

PETROCORP GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013

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FINANCIAL CONDITION AND RESULTS OF OPERATIONS****FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2013**

The following Management Discussion and Analysis (MD&A) is based on the unaudited June 30, 2013 interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and is provided to assist readers in understanding the financial performance of PetroCorp Group Inc., ("PetroCorp" or the "Corporation") during the period(s) presented. This MD&A is dated August 20, 2013.

The following MD&A should be read in conjunction with the unaudited June 30, 2013 interim consolidated financial statements, the audited consolidated financial statements and notes thereto for the years ended March 31, 2013 and 2012, and the MD&A for the year ended March 31, 2013.

All values expressed in this document are in Canadian dollars, except for charts and/or graphs which are in thousands of Canadian dollars.

FORWARD LOOKING STATEMENTS

The following discussion contains certain forward-looking statements, including management's assessment of future plans, expenses, taxes, and other payments that involve substantial known and unknown risks, assumptions and uncertainties, certain of which are beyond the Corporation's control. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to PetroCorp or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and PetroCorp does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

DESCRIPTION OF THE BUSINESS

At the present time the Corporation is an inactive company with no ongoing business operations.

BASIS OF PRESENTATION

As the Corporation disposed of its operating business and has no continuing operations, the financial statements for the quarter ended June 30, 2013 have been prepared using a liquidation basis of accounting. Should the Corporation not proceed with the liquidation of its net assets, it will revert to a going concern basis of presentation; however, the adoption of a going concern basis of presentation will not result in a change to the net assets of the Corporation.

HIGHLIGHTS OF THE QUARTER

During the quarter ended June 30, 2013, a return of capital distribution was paid to the Corporation's shareholders of \$0.06 per share, for a total distribution of \$4,339,395.

QUARTERLY INFORMATION AND FOURTH QUARTER CONSOLIDATED RESULTS

The following table sets forth selected quarterly information for the Corporation for the past eight quarters:

\$ thousands, except per share data	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Earnings (loss) from operations	\$ (50)	\$ (129)	\$ (86)	\$ 233
Earnings (loss) per share from operations, basic and diluted	0.00	0.00	0.00	0.00
Loss from settlement of litigation claim	-	(1,750)	-	-
Loss per share from settlement of litigation claim	0.00	0.02	0.00	0.00
Per share distribution as a special dividend	-	-	-	-
Per share distribution as a return of capital	0.06	-	-	-

\$ thousands, except per share data	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011
Earnings (loss) from operations	\$ (61)	\$ (56)	\$ (179)	\$ (94)
Earnings (loss) per share from operations, basic and diluted	0.00	0.00	0.00	0.00
Loss from settlement of litigation claim	-	-	-	-
Loss per share from settlement of litigation claim	0.00	0.00	0.00	0.00
Per share distribution as a special dividend	-	-	-	-
Per share distribution as a return of capital	-	-	-	-

The Corporation's results may vary between periods due to a number of factors, including the disposal of substantially all of the Corporation's assets on December 15, 2009 and the corresponding reclassification to discontinued operations, and as a result of the timing of settlement of various adjustments under the terms of the disposal. As the Corporation currently has no ongoing business operations, the historical results and special distributions should not be used as predictive indicators for future expectations.

TOTAL ASSETS AND LIABILITIES

At June 30, 2013, total assets were \$1,217,000; down from \$5,682,000 at March 31, 2013, resulting primarily from the return of capital distribution paid on May 13, 2013, and from general and administrative costs incurred to manage the Corporation. Almost all of the assets as at June 30, 2013 are in the form of cash, cash equivalents, or funds held in escrow pursuant to the terms of the APAs. The Corporation continues to manage the cash in a conservative manner. Total liabilities as at June 30, 2013 were \$57,000, which is comprised solely of accounts payable and accrued liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Currently the Corporation's assets are primarily in cash and are invested in short term, low risk, interest bearing investments with a Canadian Financial Institution.

OUTSTANDING SHARE DATA

As at June 30, 2013, and the date hereof, the Corporation had 72,323,254 common shares outstanding. As at June 30, 2013, and the date hereof, PetroCorp has no stock options outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

PetroCorp Group Inc. has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions include transactions with parties related by common directors and transactions with other private companies owned or controlled by officers and directors. All transactions are provided in the normal course of business and are measured at exchange amounts agreed upon by the related parties. The following table summarizes the related party transactions occurring during the 3 month period ended:

	June 30, 2013	June 30, 2012
Consulting and director fees reported in general and administrative expenses	\$ 5	\$ 12

There were \$5,000 in related party balances included with accounts payable as at June 30, 2013 (\$5,000 – March 31, 2013)

OUTLOOK

The Corporation has put in place a management team to manage the ongoing business of the Corporation, which includes the preparation of documentation required for compliance filings and to maintain the Corporation's status as a reporting issuer. In the upcoming year, the Board of Directors will finalize the plans of the Corporation, as there are no ongoing business operations.

BUSINESS RISKS

The Corporation currently operates as a holding company and therefore has minimal business risk.

CRITICAL ACCOUNTING ESTIMATES

In preparing the Consolidated Financial Statements, management is required to make certain assumptions and estimates that affect the reported amounts of the Corporation's operating results and financial condition. The actual results may differ from the estimates that were reported in previous periods. Significant accounting policies are disclosed in Note 3 of the March 31, 2013 annual Consolidated Financial Statements.

SUBSEQUENT EVENTS

On August 8, 2013 the Corporation declared a return of capital distribution of \$0.0145 per share, for a total distribution of \$1,048,687. This return of capital will be payable on August 21, 2013 to shareholders of record on August 19, 2013. The common shares will commence trading on a "due bills" basis on NEX effective from the opening on August 15, 2013 to and including the payment date: August 21, 2013. Sellers of the common shares on NEX from August 15, 2013 to and including August 21, 2013 will not be entitled to the distribution and any

distribution payments received in accounts will be withdrawn. Holders including buyers on August 21, 2013 will be entitled to receive the distribution.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to accounting policies for the period ended June 30, 2013. Significant accounting policies are disclosed in Note 3 of the March 31, 2013 annual Consolidated Financial Statements.

The policies applied in the unaudited consolidated, interim financial statements are based on IFRS issued and outstanding as of August 20, 2013, the date the Board of Directors approved the statements.

ADDITIONAL INFORMATION

Additional information relating to PetroCorp Group Inc. may be found on the SEDAR website by visiting www.sedar.com.