Cash	$	**65,013**	$	49,520
Oil and gas property interests		**509,279**		515,692
Total assets		**920,850**		1,073,391
Total liabilities		**1,256,263**		1,432,712
Share capital, warrants and contributed surplus		**22,525,215**		22,525,215
Foreign currency translation reserve		**1,338**		(4,552)
Deficit		**(22,861,966)**		(22,879,894)
Working capital deficiency		**(1,071,351)**		(1,248,954)

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

The Company has a working capital deficiency of $1,071,351 as at December 31, 2017 (2016 - $1,248,954) 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 December 31, 2017 is $31,316 (2016 - $52,817) for legal fees and disbursements owing to a law firm (McMillan) in which an officer of the Company, Robbie Grossman, was a former partner.
b) Included in accounts payable and accrued liabilities as at December 31, 2017 is $43,068 (2016 - $42,536) 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 December 31, 2017, $398,750 (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.
d) At December 31, 2017 $nil (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 December 31, 2017 $nil (2016 - $10,625) is included in accounts payable and accrued liabilities due to a former officer (Darell Brown).
f) At December 31, 2017 $nil (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) At December 31, 2017 and 2016, $4,000 is included in accounts payable and accrued liabilities to an officer and director of the Company.
h) At December 31, 2017 $2,430 (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 the year ended December 31, 2017 (2016 - $75,000), the Company signed promissory notes and received $90,000 from related parties (directors and a company controlled by an officer of the Company) and secured against the assets of the Company and due on demand. The loans bear interest at 12% per annum and are secured against the assets of the Company (2016 - $50,000 were secured and $25,000 unsecured). (Note 4)
j) Included in office and general expenses for the year ended December 31, 2017 is $6,650 (2016 - $2,200) for consulting services provided by Binh Quach, a director of the Company. As at December 31, 2017, $19,817 (2016- $14,930) has been included in accounts payable and accrued liabilities.
k) Included in professional fees for the year ended December 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 December 31, 2017 $1,243 (December 31, 2016, $1,271) 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,	
	2017	2016
Short-term compensation	$ 100,000	$ 100,000

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, 2017, totaled to a deficiency of $335,413 (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 during the year ended December 31, 2017.

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, 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

As at December 31, 2017, the Company has deposits totaling $315,490 (2016 -$486,393) which is used as collateral for its oil and gas property interests associated with the Company's interest in Alberta, Canada, and Montana, USA

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, 2017, the Company had a cash balance of $65,013 (2016 – $49,250) which is not sufficient to settle current liabilities of $1,167,432 (2016 - $1,320,260). The Company has a working capital deficiency of $1,071,351 at December 31, 2017 (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 December 31, 2017, the Company's US dollar net monetary assets totaled $30,992. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $1,550.

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.

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.

(f) Dependence on management

The Company is dependent upon the efforts, skill and business contacts of key members of management, for among other things, during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success will depend upon the continued service of these individuals who are not obligated to remain employed with Mooncor. A loss of key personnel - members of management in particular - could impair our ability to execute our strategy and implement our operational objectives, all of which would have a material adverse effect on the Company.

Share Data:

Capital Stock

Common shares outstanding as of the date of the MD&A, December 31, 2017 and 2016, are as follows;

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

Warrants

Warrants outstanding as of the date of the MD&A and December 31, 2017 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 at the date of the MD&A are as follows:

# of Options Outstanding and Exercisable		Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$	0.25	November 19, 2020	2.89
75,000		0.20	April 8, 2021	3.27
67,500		0.23	May 4, 2021	3.34
211,250		0.14	November 29, 2021	3.92
623,750	**$**	**0.20**		**3.33**

Segmented Information

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

As of December 31, 2017		Canadian Operation		US Operation		Total
Total assets	$	854,473	$	66,377	$	920,850
Oil and gas property interests	$	509,279	$	-	$	509,279

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, 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, 2017 and 2016.

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.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2018. 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.

1. IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 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.

2. IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

4. 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.

New accounting policies:

During 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS7 and IAS 12. These new standards and changes did not have any material impact on the Company's financial statements.

Investor relations:

The Company's management performed its own investor relations duty for the year ended December 31, 2017.

Additional information:

Additional information relating to Mooncor may be found under the Company's profile on SEDAR at www.sedar.com or otherwise accessible on the Company's website, www.mooncoroil.com.

Subsequent event:

Subsequent to December 31, 2017, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy.

Date of report: April 21, 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 audited consolidated financial statements and notes thereto as at and for the years ended December 31, 2016 and 2015 ("consolidated financial statements").

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 commercial production. The Company is also 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. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc., an Alberta Corporation, DRGN Energy Inc., an Ontario Corporation, and Primary Petroleum Company USA Inc, a Montana, USA Corporation, and its wholly owned subsidiaries, Primary Petroleum Company LLC, a Montana, USA Corporation and AP Petroleum Company LLC, a Montana, USA Corporation, collectively ("Primary").

Summary of activities

During 2016, the Company spent $29,487 (2015 – $166,615) on exploration expenses and $nil (2015 - $22,429) on settlement of reclamation and decommissioning of exploration and evaluation assets. As at December 31, 2016, the Company had accrued $118,248 (2015 - $117,665) for reclamation and decommissioning obligations.

The Company has worked on the 2 Lloydminster wells in the 1st quarter of 2017 and they are now both operational, generating approximately 30 barrels a day since the end of February 2017.

The Company is also marketing the 3D seismic data and looking for opportunities to partner up or JV with interested parties to take advantage of the hydrocarbon potential in secondary horizons of the existing Montana wells.

In 2017, the Company will continue to explore opportunities in and around its properties and weigh the options on future exploration once the commodity prices recover and the Company is able to raise capital to execute an exploration program.

Going concern

The 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. As at December 31, 2016, the Company has a working capital deficiency in the amount of $1,248,954 (2015 - $892,286) and has a deficit in the amount of $22,879,984 (2015 - $22,530,405).

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, 2016 will not be sufficient to meet the Company's potential capital and operating expenditures through December 31, 2017. The Company will have to raise additional funds to continue operations. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available on terms acceptable to the Company. Failure to meet its funding commitments may result in the loss of the Company's exploration and evaluation interests.

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

Property interests

Oil and gas property interests as at December 31, 2016 and 2015 totaled $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.

In the first quarter of 2017, the Company has worked on the two Lloydminster wells and have reactivated the wells from the end of February 2017. The wells are generating approximately 30 barrels of oil a day.

(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, 2016, the Company spent $29,487 (2015 - $166,615) on exploration expenses for operating leases which was expensed in the consolidated statements of loss and comprehensive loss.

Management does not intend on renewing leases and certain leases expired in 2016.

Income Statements

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

	Years Ended December 31, 2016	2015	2014
Interest income	$ 7,073	$ 514	$ 7,228
Total revenue	$ 7,073	$ 514	$ 7,228
EXPENSES			
Professional fees and disbursements	$ 40,061	$ 138,838	$ 55,373
Exploration expenses	29,487	166,615	(8,716)
Clean up expenses	-	-	32,246
Office and general	222,461	190,695	128,776
Finance costs	2,663	-	-
Travel	-	3,766	2,319
Insurance	35,496	27,733	27,104
Total expenses	$ 330,168	$ 527,647	$ 237,102
Loss before undernoted	**(323,095)**	**(527,133)**	**(229,874)**
Excess of fair value over net assets acquired	-	15,996	-
(Loss) gain on foreign exchange	(1,012)	4,882	-
Unrealized (loss) gain on investments	(27,000)	268,648	(241,648)
Net realized gain (loss) on sale of investments	1,528	(262,485)	(122,780)
Net loss for the year	**(349,579)**	**(500,092)**	**(594,302)**
Other comprehensive income (loss)			
Exchange differences on translation of foreign operations	2,598	(7,150)	-
Total comprehensive loss for the year	**$ (346,981)**	**$ (507,242)**	**$ (594,302)**
Weighted average shares outstanding - basic and diluted	167,536,185	167,536,185	159,093,232
Net loss per share based on net loss - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)

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, 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)	Q/E March 31, 2015 (Restated)
Revenue	$7,073	$nil	$nil	$nil	$514	$nil	$nil	$nil
Net profit/(loss) for the period	($102,655)	($59,399)	($84,166)	($103,359)	($255,738)	$6,769	($149,822)	($101,301)
Total comprehensive profit/(loss) for the period	($105,520)	($61,111)	($83,360)	($96,990)	($266,994)	$10,632	($149,579)	($101,301)
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, 2016 and 2015, the Company had no revenue from test production at its Lloydminster wells. As noted above, these well have been reactivated in the first quarter of 2017.

Overall, total expenses for the year ended December 31, 2016 decreased by $197,479 to $330,168 (2015 - $527,647). Professional expenses of $40,061 (2015 - $138,838) primarily comprise of accruals for legal fees and disbursements of $2,705 (2015 - $24,416) and audit fees $15,740 (2015 - $22,300), accounting fees of $2,900 (2015 - $10,250), reserve report, engineering, consulting and disbursements, land management and map services of $18,716 (2015 - $81,872). Exploration expenses were $29,487 (2015 – $166,615) comprising primarily of lease renewal costs of $21,339 (2015 - $97,773), land management costs of $5,576 (2015 - $53,283) and other costs of $2,572 (2015 - $15,559).

Office and general expenses were $222,461 (2015 - $190,695) and primarily comprise of accrued salary for Allen Lone, the Company's chief executive officer ("CEO") of $100,000 (2015 - $100,000), corporate services of $17,818 (2015 - $9,191) and transfer agents fees of $12,091 (2015 - $2,992), rent of $29,160 (2015 - $29,160), land management computer license of $8,478 (2015 - $12,020) and accounting fees of $49,938 (2015 - $26,575). Travel costs were $nil (2015 - $3,766). Insurance charges for the year were $35,496 (2015 - $27,733).

During the year ended December 31, 2016, the Company sold its remaining investments in Keek Inc. for net proceeds of $73,528 resulting in a realized gain on disposal of investments of $1,528 and a net change in unrealized loss in investments of $27,000 which have been reflected in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2016.

2016 Fourth Quarter Results

Total expenses for the three months ended December 31, 2016 were $110,423 (2015 - $259,878). Professional expenses were $9,395 (2015 - $61,613) comprising primarily of $1,800 for taxation services, $2,358 for reserve report and $2,562 for consulting and disbursements. Exploration expenses were $15,170 (2015 – $133,145) which primarily comprises of lease renewal costs of $13,652 and land management costs of $1,518. Office and general expenses were $74,868 (2015 - $57,507) and primarily comprises of accrued salary for the CEO $25,000, rent of $14,040, transfer agent fees of $9,771, corporate services of $9,593 and accounting fees of $12,838. Insurance charges for the year were $8,327 (2015 - $5,613).

Exploration Expenses

The exploration costs during the years ended December 31, 2016 and 2015 were as follows:

	Years ended December 31, 2016	2015
Annual lease renewal costs	$ 21,339	$ 97,773
Land management	5,576	53,283
Others	2,572	15,559
	$ 29,487	$ 166,615

Office and general expenses

The office and general expenses during the years ended December 31, 2016 and 2015 were as follows:

	Years ended December 31,	
	2016	2015
Accounting services	$ 49,938	$ 26,575
Management salary	100,000	100,000
Corporate services	17,818	9,191
Rent expense	29,160	29,160
Computer expenses	8,479	12,020
Telephone expense	2,597	1,757
Transfer agent	12,091	2,992
Others	2,378	9,000
	$ 222,461	$ 190,695

Cash Flow

During the year ended December 31, 2016 the Company used cash of $141,631 (2015 - $323,344) in operating activities. The unrealized loss on sale of investments of $27,000, realized gains on investments of $1,528, accrued interest on advances of $2,663 and accretion of reclamation and decommissioning costs of $583 did not involve any flow of funds.

For the year ended December 31, 2016 sundry receivables decreased by $55,274 (2015 – increased by $51,372), accounts payable and accrued expenses increased by $132,247 (2015 - $269,393).

During the year ended December 31, 2016, net cash generated in investing activities was $69,054 as compared to $28,407 for the year ended December 31, 2015. Proceeds on disposal of investments during the year ended December 31, 2016 was $73,528 (2015 - $54,515) while deposits increased by $4,474 (2015 - $26,108).

During the year ended December 31, 2016, the Company received $100,000 (2015 - $nil) as advances in the form of promissory notes in financing activities.

For the year ended December 31, 2016, the Company had a net increase in cash of $27,423 as compared to a decrease of $294,937 for the year ended December 31, 2015. For the year ended December 31, 2016, the Company also had a gain from the exchange rate changes on its foreign operations' cash balances of $2,598 (2015 – loss of $8,212) leaving a cash balance of $49,520 as at December 31, 2016 as compared to $19,499 as at December 31, 2015.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	December 31, 2016	December 31, 2015
Cash	**$ 49,520**	$ 19,499
Property interests	**515,692**	515,692
Total assets	**1,073,391**	1,184,879
Total liabilities	**1,432,712**	1,197,219
Share capital, warrants and contributed surplus	**22,525,215**	22,525,215
Foreign currency translation reserve	**(4,552)**	(7,150)
Deficit	**(22,879,894)**	(22,530,405)
Working capital deficiency	**(1,248,954)**	(892,286)

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

The Company has a working capital deficiency of $1,248,954 as at December 31, 2016 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.

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. During the year ended December 31, 2016, the Company sold all the Keek shares for net proceeds of $73,528 resulting in a net realized gain on disposal of investments of $1,528 and a net change in unrealized loss on investments of $27,000 which have been reflected in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2016.

Related party transactions:

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

a. Included in professional fees for the year ended December 31, 2016 is $3,043 (year ended December 31, 2015 – $19,787) 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, 2016 is $52,817 (December 31, 2015 - $52,228) owing to this law firm.

b. Included in accounts payable and accrued liabilities at December 31, 2016 is $42,536 (December 31, 2015 - $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 December 31, 2016, $277,224 (December 31, 2015 - $175,000) has been included in accounts payable and accrued liabilities for remuneration of the Company's Chief Executive Officer and director, Allen Lone.

d. During the year ended December 31, 2016, the Company paid $9,000 (year ended December 31, 2015 - $12,000) of rent to Fox-Tek Inc., a company in which Allen Lone, CEO is an officer and director. At December 31, 2016, $10,170 (December 31, 2015 - $nil) has been included in accounts payable and accrued liabilities.

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

f. Gerry Feldman, a director of the Company was an officer of Pinetree at the time of the Company's acquisition of the common shares of Pinetree in 2014.

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

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

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

j. $4,000 is included in accounts payable and accrued liabilities at December 31, 2016 and 2015 to directors of the Company.

k. Included in professional fees for the year ended December 31, 2016 is $791 for taxation services provided by Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO, is a partner (2015 – $791). At December 31, 2016, $1,582 (2015 - $791) has been included in accounts payable and accrued liabilities for Alan Myers and Associates.

l. During the year ended December 31, 2016, the Company paid $9,778 (the year end December 31, 2015 - $22,509) to a company controlled by an officer of the Company, Tony Boogmans, for consulting fees and disbursements. At December 31, 2016, $6,365 (December 31, 2015 - $5,578) has been included in accounts payable and accrued liabilities.

m. During the year ended December 31, 2016, the Company signed promissory notes and received $75,000 (2015 - $nil) from related parties (directors and a company controlled by an officer of the Company). The loans are due between February 15, 2017 and April 26, 2017. The loans bear interest at 12% per annum. Of the total $25,000 is secured against the assets of the Company and $50,000 is unsecured. Included in finance costs in the consolidated statements of loss for the year ended December 31, 2016 was interest expense of $2,219 (2015 - $nil) relating to these loans.

n. Included in office and general expenses for the year ended December 31, 2016 is $2,200 for accounting services provided by Binh Quach, a director of the Company during the year. At December 31, 2016, $14,930 has been included in accounts payable and accrued liabilities for Binh Quach.

o. Included in professional fees for the year ended December 31, 2016 is $1,271 for taxation services provided by DNTW Toronto LLP, an accounting firm in which Gerry Feldman, a director, is a partner (2015 – $nil). At December 31, 2016, $1,271 (2015 - $nil) has been included in accounts payable and accrued liabilities for DNTW Toronto LLP.

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 an asset acquisition. 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,			
		2016		2015
Short-term compensation	$	100,000	$	100,000

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, 2016, totaled to a deficiency of $359,321 (2015 – $12,340).

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

There were no changes in the Company's approach to managing capital during 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 December 31, 2016, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

Off- Balance Sheet arrangements

The Company has no off balance sheet arrangements as at December 31, 2016.

Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions in relation to the Company's activities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant price, credit, liquidity, or cash flow risks arising from the financial instruments. There were no changes to the Company's risks, objectives, policies and procedures from the previous year.

Liquidity risk

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

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

At December 31, 2016, the Company had a cash balance of $49,520 (2015 – $19,499) which is not sufficient to settle current liabilities of $1,320,260 (2015 - $1,079,554). The Company has a working capital deficiency of $1,248,954 at December 31, 2016 (December 31, 2015 – $892,286). See "Going Concern" section elsewhere in this MD&A.

Foreign exchange

The Company operates primarily in Canada and the United States.

The presentation currency is Canadian dollar and the functional currency of the parent company is Canadian dollars. As at December 31, 2016, the Company's US dollar net monetary liabilities totaled $47,632. Accordingly a 5% change in the US dollar exchange rate as at December 31, 2016 on this amount would have resulted in an exchange loss or gain and therefore net loss would have increased (decreased) by $2,382.

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.

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 the date of the MD&A, December 31, 2016 and December 31, 2015, are as follows;

	# of Common Shares		Amount
Balance, December 31, 2015 and 2014	**167,536,185**	**$**	**20,175,578**
Expired warrants transferred to capital stock	-		**411,215**
Balance, December 31, 2016	**167,536,185**	**$**	**20,586,793**

Warrants

Warrants outstanding as of the date of the MD&A and December 31, 2016 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 at the date of the MD&A are as follows:

# of Options Outstanding and Exercisable		Exercise Price	Expiry Date	Remaining Contractual Life (years)
270,000	$	0.25	November 19, 2020	3.89
75,000		0.20	April 8, 2021	4.27
67,500		0.23	May 4, 2021	4.34
211,250		0.14	November 29, 2021	4.92
623,750	**$**	**0.20**		**4.33**

Segmented Information

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

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

As of December 31, 2015

		Canadian Operation		US Operation		Total
Total assets	$	1,065,692	$	119,187	$	1,184,879
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, 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, 2016 and 2015.

Taxes, income taxes and deferred taxes

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

Estimation of decommissioning and restoration costs and the timing of expenditure

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

During the year ended December 31, 2016, the Company recorded $583 in decommissioning expenses.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2017. 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.

1. IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 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.

2. IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. 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.

4. 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.

5. IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

6. 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.

New accounting policies:

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 7, IFRS 11, and IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

Investor relations:

The Company's management performed its own investor relations duty for the year ended December 31, 2016.

Additional information:

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

Subsequent event:

Subsequent to December 31, 2016, the Company signed promissory notes and received $50,000 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.

CERTIFICATE OF MOONCOR OIL & GAS CORP.

Dated: June 29, 2018

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Mooncor Oil & Gas Corp. assuming the completion of the Transaction.

(Signed) *"Allen Lone"* Allen Lone Chief Executive Officer	(Signed) *"Alan Myers"* Alan Myers Chief Financial Officer

On behalf of the Board of Directors

(Signed) *"Steven Mintz"* Steven Mintz Director	(Signed) *"Gerry Feldman"* Gerry Feldman Director