Loon Energy Corporation
Management's Discussion and Analysis
For the three and nine-month periods ended September 30, 2020
(US$, unless otherwise stated)

This Management's Discussion and Analysis ("**MD&A**") document dated November 26, 2020 is provided by the management of Loon Energy Corporation ("**Loon**" or "**Company**") and should be read in conjunction with the condensed interim financial statements for the three and nine-month periods ended September 30, 2020 and 2019, the audited financial statements for the years ended December 31, 2019 and December 31, 2018 and the 2019 annual MD&A.

Basis of Presentation

This MD&A is prepared using United States dollars ("US Dollars") which is the reporting currency of the Company. The condensed interim financial statements for the three and nine-month periods ended September 30, 2020 are prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements.

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company confirms that its auditors have not reviewed the condensed interim financial statements for the three and nine-month periods ended September 30, 2020.

Overview

Loon Energy Corporation ("Loon", "Loon Corp") was formerly an international oil and gas exploration and development company, whose present activities consist of the investigation and evaluation of future business opportunities. The Company has 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.

On September 14, 2018, Loon entered into an amalgamation agreement (the "**Agreemen**t") with Pacific West Canopy Holdings Ltd ("**PacWest**"), a privately held corporation existing under the Business Corporations Act (British Columbia). The execution and subsequent completion of the proposed amalgamation (the "**Transaction**") was scheduled to close by February 28, 2019 and was dependent upon the fulfillment of the terms and conditions of the Agreement by Loon and PacWest. PacWest had not advanced to Loon the remaining $Cdn 100,000 as specified in the Agreement. Effective December 31, 2019 Loon and PacWest mutually agreed to terminate the Agreement and release each other from any obligations, including repayment of Notes Payable and accrued interest.

On October 13, 2020, the Company entered into debt settlement agreements pursuant to which Directors and Officers agreed to forgive an aggregate of $143,841 of the Fees Payable to Directors and Officers and to settle remaining Fees Payable and certain of the Notes Payable totaling, in aggregate, $646,316 by way of issuance of common shares at a price per share of Cdn$0.05. The debt settlement agreements stipulate an exchange rate of Cdn$1.32 per US$1.00, and accordingly Cdn$853,134 will be settled upon issuance of 17,062,680 common shares, such issuance being subject to TSXV and shareholder approval.

Loon is a Reporting Issuer in Canada, whose common shares were traded under the symbol "LNE" on the TSX Venture Exchange ("TSXV") until March 3, 2017, when the Company's listing transferred to NEX, and its trading symbol changed to "LNE.H". Loon's shares were suspended from trading on October 31, 2018 and resumed trading on October 8, 2020.

Operations Overview

The Company has not conducted any active operations during 2020 or 2019, though the Company continues to pursue and evaluate other business opportunities, including the potential acquisition of international oil and gas interests.

Selected annual information

Working capital deficiency

	As at September 30, 2020	As at December 31, 2019
Current assets	$ 17,572	$ 8,707
Current liabilities	(823,303)	(816,368)
	$ (805,731)	$ (807,661)

Results of operations

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Gain on termination of accounts payable	$ 35,825	$ -	$ 35,825	$ -
Expenses				
General and administrative	$ (3,025)	$ (4,157)	$ (9,897)	$ (17,975)
Finance costs				
Interest expense	(222)	(19,019)	(32,978)	(82,281)
Foreign exchange gain/(loss)	(8,064)	5,537	8,980	(13,261)
	(8 286)	(13,482)	(23,998)	(95,542)
Net income (loss) and comprehensive income (loss)	$ 24 514	$ (17,639)	$ 1,930	$ (113,517)
Net income (loss) per share (basic and diluted)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income (loss) attributable to shareholders	$ 24,514	$ (17,639)	$ 1,930	$ (113,517)
Weighted average number of shares outstanding	23,938,379	23,938,379	23,938,379	23,938,379
Income (loss) per share - Basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)

General and Administrative Expenses

General and administrative expenses for the three and nine months ended September 30, 2020 decreased to $3,025 and $9,897 compared to $4,157 and $17,975 for the three and nine-month periods ended September 30, 2019, mainly due to the non-renewal of Directors and Officers insurance and consequent reduction in expense recognized in the current periods.

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Advisory costs	$ -	$ 51	$ -	$ (831)
Other administration costs	3,025	4,106	9,897	18,806
	$ 3,025	$ 4,157	$ 9,897	$ 17,975

Interest expense

Interest expense for the three and nine-month periods ended September 30, 2020 was $222 and $32,978 compared to $19,019 and $82,281 for the comparative periods ended September 30, 2019. Interest incurred in the three-month period ended September 30, 2020 reflects additional note proceeds of $22,517 (Cdn $30,000), which were received from Timothy Elliott on September 1, 2020. In accordance with debt settlements agreements signed on October 13, 2020, interest was not accrued during the three-month period ended September 30, 2020 on other Notes Payable to Directors and Officers.

Interest expense for the nine-months ended September 30, 2020 is lower than the prior period, due to the agreement with PacWest, which was terminated with effect on December 31, 2019. The three Directors had agreed that interest on Notes Payable to them would not accrue after June 30, 2018, pending execution of the Transaction and that if the Transaction was not executed by June 30, 2019, the interest terms would be reinstated and applied retroactively from July 1, 2018. Contingent interest that had not been recorded on these notes from July 1, 2018 to March 31, 2019 was recognized in the second quarter of 2019. Interest recognized during the three and nine months ended September 30, 2019 includes interest on the Notes Payable to PacWest and on Notes Payable to Officers of the Company, while interest recognized during the three and nine months ended September 30, 2020 reflects only interest on Notes Payable to Officers of the Company.

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Interest expense	$ 222	$ 19,019	$ 32,978	$ 82,281

Summary of Quarterly Data

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

	Q3 2020	**Q2 2020**	**Q1 2020**	**Q4 2019**
Net income (loss)	$ 24,514	$ (34,448)	$ 11,864	$ 94,544
Per share - basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
General and administrative	$ 3,025	$ 3,844	$ 3,028	$ 12,242
Advisory costs	-	-	-	1,767
Other administrative costs	3,025	3,844	3,028	10,475
Interest expense	$ 222	$ 16,655	$ 16,101	$ 19,720
Foreign exchange loss (gain)	$ 8,064	$ 13,949	$ (30,993)	$ 9,517
Gain on termination of accounts payable	$ 35,825	$ -	$ -	$ -
Gain on termination of notes payable	$ -	$ -	$ -	$ 136,023
Working capital deficiency	$ (805,731)	$ (830,245)	$ (795,797)	$ (807,661)

	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net loss	$ (17,639)	$ (61,086)	$ (34,792)	$ (21,723)
Per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
General and administrative	$ 4,157	$ 7,385	$ 6,433	$ 39,941
Advisory costs	51	(1,178)	296	14,377
Other administrative costs	4,106	8,563	6,137	25,564
Interest expense	$ 19,019	$ 59,763	$ 3,499	$ 3,488
Foreign exchange loss (gain)	$ (5,537)	$ (6,062)	$ 24,860	$ (21,706)
Gain on disposal of property interest	$ -	$ -	$ -	$ 613,071
Working capital (deficiency)	$ (902,205)	$ (884,566)	$ (823,480)	$ (788,688)

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 period to the number of issued common shares nor to their stated value. There are no preferred shares outstanding.

Related Party Transactions

As at September 30, 2020, the Company had notes payable to Timothy Elliott, Chairman of the Board of Directors of Loon Energy, in the aggregate amount of $273,040 (2019 - $226,022) plus $158,243 (2019 - $124,866) of accrued interest. During the nine month period ended September 30, 2020, $41,030 (Cdn$ 55,000) of new notes were issued (2019 - $nil) in recognition of further cash advances made by Mr. Elliott, with $22,517 (Cdn$ 30,000) of these cash advances having been made in the last quarter. The notes payable are due on demand with interest calculated at a rate of 12% per annum, compounded quarterly. As at September 30, 2020, the Company had notes payable to Jock Graham, a member of the Board of Directors of Loon, in the aggregate amount of $97,182 (2019 - $97,315) plus $55,368 (2019 - $42,445) of accrued interest. As at September 30, 2020, the Company had notes payable to Norman Holton, Chief Executive Officer of Loon, in the aggregate amount of $22,491 (2019 - $22,653) plus $6,865 (2019 - $4,403) of accrued interest.

On October 13, 2020, Directors and Officers entered into debt settlement agreements with the Company, under the terms of which the aggregate of all notes payable outstanding on June 30, 2030 were settled for proceeds consisting of Common Shares issued at a price of Cdn$ 0.05 per share (see Note 9). Further, interest on these Notes to be settled ceased to accrue after June 30, 2020.

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

Liquidity and Capital Resources

The Company no longer conducts active oil and gas operations, and its present activities consist solely of investigating and evaluating potential business opportunities.

The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. Beginning in Q4 2014 and continuing through to the present, members of the Company's Board of Directors advanced cash to fund Loon's activities. As at September 30, 2020, the Company was indebted in the aggregate amount of $443,641 to Timothy Elliott, Chairman of the Board of Directors of Loon, in the aggregate amount of $157,164 to Jock Graham, a member of the Board of Directors of Loon and in the aggregate amount of $30,244 to Norman Holton, Chief Executive Officer of the Company.

As at September 30, 2020, the Company had a working capital deficiency of $805,731, of which $819,784 is the aggregate of Notes Payable to shareholders and amounts due to Directors and Officers of the Company. The need to raise capital to fund the working capital deficiency, ongoing operations, and the acquisition of future business opportunities that may arise, indicates the existence of a material uncertainty that may cast 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 or debt will be available when needed. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate.

Subsequent Events

On October 8, 2020, the Company's shares resumed trading on NEX.

On October 13, 2020, the Company entered into debt settlement agreements with its Directors and Officers. Directors and Officers agreed to forgive an aggregate of $143,841 of the Fees Payable to Directors and Officers (see Note 4).and to settle remaining Fees Payable and certain of the Notes Payable totaling, in aggregate, $646,316 by way of issuance of common shares at a price per share of Cdn$0.05. The debt settlement agreements stipulate an exchange rate of Cdn$ 1.32 per US$ 1.00, and accordingly Cdn$ 853,134 will be settled upon issuance of 17,062,680 common shares, such issuance being subject to TSXV and shareholder approval. After settlement of the debts in accordance with these agreements, the sole Note Payable remaining outstanding will be $22,518 (Cdn$30,000) due to Tim Elliott, Chairman of the Board of Directors which reflects a cash advance made to the Company by Mr. Elliott on September 1, 2020.

Critical Accounting Estimates

The preparation of financial statements in conformity with IAS 34 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.

In the opinion of management, the Company's interim financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies outlined in the financial statements.

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 three and nine-month periods ended September 30, 2020, the Company did not adopt any new IFRS standards nor were any applicable pronouncements announced.

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 November 26, 2020.

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 at Loon Energy Corporation 1100, 700 – 4th Avenue S.W., Calgary, Alberta, Canada T2P 3J4 (Phone: +1 403 875-2008) or by e-mail at **nholton@loonenergy.com**.