PETROCORP GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED DECEMBER 31, 2014

DATED MARCH 9, 2015

Disclosure Regarding Forward-Looking Statements

This Management's Discussion and Analysis contains forward-looking statements that include risks and uncertainties that are disclosed under the section Risk Factors. Other factors that could affect actual results are uncertainties pertaining to government regulations, both domestic as well as foreign, and the changes within the capital markets. Other risks may be disclosed from time to time in PetroCorp Group Inc.'s public disclosures.

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Unless otherwise indicated, in this Management's Discussion and Analysis ("**MD&A**") all references to "**dollar**" or the use of the symbol "**$**" are to the Canadian Dollar.

The preparation of the financial statements are in conformity with Canadian Generally Accepted Accounting Principles ("**CGAAP**") that have been revised to incorporate International Financial Reporting Standards ("**IFRS**") and requires management to make assumptions that affect the reported amounts of assets, liabilities and expenses in addition to the disclosure of contingent liabilities at the date of the financial statements and reporting amounts. PetroCorp Group Inc.. (the "**Corporation**") bases its estimates on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ and will most likely differ from those estimates.

ITEM 1 - <u>Overview</u>

On October 21, 2009, the Corporation signed an agreement to sell substantially all of the assets of the Corporation and its affiliates to Powell (as defined herein) for total cash consideration of up to $33.5 million. On December 15, 2009, the shareholders of the Corporation approved the Transaction (as defined herein) which closed with an effective date of that same date. PetroCorp entered into three (3) Asset Purchase Agreements (collectively the "**APAs**"), with three subsidiaries of Powell Industries Inc. (collectively, "**Powell**") of Houston, Texas. The APAs provided for the sale of substantially all of the Corporation's assets (the "**Transaction**"), including, but not limited to, the operating business units, trade names, inventory, leases, most liabilities, and personnel.

Powell acquired substantially all of the assets of the Corporation and its affiliates for cash consideration of up to $33.5 million subject to adjustments, with $19.6 million received by the Corporation upon closing, an additional $5.9 million dollars paid by Powell into escrow to be released after specific time periods were met and conditions satisfied ($2.5 million held in escrow payable upon the closing of the sale of the Corporation's interest in the PCKO JV, $3.0 million held in escrow payable over a period of twenty-five months, and $0.4 million held in escrow as security on credit cards during a transitional period), and up to $8.0 million payable contingent on the operations of PowerComm achieving specified performance thresholds for the twelve months ending March 31, 2010. Powell also assumed certain liabilities of PetroCorp including bank debt, accounts payable and obligations under capital leases of approximately $26.4 million.

Subsequent to the year ended March 31, 2010, only specific adjustments settled as per the terms of the APAs were disclosed within discontinued operations. All other professional fees and ongoing costs, including those incurred as a direct or indirect result of settling the APAs were, and continue to be disclosed in the operating results of the Corporation.

On May 13, 2010 the Corporation entered into a stand-by purchase agreement (the "**Stand-By Agreement**") in connection with a rights offering (the "**Offering**") of Petrowest Energy Services Trust (the "**Trust**"). Pursuant to the Stand-By Agreement, the Corporation had agreed to purchase a minimum of $1,500,000 of units of the Trust (the "**Units**") and up to a maximum of $2,500,000 of Units. The Corporation was acting as part of a total stand-by commitment for $7,500,000 of Units not otherwise subscribed for under the Offering. On June 29, 2010, the Offering closed, with the Corporation fully subscribing for its $2,500,000 commitment, being a subscription for 17,857,143 Units.

Discussions regarding the potential for a transaction to combine the business of the Trust and the Corporation through a plan of arrangement or other similar transaction (a "**Follow-on Transaction**") ended without an agreement, and accordingly the Units were distributed to the Corporation's shareholders of record as at December 15, 2010, as a return of capital distribution.

In addition to the Units, and as consideration for participating in a Stand-By purchase Agreement, the Corporation was issued 1,903,452 warrants in the Trust, allowing the Corporation to acquire one Unit for each warrant held. The warrants were exercisable at a price of $0.1879 per warrant, with an expiry date at the end of business on June 29, 2011.

During the year ended March 31, 2012, the Corporation exercised all 1,903,452 warrants for an exercise price of $357,659. The Corporation accounted for its investment in the Trust as an available-for-sale financial asset, and was remeasured at fair value each reporting period. During the year ended March 31, 2013, the Corporation disposed of its investment in the Trust for $723,407, for a net gain of $356,748.

While it is unfortunate that the Follow-on Transaction did not take place between the Corporation and the Trust, it is positive to note that the investment itself was accretive for the shareholders of the Corporation. In summary, the invested funds have provided the following estimated total return up to March 31, 2013:

Units purchased as part of the Offering on May 13, 2010, and ultimately distributed to shareholders by way of return of capital on December 15, 2010:

Funds invested in the Offering	$	2,500,000
Trust Units acquired		17,857,143
Subscription price (cost base)	$	0.14
Trust (PRW) trading price as at March 31, 2013	$	0.74
Value held by Corporation shareholders as at March 31, 2013	$	13,214,285

Warrants in the Trust exercised on June 24, 2010, and disposed during the year ended March 31, 2013:

Funds invested	$	357,659
Warrant exercise price (cost base)	$	0.1879
Trust Units acquired		1,903,452
Disposal proceeds per Trust Unit	$	0.38
Crystallized proceeds on disposal of Trust Units	$	723,407

In summary, $2,857,659 ($0.04 per share) of the Corporation funds have been invested in the Trust: $2,500,000 in the initial Offering, and $357,659 on the exercise of warrants. Assuming shareholders have continued to hold Trust Units (later converted to a Corporation) as at the year ended March 31, 2013, there are total potential holdings of $13,937,692 ($0.19 per share), for a total combined realized and unrealized gain of $11,080,033 ($0.15 per share) as a result of the original investment.

Resolution of Powell Claim

During the year ended March 31, 2012, the Corporation received a claims notice and an indemnity notice from Powell, claiming a total of approximately $8,500,000 in damages related to the APAs (the "**Powell Claim**"). After reviewing the Powell Claim, the Corporation filed a dispute notice, and an objection to the claims notice, in dispute of the entire amount of the Powell Claim. As part of the Powell Claim, Powell has issued a claim against the escrow funds of $1,000,000. On July 11, 2011, a statement of claim was filed in relation to the Powell Claim, claiming damages of $9,000,000. On August 17, 2011, the Corporation filed a statement of defense in dispute of the entire amount of the claim.

During the year ended March 31, 2013, the Corporation settled the Powell Claim for $1,750,000. This claim was settled by the Corporation, by return of the $1,000,000 in proceeds remaining in escrow, and a one-time payment of $750,000 to the claimant. The Corporation received a full release of the Powell Claim, as well as any and all remaining terms, conditions and covenants of the APAs, with the exception of any Non-Competition Agreements which may still be in force. The Corporation does not, and has not made any admission of liability relating to the lawsuit, and has reached this settlement with Powell to avoid any further ongoing costs with respect to the Powell Claim and related APAs.

Return of Capital

During the fiscal year ending March 31, 2014, the Corporation returned to shareholders a total of $5,388,083 via a capital distribution in two transactions; $4,339,395 in May 2013 and $1,048,6878 in August 2013. Following these distribution, the Corporation does not anticipate making any further capital distribution relation to the APAs and will now focus on the identification of an operating business that it can acquire and or merge with. Until such time it is not anticipate that the Corporation will have any operating business.

ITEM 2 - Selected Annual Information

The following is selected annual information for the preceding three fiscal years:

March 31	2014	2013	2012
Net revenues	$ nil	$ nil	$ nil
Net loss	156,836	1,792,341	(422,000)
Total assets	73,519	5,681,478	7,570,000
Long term liabilities	Nil	Nil	Nil
Loss per share	0.00	0.03	0.01
Cash dividends per share	0.0745	0.00	0.00

For further audited financial information, please refer to the Corporation's audited financial statements that have been filed on SEDAR

ITEM 3 - Results of Operations

For the period ended March 31, 2014 versus March 31, 2013

For the year ended March 31, 2014, the Corporation had general and administrative expenditures of $206,187 versus $475,002 the year earlier, for a decrease of $268,815 or 56.6%. Fiscal 2014 was the final year in which the Corporation dealt with the winding down of its legacy operations that it divested itself. Management believes that these costs will be more reflective of an entity that is in search of an operating business to acquire or merge with.

For the year ended March 31, 2014, the Corporation had business development expenditures of $11,746 versus $3,611 the year earlier, for an increase of $8,135 or 225.3%. Management anticipate investing further in business development as it seeks to further identify opportunities to build shareholder value.

For the year ended March 31, 2014, the Corporation had an operating loss of $217,933 versus $478,613 the year earlier, a decrease of $260,680 or 54.5%. Investors can anticipate this amount to decrease as the Corporation significantly reduces its general and administrative expenses.

For the period ended March 31, 2014, the Corporation had an interest expense of $113 versus $Nil a year earlier. Investors can anticipated this amount to be marginal going forward until such time as the Corporation has successfully identified and either acquired or merged with an operating company.

For the year ended March 31, 2014, the Corporation had an interest income of $11,115 versus $90,272 the year earlier. Interest income related to the cash balance that the Corporation had invested until it had distributed it to shareholders. Going forward, Management does not anticipate this amount to be significant.

For the year ended March 31, 2013, the Corporation had a loss on the divesture of investments in the amount of $365,545. There was no such item in the current period and there is no anticipation of such events for the following reporting periods.

For the year ended March 31, 2014, the Corporation recorded a recovery of $50,095 in income taxes versus a provision of $19,545 the year earlier period. The recovery as well as the provision related to the divesture of its operations and investments. On a going forward basis, there is no expectation of any provision or recovery until the Corporation has acquired or merged with a profitable operating entity.

The net loss for the period ended March 31, 2014 was $156,836 for a loss per share of $0.00 based on 77,488,089 weighted average shares outstanding for the period versus $1,792,341 after a loss of

$1,750,000, net of taxes, relating to the settlement relating to the Powell Claims and APAs, for a loss per share of $0.03 based on 72,323,254 weighted average shares outstanding for the previous period.

During the period ended March 31, 2014, the Corporation distributed $5,338,083 in capital back to shareholders. During the previous fiscal period, the Corporation did not distribute any capital to shareholders nor was there any dividends.

The Corporation's had cash and cash equivalents balance at the end as at March 31, 2014 was $56,454 (2013 - $5,674,670), with working capital of 54,388 (2013 - $5,549,307).

ITEM 4 - <u>Summary of Quarter Results</u>

The following table sets forth, for each quarter ended on the date indicated since incorporation, information relating to the Company's revenue, net loss and loss per common share as prepared under Canadian GAAP.

	Revenues	Net loss	Loss/share: basic and diluted
December 31, 2014	$ ---	$ (21,444)	$ 0.00
September 30, 2014	---	(15,786)	0.00
June 30, 2014	---	(8,189)	0.00
March 31, 2014	---	(66,931)	0.00
December 31, 2013	---	(20,000)	0.00
September 30, 2013	---	(20,000)	0.00
June 30, 2013	---	(50,759)	0.00
March 31, 2013	---	(1,742,341)	0.02

<u>For the three months ended December 31, 2014 versus December 31, 2013</u>

For the three months ended December 31, 2014, the Corporation had general and administrative expenditures of $17,826 versus $20,000 the year earlier, for a decrease of $2,174 or 10.87%. These expenses includes regulatory fees, legal accounting, premises, and management fees. Management believes that the costs going may decrease marginally as it seeks to find an operating business to merger with.

For the three months ended December 31, 2014, the Corporation had an operating loss of $17,826 versus $20,000 the year earlier, for a positive variance of $2,174 or 10.87%. Management is seeking to keep quarterly operating losses to average approximately $10-15,000 per quarter until the Corporation has acquired or merged with an operating entity.

For the period ended December 31, 2014, the Corporation incurred interest expense of $42 during the quarter versus nil the year earlier.

For the period ended December 31, 2014, the Corporation incurred project analysis expense of $3,576 during the quarter versus nil the year earlier. Management anticipates that it will continue to spend while it identifies and analyzes various operating for the Corporation to acquire or merge with.

The net loss for the three month ended December 31, 2014 was $121,444 for a loss per share of $0.00 based on 82,323,254 weighted average shares outstanding for the period versus $20,000 for a loss per share of $0.00 based on 82,323,254 weighted average shares outstanding for the previous period.

The Corporation's had cash and cash equivalents balance at the end as at December 31, 2014 was $28,918 (March 31, 2014 - $56,454), with working capital of $8,969 (March 31, 2014 - $54,388).

For the nine months ended December 31, 2014 versus December 31, 2013

For the nine months ended December 31, 2014, the Corporation had general and administrative expenditures of $41,801 versus $100,759 the year earlier, for a decrease of $58,958 or 58,51%. These expenses includes regulatory fees, legal accounting, premises, and management fees. Management believes that the costs in the current period will be more reflective of an entity that is in search of an operating business to acquire or merge with.

For the nine months ended December 31, 2014, the Corporation had an operating loss of $41,801 versus $100,759 the year earlier, for a positive variance of $58,958 or 58.51%. Investors can anticipate this amount to average approximately $10-15,000 per quarter until the Corporation has acquired or merged with an operating entity.

For the nine months ended December 31, 2014, the Corporation incurred interest expense of $42 during the quarter versus nil the year earlier.

For the nine months ended December 31, 2014, the Corporation had no interest income versus $10,000 the year earlier. Interest income related to the cash balance that the Corporation had invested until it had distributed it to shareholders in May 2013 and August 2013. Going forward, Management does not anticipate this amount to be significant.

For the nine months ended December 31, 2014, the Corporation incurred project analysis expense of $3,576 during the quarter versus nil the year earlier. Management anticipates that it will continue to spend while it identifies and analyzes various operating for the Corporation to acquire or merge with.

The net loss for the nine month ended December 31, 2014 was $45,419 for a loss per share of $0.00 based on 82,323,254 weighted average shares outstanding for the period versus $100,759 for a loss per share of $0.00 based on 79,568,950 weighted average shares outstanding for the previous period.

The Corporation’s had cash and cash equivalents balance at the end as at December 31, 2014 was $28,918 (March 31, 2014 - $56,454), with working capital of $8,969 (March 31, 2014 - $54,388).

ITEM 5 - <u>Liquidity</u>

As at December 31, 2014, the Corporation had a cash balance of $28,918, with a working capital of $8,969.

ITEM 6 - <u>Capital Resources</u>

In September 2013, the Corporation completed a financing of $50,000 via the issuance of 10,000,000 common shares from treasury. The use of proceeds is for general working capital.

In order to finance the future merger and /or acquisition of an operating business, the Corporation may seek to raise additional funds as well as subsequently until such time as cash flow from its potential acquisition is sufficient to fund internal growth, which is not currently anticipated to be in the short term. The timing and ability of the Corporation to fulfill this objective will depend on the liquidity of the financial markets as well as the willingness of investors to finance such a business. Such future financing may be completed by the issuance of the Corporation’s securities as previously.

ITEM 7 - **Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

ITEM 8 - **Transactions With Related Parties**

Related party transactions include transactions with parties related by common directors and transactions with other private entities 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 summaries the related party transactions occurring the 9 month period ending December 31, 2014 and 2013.

	2014	2013
Expenses		
Consulting and director fees	$ 4,500	$ 20,000
Preimises	1,500	- - -
Included with accounts payable	6,000	20,000

ITEM 9 - **Proposed Transactions**

As of the date of this document, there is no proposed transaction that management of the Corporation believes would require the intervention or approval of the Board of Directors of the Corporation as well as the Shareholders of the Corporation.

ITEM 10 - **Risk Factors**

Investment in the Corporation must be considered highly speculative due to the nature of the Corporation's business, its formative stage of development, its current financial position and its lack of an earnings record. An investment in any securities of the Corporation should only be considered by those individual who can afford a total loss of their investment. The following is a summary of the risk factors to be considered:

- While the Corporation has been incorporated for some time, it has recently gone through a restructuring in which it divested itself of its operations and is now seeking to identify and acquire or merge with an operating entity;

- investment in the common shares of the Corporation is highly speculative given the unknown nature of the Corporation's business and its present stage;

- directors and officers of the Corporation will only devote a portion of their time to the business and affairs of the Corporation 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;

- there can be no assurance that an active and liquid market for the Corporation's common shares will develop and an investor may find it difficult to resell its common shares;

- until identification and acquisition or merge with an operating entity, the Corporation is not anticipated to generate any cash flow to meet its ongoing operating costs;

- the Corporation has only limited funds with which to identify and evaluate potential targets and there can be no assurance that the Corporation will be able to identify a suitable target;

- even if a proposed target is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;

- completion of a target is subject to a number of conditions including acceptance by the Exchange and, in the case of a non-arm's length QT, majority of the minority approval;

- unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed non-arm's length transaction for which majority of the minority approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of the fair value for the shareholder's common shares;

- upon public announcement of a proposed target, trading in the common shares of the Corporation may be halted and may remain halted for an indefinite period of time, typically until a Sponsor (as defined in the policies of the Exchange) has been retained and certain preliminary reviews have been conducted. The common shares of the Corporation will not be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed transaction;

- trading in the common shares of the Corporation may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required;

- neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction;

- in the event that management of the Corporation resides outside of Canada or the Corporation identifies a foreign business or assets as a proposed target, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts predicated upon the civil liability provisions applicable to securities laws in Canada;

- the target may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution of share value which dilution may be significant and which may also result in a change of control of the Corporation; and

- *Governmental Regulation and Policy Risks*: failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

- *Price Volatility of Publicly Traded Securities*: in recent years and especially in the recent months, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

- *Issuance of Debt*: from time to time the Corporation may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards.

- *Dilution*: the Corporation's common shares, including incentive stock options, rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into common shares of the Corporation, may be created, issued, sold and delivered on such terms and conditions and at such times as the board of the Corporation may determine.

- *Net Asset Value*: the Corporation's net asset value will vary dependent upon a number of factors beyond the control of the Corporation's management, including commodity.

- *Reliance on Management*: Shareholders of the Corporation will be dependent on the management of the Corporation in respect of the administration and management of all matters relating to the Corporation and its properties and operations.

- *No Dividends*: while the Corporation has paid dividends recently, there is no expectations that the Corporation will pay any dividends in the near future.

ITEM 11 - Critical Accounting Estimates

The Corporation's financial statements are impacted by the accounting policies used, as well as the estimates and assumptions made by management during their preparation. The Corporation's accounting policies are described within the financial statements. The accounting estimates considered to be significant to the Corporation include the computations of convertible debentures, value of warrants issued, charitable stock option and share-based compensation expense and recovery of deferred income tax assets.

ITEM 12 - Changes in Accounting Policies

The Corporation would like to direct readers to its audited financial statements for the year ending March 31, 2014 and unaudited financial statements for the period ending June 30, 2014, which are incorporated by reference and can be found on the regulator's web site at www.sedar.com.

ITEM 13 - Financial Instruments and Other Instruments

The Corporation is not a party to any financial instruments and other instruments as defined in item 1.14 of National Instrument 51-102F1 – Management's Discussion and Analysis.

ITEM 14 - Capital Structure

The Corporation is authorized to issue an unlimited number of common shares, where each common share provides the holder with one vote. As of the date of this MD&A, there were 82,323,254 common shares issued and outstanding.