SENSOR TECHNOLOGIES CORP.

(FORMERLY MOONCOR OIL & GAS CORP.)

Management's Discussion and Analysis
For the Years Ended
December 31, 2018 and 2017

Date of report: April 26, 2019

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Sensor Technologies Corp. (formerly - Mooncor Oil & Gas Corp.) ("STC" or the "Company") should be read in conjunction with STC's annual consolidated financial statements and notes thereto as at and for the years ended December 31, 2018 and 2017 (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:

Sensor Technologies Corp. (formerly - Mooncor Oil & Gas Corp.) (the "Company" or "STC") is continued under the Business Corporations Act (Ontario). The Company's principal assets are oil and natural gas interests which are in commercial production and in the exploration phase. 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.

On October 24, 2018, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "SENS". Prior to September 30, 2018, the Company traded on TSX Venture Exchange ("TSXV" under the symbol of "MOO"). These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Mooncor Energy Inc. ("Mooncor Energy"), an Alberta Corporation, Sensor Technologies Inc. ("STI"), an Ontario Corporation, DRGN Energy Inc. ("DRGN"), an Ontario Corporation, Primary Petroleum Company U.S. Inc ("PPCUSA"), a Montana, USA Corporation, Primary Petroleum Company LLC ("PPCLLC"), a Montana, USA Corporation and AP Petroleum Company ("APLLC"), a Montana, USA Corporation.

The consolidated statements were approved for issue by the board of directors on April 26, 2019.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Sensor Technologies Inc., Mooncor Energy, DRGN, PPCUSA, PPCLLC and APLLC. 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.

FOX-TEK Canada Inc. ("FOX-TEK") incorporated under the Business Corporations Act (Ontario) was a subsidiary of IntellaEquity Inc. (formerly Augusta Industries Inc.) ("Intellaa"). During the year, the Company acquired STI from Intella for a purchase price of $21,500,000. $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 STC 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 STI'ss products and a 20% royalty on all future sales of STI'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 STI, and (ii) the aggregate payment of $12 million.

In October 2019, FOX-TEK and Sensor Technologies Inc. ("STI"), a wholly owned subsidiary of the Company entered into an amalgamation agreement (the "Agreement") whereby Fox-Tek amalgamated with STI to operate as STI.

As a result of the issuance of the common shares of the Company for STI, the former shareholder of STI, namely IntellaEquity Inc, ended up controlling the Company. As such the acquisition is considered a reverse-takeover for accounting purposes.

Summary of activities

STI 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 Sensor handles the installation and reporting of information on an outsourcing basis. Sensor provides support engineering services related to planning, training, on-site installation, and data interpretation and reporting. Sensor's target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

STI'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.

STI'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 Sensor s 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 Sensor s 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.

STI'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

STI's Data Management and Analysis Tool ("DMAT") platform 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 sensor ("FT") systems. STI 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.

In the 4th quarter of 2018, STI was awarded three contracts, two of which are for a complete leak detection systems to monitor infrastructure for one of North America's largest pipeline companies and the third contract for phase two (phase one proof-of-concept application was completed in 2017) in the nuclear space using its high precision fiber bragg grating (FBG) acquisition equipment to measure very small changes in strain in injector ports. The value of the three contracts is $194,587. STI has also renewed its monitoring and service contract with one of its customer for the fiscal year 2019 worth upwards of $270,000. STI was also awarded a contract by one of North America's largest pipeline companies to convert 4 of their monitoring system presently running on a platform designed by one of STI's competitors into STI's EFM systems and for data monitoring services. The contract is for a period of 5 years starting January 2019 and is valued at about $117,000 annually. STI's expects to be awarded a contract for another conversion in 2019 valued at $29,000 a year for a five year period.

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

Going concern

The consolidated statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company has incurred a net loss of $1,779,442 for year ended December 31, 2018 (2017- $77,413), has a working capital deficiency in the amount of $2,169,443 and has a deficit in the amount of $4,907,907 as at December 31, 2018.

Management estimates that the funds available as at December 31, 2018 will not be sufficient to meet the Company's potential capital and operating expenditures through to December 31, 2019. 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. The challenges of securing requisite funding and the cumulative losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Oil and gas property interests

Oil and gas property interests as at December 31, 2018 totals $509,279 (2017 - $nil).

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.

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. The Company is the operator of the working interests.

In January 2018, the Company has assigned and transferred operations of the existing wells in Montana, USA, to Noah Energy, Inc, a private USA oil and gas company.

Operating results

The Company's consolidated statements of income (loss) and comprehensive income (loss) for the most recent three years are:

	Year ended December 31, 2018	2017	2016
Revenue	$ 381,105	$ 467,234	$ 783,171
Interest income	1,768	-	1,305
Total revenue	382,873	467,234	784,476
Cost of sales	(89,101)	(125,153)	(211,572)
Royalty payable	(13,040)	-	-
Gross profit	$ 280,732	$ 342,081	$ 572,904
Expenses			
Research and development	(156,622)	(148,073)	(156,622)
Selling	(23,482)	(28,599)	(26,710)
Reclamation and decommissioning expenses	(322,239)	-	-
Salaries	(78,383)	(76,314)	(53,205)
Professional fees and disbursements	(26,402)	(15,676)	(16,919)
Exploration expenses	(4,377)	-	-
Office and general	(85,279)	(145,651)	(67,915)
Insurance	(18,300)	-	-
Amortization	(938)	(1,370)	(2,213)
Corporate services	(28,165)	-	-
Total expenses	$ (744,187)	$ (415,683)	$ (323,584)
(Loss) Income before undernoted	(463,455)	(73,602)	249,320
Finance costs	(248,329)	-	
Income (loss) on foreign exchange	962	(3,811)	(5,755)
Cost of public listing	(1,068,620)	-	-
Net (loss) income for the year	(1,779,442)	(77,413)	243,565
Other comprehensive (loss) for the year			
Exchange differences on translation of foreign operations	(1,277)	-	-
Total comprehensive (loss) income for the year	$ (1,780,719)	$ (77,413)	$ 243,565
Weighted average shares outstanding - basic and diluted	18,061,888	5,584,540	5,584,540
(Loss) earnings per common share based on net (loss) income for the year	$ (0.10)	$ (0.01)	$ 0.04

Results of Operations:

The Company's quarterly sales, cost of sales, gross profit and gross profit margin percentages for the eight most recently completed financial periods are as follows:

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Sales revenue	$ 189,967	$ 100,542	$ 85,797	$ 90,927	$ 85,225	$ 89,717	$ 140,961	$ 65,202
Interest income	-	-	-	-	-	-	-	1,768
Total revenue	189,967	100,542	85,797	90,927	85,225	89,717	140,961	66,970
Cost of sales	(45,066)	(22,311)	(20,229)	(37,547)	(10,596)	(15,619)	(43,234)	(19,652)
Royalty payable	-	-	-	-	-	-	-	(13,040)
Gross profit	$ 144,901	$ 78,231	$ 65,568	$ 53,380	$ 74,629	$ 74,098	$ 97,727	$ 34,278
Gross profit %	76%	78%	76%	59%	88%	83%	69%	51%

As a result of the reverse-takeover transaction of the Company, the consolidated statement of loss and comprehensive loss of the Company for the year ended December 31, 2018 comprises the statement of income loss and comprehensive loss of former FOX-TEK for the nine months ended September 30, 2018 and the statement of income loss and comprehensive loss of STC and its wholly owned subsidiaries for the three months ended December 31, 2018. The comparatives for the year ended December 31, 2017 comprises the statement of income loss and comprehensive loss of former FOX-TEK only. Many of the variances between the years are the consequence of this.

Total sales revenue for the year ended December 31, 2018 was $381,105 (2017 - $467,234) primarily because in 2018 STI had fewer hardware sales.

Total expenses for the year ended December 31, 2018 were $744,187 (2017 - $415,683). The increase in costs of $328,504 mainly due to reclamation and decommissioning expenses of $322,239 relating to the Lloydminster wells in Alberta while there were no corresponding expenses in 2017. The corporate expenses in 2018 was $28,165 were expenses that STC expended in the three months ended September 30, 2018 while there were no equivalent expenses in former FOX-TEK in 2017, when it was a wholly owned subsidiary of IntellaEquity. Office and general expenses were $85,279 (2017 - $145,651) a reduction of $60,372 largely due to an inventory impairment charge of $76,199 in 2017 while there were no such impairment in 2018.

Finance charges were $248,329 during the year ended December 31, 2018 (2017 - $nil). The increase is largely due the conversion of $2,800,000 of loans owing to IntellaEquity into convertible debentures in July 2018 carrying an annual interest of 12%. The financial charges also include interest on advances.

There is charge of $1,068,620 for the year ended December 31, 2018 (2017 - $nil) arising from the acquisition of FOX-TEK from IntellaEquity. The details are given in Note 2 to the consolidated financial statements of the Company as December 31, 2018 and 2017.

2018 Fourth Quarter Results

The consolidated statement of income loss and comprehensive loss of the Company for the three months ended December 31, 2018 comprises the statement of income loss and comprehensive loss of former FOX-TEK and the statement of income loss and comprehensive loss of STC and its wholly owned subsidiaries for the three months ended December 31, 2018. The comparatives for the three months ended December 31, 2017 include only the statement of income loss and comprehensive loss of former FOX-TEK only. Many of the variances between years are the consequence of this.

For the three months ended December 31, 2018, sales were $65,202 (2017 – 90,927) and cost of sales were $19,652 (2017 – 37,546). The difference of $25,725 in sales was mainly due to survey that was done on three sites of one of our customers. The margin in 2018 was 70% as against 58% in 2017. The reason for the higher margin is because margins on monitoring fees are higher than service calls and in 2018 the sale for the three months ended December 31, 2018 were all monitoring fees while we had the surveying service call revenue in 2017.

Following the acquisition of FOX-TEK from Intella, STI has to 20% of its service revenue to Intella as royalty and for the three months ended December 31, 2018, this amounted to $13,040.

Expenses for the three months ended December 31, 2018 that relate to STI segment include research and development $37,219 (2017- $36,750) and salaries $10,248 (2017 - $14,566). Expenses for the three months ended December 31, 2018 that relate to the oil and gas segment include reclamation and decommissioning expenses of $322,239 (2017 - $nil) and insurance of $18,300 (2017 - $nil). The Company also spent $28,165 for corporate services.

Finance costs for fourth quarter of 2018 were $149,112 (2017 - $nil) was for the interest expense on the convertible debentures and advances to the Company.

Office and general expenses

The office and general expenses during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31, 2018	2017
Accounting services	$ 12,770	$ -
Rent expense	40,530	33,041
Computer expenses	3,804	2,846
Telephone expense	13,132	10,860
Inventory impairment	-	76,199
Others	15,043	22,705
	$ 85,279	$ 145,651

Corporate service expenses

The corporate service expenses during the years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31,	
	2018	**2017**
Corporate services	25,506	-
Transfer agent	2,659	-
	$ 28,165	$ -

Cash Flow

The cash flow statement has been prepared by taking the movement of funds between December 31, 2018 and 2017 adjusted for the acquisition of FOX-TEK and the resulting reverse take over.

During the year ended December 31, 2018 the Company used cash of $136,232 (2017 – generated cash of $151,030) in operating activities. The net loss for the year of $1,779,442 were offset by expenses that did not involve movement of funds and included cost of public listing of $1,068,620, accrued interest on debentures of $137,361, accretion of debentures of $87,486 and accretion of reclamation and decommissioning obligations of $322,239.

Trade and other accounts receivable increased by $28,828 and prepaid by $21,738 as did accounts payable and accrued liabilities by $102,079.

Proceeds from advances were $296,460 part of which was used to reduce amount owing to parent company by $212,766 and in deposits to the Alberta Energy Regulators of $61,482.

Liquidity and Capital Resources

Consolidated statements of financial position highlights	**December 31, 2018**	**December 31, 2017**
Cash	**$ 19,135**	$ 8,739
Oil and gas property interests	**509,279**	-
Total assets	**1,055,885**	126,085
Total liabilities	**4,129,759**	3,254,549
Share capital, warrants, reserves and contributed surplus	**1,780,162**	1
Foreign currency translation reserve	**61**	-
Deficit	**(4,907,907)**	(3,128,465)
Working capital deficiency	**(2,169,443)**	(3,130,960)

The Company has a working capital deficiency of $2,169,443 as at December 31, 2018 (2017 - $3,130,960) and its cash balance is not sufficient to meet the Company's liabilities. 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, 2018 is $31,316 (2017 - $31,316) 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, 2018 is $43,068 (2017 - $43,068) 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, 2018, $511,137 (December 31, 2017 - $423,750) has been included in accounts payable and accrued liabilities for unpaid remuneration of the Company's former Chief Executive Officer and director, Allen Lone.

d. At December 31, 2018 and 2017, $4,000 is included in accounts payable and accrued liabilities to an officer and director of the Company.

e. At December 31, 2018 and 2017 $2,430 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.

f. Included in advances are promissory notes outstanding at December 31, 2018 of $335,269 (2017 - $183,669), from related parties (former directors and a company controlled by a former officer of the Company) and secured against the assets of the Company and due on demand. The loans bear interest at 10% to 12% per annum and are secured against the assets of the Company (Note 8).

g. Included in office and general expenses for the year ended December 31, 2018 is $5,000 (2017 - $6,650) for consulting services provided by Binh Quach, a director of the Company. As at December 31, 2017, $24,817 (2017- $19,817) has been included in accounts payable.

h. Included in office and general expenses for the year ended December 31, 2018 is $40,000 (2017 - $40,000) for accounting services provided by Momen Rahman, CFO of Intella. As at December 31, 2018, $166,000 (2017- $126,000) has been included in accounts payable.

i. Included in professional expenses and disbursements for the year ended December 31, 2018 is $15,000 (2017 - $nil) for legal services and disbursements provided by Jay Vieira, the CEO of the Company. As at December 31, 2018, $14,950 (2017- $nil) has been included in accounts payable.

j. Included in research and development expenses for the year ended December 31, 2018 is $23,333 (2017 - $nil) for services provided by Mumin Demiral, a director of the Company.

k. The Royalty expense of $13,040 is due to the Company's parent corporation Intella. This amount is included as an amount payable under accounts payable and accrued liabilities.

l. Included in financing costs is $138,984 due to the Company's parent corporation Intella Inc. for interest accrued on the convertible debenture owing to IntellaEquity Inc.

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, 2018	2017
Short-term compensation	$ 70,235	$ -

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, equity component of convertible debenture. Accumulated other comprehensive income and deficit which at December 31, 2018 was a deficiency of $3,127,684 (2017 – $3,128,464).

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 years ended December 31, 2018 and 2017

Deposits

As at December 31, 2018, the Company has deposits totaling $333,560 (2017 -$nil) which is used as collateral for its oil and gas property interests associated with the Company's interest in Alberta, Canada.

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, 2018, the Company had a cash balance of $19,135 (2017 – $8,739) which is not sufficient to settle current liabilities of $$2,380,431 (2017 - $3,254,549). The Company has a working capital deficiency of $2,169,443 at December 31, 2018 (2017 – $3,130,960). 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, 2018, the Company's US dollar net monetary assets totaled $12,142 (2017 - $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 $607.

Price risk

The Company is exposed to price risk with respect to commodity prices and the competitive market in which STI operates. The Company closely monitors commodity prices and competitors pricing policies to determine the appropriate course of action to be taken by the Company. 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. The Company's future operations will also 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.

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.

Product Failures and Mistakes

STI 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 STI 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. STI 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. STI 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, STI 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 STI offers is vigorous and could increase. Some of STI's competitors have significantly greater financial, technical, distribution, and marketing resources than STI. Technological progress and product development could make STI products obsolete or reduce their value.

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, 2018 and 2017, are as follows;

	# of Common Shares		Amount
Balance, December 31, 2016	**167,536,185**	**$**	**1**
Transactions	**-**		**-**
Balance, December 31, 2017	**167,536,185**	**$**	**1**
Consolidation of share @ 30:1	**(161,951,645)**		
Shares issued on acquisition of Fox-Tek	**47,500,000**		**558,454**
Shares issued on conversion of debentures	**5,149,589**		**1,029,916**
Equity portion of convertible debentures transferred to common stock on conversion of debentures	**-**		**68,565**
Balance, December 31, 2018	**58,234,129**	**$**	**1,656,936**

Warrants

There were no warrants outstanding as of the date of the MD&A and December 31, 2018:

	# of Warrants		Amount		Weighted Average Exercise Price
Balance, December 31, 2016	**11,448,492**	**$**	**41,100**	**$**	**0.10**
Transactions	-		-		-
Balance, December 31, 2017	**11,448,492**		**41,100**	**$**	**0.10**
Expiry of warrants - June 13, 2018	(11,448,492)		(41,100)		-
Balance, December 31, 2018	-	$	-	$	-

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	$ 7.50	November 19, 2020	1.89
75,000	6.00	April 8, 2021	2.27
67,500	6.90	May 4, 2021	2.34
211,250	4.20	November 29, 2021	2.92
623,750	**$ 6.00**		**2.33**

Segmented Information

The Company's reportable segments are strategic business units that offer different services and/or products. They are managed separately because each segment requires different strategies and involves different aspects of management expertise.

STI develops 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 and erosion, strain due to bending or buckling, and process pressure and temperature. STI's FT fiber optic sensor and EFM systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks.

MEI, PPI, PPC and APPC are oil & gas companies

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

For the year ended December 31, 2018

	STI Operations	Oil and Gas Operations	Corporate Operations	Total
Revenue	$ 381,105	$ -	$ -	$ 381,105
Interest income	-	1,768	-	1,768
Total revenue	381,105	1,768	-	382,873
Cost of sales	(89,101)	-	-	(89,101)
Royalty	(13,040)	-	-	(13,040)
Gross profit	$ 278,964	$ 1,768	$ -	$ 280,732
Expenses				
Research and development	(156,622)	-	-	(156,622)
Selling	(23,482)	-	-	(23,482)
Reclamation and decomissioning expenses	-	(322,239)	-	(322,239)
Salaries	(78,383)	-	-	(78,383)
Professional fees and disbursements	(26,152)	-	(250)	(26,402)
Exploration expenses	-	(4,377)	-	(4,377)
Office and general	(71,272)	-	(14,007)	(85,279)
Insurance	(12,027)	-	(6,273)	(18,300)
Amortization	(938)	-	-	(938)
Corporate services	-	-	(28,165)	(28,165)
Total expenses	$ (368,876)	$ (326,616)	$ (48,695)	$ (744,187)
(Loss) before undernoted	(89,912)	(324,848)	(48,695)	(463,455)
Finance costs	(100,652)	-	(147,677)	(248,329)
Cost of public listing	-	-	(1,068,620)	(1,068,620)
Income on foreign exchange	-	-	449	449
Net (loss) for the year	(190,564)	(324,848)	(1,264,543)	(1,779,955)
Other comprehensive (loss) for the year				
Exchange differences on translation of foreign operations	-	(1,277)	-	(1,277)
Total comprehensive (loss) for the year	**$ (190,564)**	**$ (326,125)**	**$ (1,264,543)**	**$ (1,781,232)**

As at December 31, 2018				
Equipment	$ 2,058	$ -	$ -	$ 2,058
Total assets	$ 184,411	$ 820,844	$ 50,630	$ 1,055,885

For the year ended December 31, 2017

	STI Operations	Oil and Gas Operations	Corporate Operations	Total
Revenue	$ 467,234	$ -	$ -	$ 467,234
Cost of sales	(125,153)	-	-	(125,153)
Gross Profit	342,081	-	$ -	342,081
Expenses				
Research and development	(148,073)	-	-	(148,073)
Selling	(28,599)	-	-	(28,599)
Salaries	(76,314)	-	-	(76,314)
Professional fees and disbursements	(15,676)	-	-	(15,676)
Office and general	(145,651)	-	-	(145,651)
Amortization	(1,370)	-	-	(1,370)
Total expenses	$ (415,683)	$ -	$ -	$ (415,683)
(Loss) before undernoted	(73,602)	-	-	(73,602)
(Loss) on foreign exchange	(3,811)	-	-	(3,811)
Net (loss) for the year	(77,413)	-	-	(77,413)
Exchange differences on translation of foreign operations	-	-	-	-
Total comprehensive (loss) for the year	**$ (77,413)**	**$ -**	**$ -**	**$ (77,413)**

As at December 31, 2017

Equipment	$ 2,496	$ -	$ -	$ 2,496
Total assets	$ 126,085	$ -	$ -	$ 126,085

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 and the Company's allowances for impairments of trade and other accounts receivables, impairment of inventory, valuation of convertible debenture and options.

Allowances for impairment of trade and other accounts receivables

The Company's carrying value of trade and other receivables as at December 31, 2018 was $83,153 (2017 - $46,299). 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.

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 most reliable information available at the time the estimates are made, of the amount the inventory is expected to realize. As at December 31, 2018, the carrying amount of inventory was $36,537 (December 31, 2017 – $32,656).

Valuation of convertible debenture and options

The conversion options require an estimation of the fair value of a similar liability that doesn't have an associated equity component by using a suitable discount rate at initial recognition and each extension date. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole. The warrants attached with convertible debenture and warrants issued upon private placement financings require an estimation of the fair value at initial recognition and each extension date. Management uses the Black-Scholes option pricing model to estimate the fair value of options, warrants and conversion options, and the residual equity amount is then allocated to them based on their relative fair values.

On July 1, 2018, Fox-Tek issued unsecured convertible debentures of $2,800,000 to its parent company to cover part of its inter-company balance. The debentures bear interest at a rate of 12% per annum payable monthly till maturity on June 30, 2021. All or any part of the principal of the debenture can be converted into common shares by the holder at a conversion price of $0.20 per share. Management used the residual method to allocate the fair value of the conversion options. Management calculated the fair value of the liability component as $2,608,209 using a discount rate of 15%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of $191,791 being the fair value of the equity component. On August 1, 2018, Intella assigned $1,010,000 of the convertible debentures to a third party, Lakeshore Capital Management Inc. ("Lakeshore"). On November 16, 2018, Lakeshore converted the debenture and interest accrued to September 30, 2018 ($1,028,918) to common shares at the conversion price of $0.20 per share. $68,565 of the equity portion of the convertible debentures were transferred to common stock when Lakeshore converted the debenture into common stock.

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.

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.

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.

Changes in Accounting Policies

During the current fiscal year the Company adopted the following new accounting policies.The implementation of the new policies had no significant impact to the Company's consolidated statements for the year ended December 31, 2018.

1. IFRS 9 – *Financial Instruments* ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and replaces 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 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.

2. IFRS 15 - *Revenue from Contracts With Customers* ("IFRS 15") replaced 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 was effective for annual periods beginning on or after January 1, 2018.

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 was effective for annual periods beginning on or after January 1, 2018.

Future accounting pronouncements

The following pronouncement was issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019.

IFRS 16, *Leases* ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

The presentation on the statement of income and other comprehensive income (loss) required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company does have some leases and is expected to adopt it for future financial statements.

Investor relations:

The Company's management performed its own investor relations duty for the year ended December 31, 2018.

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 the year ended December 31, 2018, the conversion price of the convertible debenture issued to IntellaEquity in the aggregate amount of $1,853,852 with accrued interest was amended from $0.20 per common share to $0.05 per common share subject to regulatory approval. Interest on the debenture will continue to accrue at an annual rate of 12%, subject to adjustments, until redeemed or converted in accordance with the terms of the debenture.