



NEX(TSXV): BSP.H

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

Introductory Comment and Overview

Big Sky Petroleum Corporation (“Big Sky” or the “Company”) was incorporated under the *Canada Business Corporations Act* on February 3, 2006 and, effective July 6, 2009, changed its continuance out of the federal jurisdiction into the British Columbia jurisdiction under the *Business Corporations Act* (British Columbia). The Company has been listed on the TSX Venture Exchange (the “TSX-V” or “Exchange”) since May 5, 2006. Its shares began trading under the symbol “BSP” effective December 5, 2011. On May 26, 2016, the Company’s shares began trading under the symbol “BSP.H” in the NEX Board of the Exchange.

This MD&A is dated November 8, 2016 and discloses specified information up to that date. The Company is classified as a “venture issuer” for the purpose of National Instrument 51-102. Unless otherwise cited, references to dollar amounts are expressed in US dollars. Throughout this report we refer from time to time to “Big Sky”, the “Company”, “we”, “us”, “our”, or “its”. All these terms are used in respect of Big Sky Petroleum Corporation, which is the reporting issuer in this document. We recommend that readers consult the “Cautionary Statements” on the last page of this report. Additional information related to Big Sky is available for view on SEDAR at www.sedar.com.

Major Quarterly Operating Milestones

The Company continues to work on turning Big Sky around by looking for partners, financing to advance its projects or selling its projects.

Quarterly Financial Condition

Capital Resources

Management estimates that the current cash position and future cash flows from options will not be sufficient for the Company to carry out its anticipated exploration and operating plans through 2016. The Company will therefore rely on debt or equity financing in 2016 to continue with its operation.

Liquidity

The Company had a working capital deficiency of \$1,131,826 as at September 30, 2016 (December 31, 2015 – working capital deficiency of \$1,073,810). Cash totaled \$358 as at September 30, 2016, a decrease of \$421 from \$779 as at December 31, 2015. The decrease was a result of \$72 used in operating activities including changes in working capital and exploration and evaluation expenses and \$349 effects of exchange rate changes on behalf of cash held in foreign currencies.

As of the date of this MD&A, the Company has no other outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

Operations

During the nine months ended September 30, 2016, the Company had a net loss of \$46,172 (\$0.01 loss per share) compared to a net loss of \$305,427 (\$0.05 loss per share) for the same period in 2015. During the nine months ended September 30, 2016, the Company incurred \$nil (2015 – \$150) exploration and evaluation expenses.

The Company's general and administrative expenses amounted to \$46,172, compared to 2015's \$55,232, a decrease of \$9,060. The decrease was mainly due to management conserving cash and cutting back costs in (a) accounting, audit and legal fees (2016 - \$34,577; 2015 - \$41,778); (b) travel (2016 - \$nil; 2015 - \$2,871); and (c) investor relations (2016 - \$420; 2015 - \$1,760).

Related Party Transactions

During the quarter, there was no significant transaction between related parties.

Commitments, Expected or Unexpected, or Uncertainties

The Company is currently engaged in three litigation claims where plaintiffs are demanding for the payments of delinquent invoices, attorneys' fees and court costs if any. Amounts of delinquent invoices are included in accounts payable. The amounts of attorney fees and court costs are unknown.

Risk Factors

In our management discussion and analysis filed on SEDAR May 17, 2016 in connection with our annual financial statements (the "Annual MD&A") we have set out our discussion of the risk factors *Exploration risks*, *Market risks* and *Financing risk* which we believe are the most significant risks faced by Big Sky. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

	No. of Common Shares Issued & Outstanding	Share Capital Amount
December 31, 2015	6,067,667	\$10,190,960
September 30, 2016	6,067,667	\$10,190,960

As at September 30, 2016, the Company had a total of 133,000 options outstanding with exercise prices ranging from Cdn\$1.20 to Cdn\$3.50, expiring between October 17, 2016 and January 7, 2018. Subsequently, 25,000 options with exercise price of \$1.20 expired. If all the remaining outstanding exercisable options were exercised, the Company's available cash would increase by Cdn\$336,600.



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There were no warrants outstanding.

As of the date of this MD&A, there were 6,067,667 common shares issued and outstanding and 6,175,667 common shares outstanding on a diluted basis.

Cautionary Statements

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.