Loon Energy Corporation
Management's Discussion and Analysis
For the years ended December 31, 2016 and 2015
(US$, unless otherwise stated)

This Management's Discussion and Analysis ("**MD&A**") document dated April 19, 2017 is provided by the management of Loon Energy Corporation ("**Loon**" or "**Company**") and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2016 and December 31, 2015.

Basis of Presentation

This MD&A is prepared using United States dollars ("**US Dollars**") which is the reporting and functional currency of the Company. The audited consolidated financial statements for the year ended December 31, 2016 are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

Overview

Loon Energy Corporation ("Loon", "Loon Corp") is an international oil and gas exploration and development company with management offices in Calgary, Alberta, Canada and in Dubai, United Arab Emirates. Loon Corp was incorporated pursuant to the provisions of the Business Corporation Act (Alberta) ("ABCA") on October 30, 2008 to receive certain of the oil and gas assets of Loon Energy Inc. ("Loon Energy") in accordance with a Plan of Arrangement ("Arrangement") under the ABCA. Pursuant to the Arrangement, the assets of Loon Energy in Colombia and Peru were transferred to Loon, each Loon Energy shareholder received one common share of Loon for each Loon Energy share held, the common shares of Loon were listed on the TSX Venture Exchange under the symbol LNE and Loon received $3.15 million of cash. The implementation of the Arrangement on December 10, 2008 also resulted in Loon changing its name to Kulczyk Oil Ventures Inc. ("Kulczyk Oil"). Effective June 24, 2013, Kulczyk Oil changed its name to Serinus Energy Inc. ("Serinus").

Loon is a publicly listed company whose common shares are traded under the symbol "LNE" on the Toronto Stock Exchange Venture Exchange ("TSXV"). On March 3, 2017, the Company's listing transferred to NEX, and its trading symbol changed to "LNE.H".

Operations Overview

Loon acquired interests in certain South American oil and gas assets in December 2008 from Serinus in accordance with a legal Plan of Arrangement under the ABCA. These oil and gas assets included interests in properties in Colombia obtained by way of farm-out agreements, and an interest in a block of exploration lands in Peru. The Company and its partner relinquished the block in Peru after the completion of a seismic program, and while Loon retains a minority interest in one Association Contract in Colombia, no further operations on the property are presently anticipated. In 2013, the Company submitted bids on exploration and development properties in Guatemala, however it elected to not proceed with further operations when only one such bid was successful. Loon's present activities consist primarily of the investigation of additional business opportunities plus complying with the legal and regulatory requirements to legally wind-up its activities in Colombia, Peru and Guatemala, with the Company's intention being to pursue and evaluate future exploration and development opportunities in the international oil and gas arena.

Colombia

Buganviles Association Contract

Through a farm-in agreement, the Company earned a 20% non-operated participating interest in a 60,817 hectare block of land covered by the Buganviles Association Contract between Holywell Resources S.A. and Empresa Colombiana de Petróleos ("Ecopetrol"), the Colombian national oil company. The Company's interest was reduced to a 10% net working interest after a farm-out agreement in 2010 with Petrodorado South America S.A. ("Petrodorado") under the terms of which Petrodorado paid the Company's share of costs to drill and complete two wells. The Buganviles Association Contract lands are located in the Upper Magdelena Valley area of central Colombia. The Company has fulfilled its required work commitments with respect to this contract area. The only producing well on this property, the Delta-1 well, did not produce commercial volumes of oil or gas in 2015, or 2016, and was suspended as of the end of the year. The operator has proposed a plan to abandon all remaining wells within the Buganviles Association Contract. However, as of April 19, 2017, the joint venture partners have not accepted such proposal.

The Company received cash calls from the Operator in 2010 to fund the drilling and completion of two Buganviles wells. Upon the execution of the Petrodorado farm-out agreement in September 2010, these cash call amounts became payable by Petrodorado, and to date, Petrodorado has paid a total of $2 million under the farm-out agreement. Unpaid cash calls in the aggregate amount of $232,708 to fund the remaining costs of drilling of these two wells remain outstanding, and form a portion of both the accounts receivable from Petrodorado under the terms of the farm-out agreement and accounts payable to the Operator. As at December 31, 2015, and 2016, the Company has a bad debt allowance of $232,708 against this receivable from Petrodorado because of the uncertainty of collection. As at December 31, 2015 and 2016, the Company's payable to the Operator remains at $400,152. However, the Company is not in agreement with this amount, and questions the validity of the claim.

The Company has recorded a decommissioning provision resulting from its working interest ownership in petroleum and natural gas properties in Colombia, including well sites, gathering systems and processing facilities. The Company's estimate of the total undiscounted cash flows required to settle the obligations is $212,920 (December 31, 2015 - $212,920), which are expected to be settled in the next 12 to 24 months. The Company is in dispute with the property Operator in Columbia and believes that it is unlikely that the Company will ultimately be required to settle this liability.

The Company does not currently have any definitive plans to return to the drilling program or further develop the concession.

In August 2016, Loon Colombia was successfully wound-up and deregistered as a Bermuda company, however the Company's ownership interest in the Buganviles Association Contract remains and has been transferred to Loon Energy Corporation, the Canadian parent.

Peru

The Company, through its wholly-owned subsidiary, Loon Peru Limited ("**Loon Peru**"), had an exploration license contract with PERUPETRO S.A granting Loon Peru the right to explore for and produce hydrocarbons from Block 127 in the Marañon Basin area of northeast Peru.

In 2010, the Operator, Compañía Española de Petróleos, S.A. ("**CEPSA**"), and Loon Peru decided to not enter into the second exploration phase and withdraw from Block 127. All petroleum and natural gas property expenditures related to Block 127 were fully written off in 2010. During 2014, the Company received confirmation from CEPSA that Loon Peru has no outstanding liabilities or further obligations arising from its former property in Peru, including additional abandonment and/or reclamation activities.

On April 14, 2016, Loon Peru was successfully wound-up and deregistered as a company.

Guatemala

During 2013, the Company incorporated a new indirect wholly-owned entity, Zacapa Energy Ltd., which subsequently changed its name to Loon Petroleo Limited ("Loon Petroleo") for the purpose of establishing a branch in Guatemala through which separate bids were submitted for three exploration blocks located in Guatemala. For purposes of the submissions, three equal performance bonds in the aggregate amount of $300,000 were posted.

In 2013 the Company was notified by government authorities that it had been awarded one of the blocks that had been bid for following which the cash posted for the two unsuccessful bids of $200,000 was released. In 2014 management decided to not pursue activities in Guatemala and the remaining cash posted for the awarded bid of $100,000 was returned to the Company upon expiry of the pledge with the bank.

Loon Petroleo was successfully wound-up in July 2015.

Significant factors affecting Company's results of operations

The Company has not conducted any active oil and gas operations during 2016 and 2015, though the Company continues to evaluate other business opportunities, including the potential acquisition of international oil and gas interests.

Selected annual information

Working capital deficiency

	As at December 31, 2016	As at December 31, 2015	As at December 31, 2014
Current assets	$ 6,373	$ 36,754	$ 67,333
Current liabilities	(657,632)	(576,690)	(511,780)
	$ (651,259)	$ (539,936)	$ (444,447)

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Operations			
General and administrative	$ (86,527)	$ (89,599)	$ (113,943)
Bad debt expense	-	-	(232,708)
Other income	-	-	120,000
Stock based compensation	-	-	(1,844)
	(86,527)	(89,599)	(228,495)
Financing			
Accretion	-	(3,348)	(3,137)
Interest expense	(24,344)	(13,647)	(132)
Foreign exchange gain/(loss)	(452)	1,905	(1,391)
	(24,796)	(15,090)	(4,660)
Loss before tax	(111,323)	(104,689)	(233,155)
Current tax recovery	-	5,852	-
Net loss and comprehensive loss	$ (111,323)	$ (98,837)	$ (233,155)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.00)	$ (0.01)

The following table summarizes the weighted average number of common shares used in calculating the net loss per share.

	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net loss attributable to shareholders	$ (111,323)	$ (98,837)	$ (233,155)
Weighted average number of shares outstanding	*19,949,136*	*19,949,136*	*19,949,136*
Loss per share - Basic and diluted	$ (0.01)	$ (0.00)	$ (0.01)

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2016 were $86,527, a slight decrease when compared to $89,599 for the year ended December 31, 2015.

	Year ended December 31, 2016	Year ended December 31, 2015
Advisory costs	$ 55,237	$ 59,704
Other administration costs	31,290	29,895
	$ 86,527	$ 89,599

Stock based compensation

Stock based compensation expenses were $nil for the years ended December 31, 2016 and 2015. All outstanding share purchase options vested during the third quarter of 2014.

Decommissioning obligation

Accretion expense for the year ended December 31, 2016 was $nil compared to $3,348 for the comparative year ended December 31, 2015. As at December 31, 2016, the decommissioning obligation for the remaining Colombian properties has been fully accreted and no further expense will be recognized. The Company believes that such liability, if settled at all, will be settled within the next twelve to twenty-four months. The Company is in dispute with the property Operator in Columbia and believes that it is unlikely that the Company will ultimately be required to settle this liability.

Summary of Quarterly Data

The following tables set forth selected quarterly financial information for the most recent eight financial quarters.

	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net earnings (loss)	$ (33,221)	$ (29,362)	$ (25,124)	$ (23,616)
Per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
General and administrative	$ 26,108	$ 23,114	$ 19,369	$ 17,936
Advisory costs	20,682	11,960	11,891	10,704
Other administrative costs	5,426	11,154	7,478	7,232
Accretion	$ -	$ -	$ -	$ -
Interest expense	$ 7,102	$ 6,297	$ 5,545	$ 5,400
Foreign exchange loss (gain)	$ 12	$ (49)	$ 210	$ 279
Income tax recovery	$ -	$ -	$ -	$ -
Working capital deficiency	$ (651,259)	$ (618,083)	$ (588,676)	$ (563,522)

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net earnings (loss)	$ (27,310)	$ (15,284)	$ (39,707)	$ (16,536)
Per share - basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
General and administrative	$ 21,812	$ 17,341	$ 34,650	$ 15,796
Advisory costs	18,436	7,233	26,253	7,782
Other administrative costs	3,376	10,108	8,397	8,014
Accretion	$ 303	$ 1,015	$ 1,015	$ 1,015
Interest expense	$ 4,537	$ 4,537	$ 2,962	$ 1,611
Foreign exchange loss (gain)	$ 658	$ (1,757)	$ 1,080	$ (1,886)
Income tax recovery	$ -	$ (5,852)	$ -	$ -
Working capital (deficiency)	$ (539,936)	$ (498,660)	$ (498,660)	$ (459,968)

Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. There were no changes during the year to the number of issued common shares nor their stated value. There are no preferred shares outstanding.

The following table summarizes information about the common share purchase options outstanding as at December 31, 2016:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance outstanding, December 31, 2014	*688,500*	$ 0.13	1.9
Balance outstanding, December 31, 2015	*254,000*	$ 0.10	1.7
Expired	-	$ -	-
Forfeited	-	$ -	-
Balance outstanding, December 31, 2016	*254,000*	$ 0.10	0.7
Exercisable at December 31, 2016	*254,000*	$ 0.10	0.7

There have been no changes in the number of shares or share purchase options outstanding between December 31, 2016 and April 19, 2017. On February 21, 2017, at a meeting of the Board of Directors, the Company was authorized to issue up to 3,989,272 common shares at a price of $0.05 Canadian dollars to settle approximately 50% of Notes Payable. Senior management was further authorized to determine the date of such issuance at its discretion. As of the date of these financial statements no shares have been issued under this authorization.

Related Party Transactions

The Company and Serinus are related as they have the same principal shareholder with significant influence over both companies.

The Company has no employees, and certain management and administrative services were provided by the management and staff of Serinus pursuant to a services agreement. Administrative costs incurred by Serinus for the benefit of the Company were charged to the Company based on specific identification and an allocation of administrative costs that related to both Serinus and the Company. For the year ended December 31, 2016, these fees totaled $6,020 (2015 - $9,403). At December

31, 2016, the Company owed $nil (December 31, 2015: $nil) to Serinus related to management and administrative services. The service agreement with Serinus was terminated effective September 1, 2016.

Effective September 1, 2016, the Company entered into an agreement to rent office space from Serinus at a rate of $763 ($1,000 CAD) per month. The agreement was terminated, effective February, 2017. For the year ended December 31, 2016, rental fees totaled $3,025 (2015 - $nil). Pursuant to the rental agreement, the Company had outstanding deposits receivable at year-end of $763 (2015 - $nil).

As at December 31, 2016, the Company had notes payable to Timothy Elliott, Chairman of the Board of Directors of Loon Energy, in the aggregate amount of $155,379 (2015 - $130,000) plus $32,491 (2015 - $12,207) of accrued interest. The note payable is due on demand with interest calculated at a rate of 12% per annum, compounded quarterly. As at December 31, 2016, the Company had notes payable to Jock Graham, a member of the Board of Directors of Loon, in the amount of $48,738 (2015 - $20,000) plus $5,631 (2015 - $1,572) of accrued interest. The note payable is due on demand with interest calculated at a rate of 12% per annum, compounded quarterly (See Note 6).

The Company remains legally responsible for a guarantee issued by Serinus (the Peruvian subsidiary's then parent company) in August 2007 ("the Loon Peru Guarantee") to the Government of Peru regarding the granting of the Block 127 license contract to Loon Peru. The block to which the guarantee is related has been relinquished and it is not currently anticipated that the guarantee will be replaced. Further, the former Operator of the property confirmed in writing to the Company that no further liabilities relating to or arising from the property existed. As part of the Arrangement that saw Serinus spin off its Colombian and Peruvian assets to Loon in 2008, Loon and Serinus entered into an indemnification agreement in which Loon agreed to indemnify Serinus for any and all liabilities, claims, etc. associated with the share and asset transfers that were part of the spin-off of those assets.

The above related party transactions were recorded at exchange amounts agreed to by both parties.

Liquidity and Capital Resources

The Company is an oil and gas exploration and development company formerly active in Colombia, Peru and Guatemala. The Company's sole remaining property is in Colombia, which has no proved reserves and does not generate positive net production revenue. Loon's activities during the year included complying with the legal and regulatory requirements to wind-up its activities in Colombia and Peru with the successful wind-up of its Guatemala subsidiary having been completed in July 2015; wind-up of the its subsidiary in Peru was completed in April, 2016.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. To date, the Company's exploration and development operations and activities have been financed by way of equity issuances, debt facilities and by farm-out arrangements with third parties who pay for all or a portion of the Company's expenditures to earn a portion of the Company's ownership interests. In Q4 2015 and continuing in 2016, certain members of the Company's Board of Directors advanced cash to fund Loon's activities. As at December 31, 2016, the Company carried interest bearing, demand notes payable in the aggregate amount of $142,207 to Timothy Elliott, Chairman of the Board of Directors of Loon, and in the aggregate amount of $21,572 to Jock Graham, a member of the Board of Directors of Loon. Subsequent to year-end, Mr. Elliott and Mr. Graham have provided additional cash advances of $44,936 ($60,000 Canadian Dollars) under the same terms.

As at December 31, 2016 the Company had a working capital deficiency of $651,259. The need to raise capital to fund the working capital deficiency, ongoing operations, and acquire additional concessions for exploration and development opportunities creates significant doubt as to the Company's ability to continue as a going concern. There are no guarantees that additional capital, either through additional equity, debt or farm-out arrangements will be available when needed.

Financial Risk Management

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's net income or the value of its financial instruments.

Interest rate risk

The Company maintains its cash and cash equivalents in instruments that are redeemable at any time without penalty thereby reducing its exposure to interest rate fluctuations thereon. Interest rate risk is not considered material.

Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar ("CAD") and the United States dollar. At December 31, 2016 and 2015 the Company's primary foreign currency exposure relates to Canadian dollar cash balances and accounts receivable net of accounts payable and accrued liabilities in Canada as follows:

	As at December 31,			
	2016		2015	
Cash and cash equivalents	$	399	$	2,800
Prepaid expenses and other current assets		701		8,916
Accounts payable		(20,456)		(11,439)
Net foreign exchange exposure	$	(19,356)	$	277
US$ equivalent at year end exchange rate	$	(14,416)	$	200

At December 31, 2016 and 2015, the Company's net loss is not significantly impacted by changes in the US to Canadian dollar exchange rates.

Credit Risk

Management monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash and cash equivalents.

The Company has received cash calls from the Operator to fund the drilling and completion of two Buganviles wells in Colombia. Upon the execution of the farm-out agreement in September 2010, these cash call amounts became payable by Petrodorado. The Company carries a receivable from Petrodorado for $232,708 representing unpaid cash calls to be paid by Petrodorado to fund the drilling of these two wells on behalf of the Company under the terms of the farm-out agreement and which forms a portion of both the accounts receivable from Petrodorado and accounts payable to the Operator. As at December 31, 2015 and continuing unchanged to the present year-end, the Company established as a bad debt allowance of $232,708 against this receivable from Petrodorado because of the uncertainty of collection

The Company's accounts receivable as at December 31, 2016 included $522 (2015 - $786) of recoverable goods and services taxes. The Company does not consider the credit risk relating to the outstanding amounts to be significant.

Liquidity Risk

The Company is an oil and gas exploration and development company formerly active in Colombia, Peru and Guatemala. The Company's sole remaining property is in Colombia, which has no proved reserves and does not generate positive net production revenue. Loon's activities during the year included complying with the legal and regulatory requirements to wind-up its activities in Colombia and Peru with the successful wind-up of its Guatemala subsidiary having been completed in July 2016; wind-up of the its subsidiary in Peru was completed subsequent to year-end.

The Company is currently evaluating new business opportunities, however, as an exploration company without internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company on either a timely or commercial basis, or that future exploration and development opportunities may not be available at a cost the Company can afford. The need to raise capital to fund the working capital deficiency, ongoing operations, and acquire additional concessions for exploration and development opportunities creates significant doubt as to the Company's ability to continue as a going concern. There are no guarantees that additional capital, either through additional equity, debt or farm-out arrangements will be available when needed.

Capital Management

As at December 31, 2016, the Company's working capital deficiency was $651,259 (December 31, 2015: $539,936). Consistent with prior years, the Company manages its capital structure to maximize financial flexibility making adjustments in light of changes in economic conditions and risk characteristics of the underlying assets. Further, each potential acquisition and investment opportunity is assessed to determine the nature and total amount of capital required together with the relative proportions of debt and equity to be deployed. The Company does not presently utilize any quantitative measures to monitor its capital.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes to the consolidated financial statements:

- Note 7 – Decommissioning provision
- Note 11(b) – Allowance for doubtful accounts

At December 31, 2016, there were no critical judgments required to be made by management when applying the Company's significant accounting policies.

Internal Controls over Financial Reporting

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee meets at least annually with the Company's external auditors to review accounting, internal control, financial reporting, and audit matters. Internal controls over financial reporting have not changed significantly since the last reporting period.

Changes in Accounting Policies

For the year ended December 31, 2016, Loon adopted the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments had minimal impact on the consolidated financial statements.

Loon has not yet adopted certain standards and interpretations that have been issued but are not yet effective. Below is a brief description of IFRS standards and amendments that are not yet effective and have not been applied in the preparation of these financial statements. There are no other standards or interpretations issued, but not yet adopted, that are anticipated to have a material impact on the Corporation's financial statements.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, and related interpretations. The new standard requires revenue to be recognized upon the transfer of goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The standard requires consideration of the following five steps: (1) identify the contract, (2) identify the performance obligations of the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when the entity fulfills a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual periods beginning January 1, 2018. The Company currently has no revenues and consequently no customer contracts that are within the scope of the new guidance and will analyze individual contracts to identify the impact on revenues as a result of implementing the new standard when such contracts are entered.

In July 2014, the IASB issued the complete IFRS 9 Financial Instruments to replace IAS 39 Financial Instruments Recognition and Measurement. The new standard clarifies the requirements for the classification and measurement of financial assets and financial liabilities, including an expected credit loss model for calculating impairment, and updated hedge accounting. The standard is required to be applied retrospectively for the annual periods beginning January 1, 2018. The Company is currently evaluating the impact of this standard.

In January 2016, the IASB issued IFRS 16 "Leases" to replace IAS 17 "Leases". IFRS 16 requires lessees to recognize most leases on the statement of financial position using a single recognition and measurement model. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15. IFRS 16 will be applied by the Corporation on January 1, 2019. The Corporation is currently evaluating the impact on its consolidated financial statements.

Forward Looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions are intended to identify forward-looking statements. These statements involve 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 statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected.

Specific forward-looking statements in this MD&A, among others, include statements pertaining to the following:

- factors upon which the Company will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Company's ability to raise capital;
- treatment under governmental regulatory regimes; and
- commodity prices.

With respect to forward-looking statements in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the ability of farm-out partners to satisfy their obligations;
- the Company's ability to obtain additional financing on satisfactory terms; and
- the Company's ability to attract and retain qualified personnel.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- general economic conditions;

- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital; and
- alternatives to and changing demand for petroleum products.

Furthermore, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward–looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements apply only as of the date of this MD&A.

Approval

The Company's Board of Directors approved the disclosure contained within this MD&A on April 19, 2017.

Additional Information

Additional information regarding the Company and its business and operations is available on the Company's profile at **www.sedar.com**. Copies of the information can also be obtained by contacting the Company by e-mail at **ryaniw@loonenergy.com**.