ECHELON PETROLEUM CORP.
(formerly Rara Terra Minerals Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Year ended March 31, 2013

Management's discussion and analysis ("MD&A) is prepared as of June 13, 2013 and provides a review of the performance of Echelon Petroleum Corp. ("Echelon" or the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2013 and related notes included therein which are prepared in accordance with International Financial Reporting Standards. This report contains discussion and analysis, which includes forward-looking statements that may differ materially from actual results achieved. All of the financial data herein has been prepared in accordance with International Financial Reporting Standards and all figures are stated in Canadian dollars. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained in this document constitute "forward looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by law.

1.1 Date of Report: June 13, 2013

1.2 Overall Performance

Nature of Business and Overall Performance

The Company was originally incorporated as Rara Terra Capital Corp. under the Business Corporations Act (British Columbia) on December 17, 2009. On August 27, 2010 the Company completed its initial public offering of 3,000,000 common shares in the capital of the Company (each, a "Share") at a price of $0.10 per Share for gross proceeds of $300,000. The Shares were concurrently listed on the TSX Venture Exchange (the "Exchange") and the Company was classified as a Capital Pool Company as defined in Exchange Policy 2.4.

On November 29, 2010 the Company signed a letter of intent (the "LOI") with American Manganese Inc. (TSX-V: AMY) ("American Manganese") to acquire up to 60% of the right, title and interest of American Manganese in the Lonnie property (the "Lonnie Property"), a niobium and rare earth property located in the Omineca Mining Division of British Columbia, which was intended to constitute the Company's Qualifying Transaction as defined in Exchange Policy 2.4. The Lonnie Property consists of 8 mineral claims, totalling 1605 hectares, and is located on Granite Creek, south east of Manson Creek in North Central British Columbia, approximately three hours drive north of Fort St. James. Pursuant to the terms of the LOI, as consideration for the acquisition of the interest in the Lonnie Property, Rara Terra agreed to pay American Manganese cash payments totaling $60,000 and to issue to American Manganese 285,000 Shares over the three year term of an option agreement to be entered into between the Company and American Manganese (the "Lonnie Definitive Agreement"). Rara Terra also committed to incur exploration expenditures totaling $500,000 over the three year term of the Lonnie Definitive Agreement.

The Lonnie Definitive Agreement was entered into effective January 31, 2011 and the Company received the final approval for the Qualifying Transaction on May 3, 2011. In connection with the completion of the Qualifying Transaction, the Company changed its name to Rara Terra Minerals Corp. In connection with the closing of the Qualifying Transaction, the Company completed a brokered and non-brokered private placement financing for total gross proceeds of $2,313,170 whereby the Company issued 8,291,000 non-flow-through units and 801,401 flow-through units. The non-flow-through units were priced at $0.25 per unit, with each unit consisting of one Share and one half of one Share purchase warrant. The flow-through units were priced at $0.30 per unit, with each unit consisting of one Share, issued on a flow-through basis, and one half of one non-flow through Share purchase warrant. Each whole warrant is exercisable into one Share at a price of $0.39 per Share until November 3, 2012. On September 10, 2012 the TSX-V approved the Company's application for a one year extension to the 4,546,201 share purchase warrants issued pursuant to the May 3, 2011 private placement. The warrants will now expire on November 3, 2013.

On April 20, 2011, the Company staked an additional 875 hectares of property adjacent to the Lonnie Property.

On June 9, 2011, the Company entered into an option agreement to acquire a 100% interest in eight claims comprising approximately 2,940 hectares in the Xeno property in northern British Columbia for the following consideration:

i) $14,500 upon signing of the agreement (paid);
ii) $12,500 and 75,000 Shares upon approval of the Exchange (paid and issued);
iii) $10,000 and 50,000 Shares on the 1st anniversary of the Exchange approval date (paid and issued): and
iv) $10,000 and 50,000 Shares on the 2nd anniversary of the Exchange approval date.

The property is subject to a 0.5% Net Smelter Royalty ("NSR") which can be repurchased by the Company for $250,000.

On June 9, 2011, the Company also entered into a second option agreement to acquire a 100% interest in 20 claims comprising approximately 4,185 hectares in the Xeno property in northern British Columbia for the following consideration:

i) $28,000 upon signing of the agreement (paid);
ii) $28,000 and 75,000 Shares upon approval of the Exchange (paid and issued); and
iii) $50,000 and 115,000 Shares on the 1st anniversary of the Exchange approval date (paid and issued).

On July 8, 2011 the Company staked an additional 841 hectares of property adjacent to the above referenced Xeno properties.

On May 1, 2012 the Company made the following payments pursuant to the Lonnie Definitive Agreement with American Manganese:

- $4,607 (renegotiated from $20,000) and 75,000 Shares to American Manganese;
- $1,000 and 3,750 Shares to David Heyman; and
- $1,000 and 3,750 Shares to Nick Horsley.

In fiscal 2012 the Company retained the services of Fugro Airborne Service Corp. to plan and execute an airborne survey of the Xeno property. This geophysical survey was designed to provide electromagnetic, magnetic, and radiometric data of the top 100 meters of the earth's crust enabling the generation of high resolution electromagnetic resistivity, radiometric, and magnetic anomaly maps. Although the planning of the survey program was completed in the fall of 2011, inclement weather prevented the program from being completed in fiscal 2012. Fugro conducted the airborne survey in mid 2012 and completed the program in August 2012. Fugro delivered the survey data to the Company in October 2012 and the Company delivered this data to its consulting geophysicist in December 2012. The Company received the report of the consulting geophysicist in early June 2013 and as of the date of this report is reviewing the report and its conclusions and recommendations.

On September 10, 2012 the TSX-V approved the Company’s application for a one year extension to the 4,546,201 share purchase warrants issued pursuant to the May 3, 2011 private placement. The warrants will now expire on November 3, 2013.

On November 15, 2012 the Company entered into an Oil & Gas Turnkey Participation and Operating Agreement (“OGA”) with Circlestar Energy Corp. (“Circlestar”), wherein for consideration of US$393,750 to be paid by the Company to Circlestar, Circlestar would sell to the Company a 75% working interest before payout (60% net revenue interest) and a 56.25% working interest after payout (45% net revenue interest) in an oil and gas exploration and development prospect located on approximately 160 acres in Trego County, Kansas. Circlestar is engaged in the oil and gas exploration and production industry, and identified the oil and gas exploration and development prospect located in Trego County, Kansas, as being a favorable prospect for development. In December 2012, the Company made payments totaling $395,026 (US$393,750) to Circlestar with respect to the drilling and completion of the first Trego County property well prospect triggering the acquisition of the working interest and net revenue interest referred to above. The OGA also grants the Company a right of first refusal to participate and acquire interests in new well projects on the Trego County property. If the Company does not participate in those future project well opportunities or fund its share of the associated costs, the Company will lose its right of first refusal to participate and acquire interests in any future project well opportunities. The Company, following approval from the TSX-V, issued 370,313 common shares with a fair value of $44,437 pursuant to a finders fee agreement and the finder having identified and assisted in the negotiation of the OGA.

In January, 2013, the Company paid $205,249 (US$206,387) and in February 2013 paid an additional $145,115 (US$143,614) to Circlestar to fund the Company’s proportionate share of the drilling and completion costs of a second well on the Trego County, Kansas property. In March the Company paid $130,274 (US$125,853) to fund the Company’s proportionate share of the hydraulic fracturing of the first and second wells on the Trego County, Kansas property and a further $183,932 (US$179,072) to fund its proportionate share of the costs of a lateral drilling program off of each of the first and second Trego wells.

In February, 2013 the Company incorporated 0960128 B.C. LTD., as a wholly owned British Columbia subsidiary, and intends to incorporate a Kansas subsidiary, to be wholly owned by 0960128 B.C. LTD. The Company intends to assign all or a portion of its interest in the OGA to the Kansas subsidiary.

In March, 2013 the Company closed a non-brokered private placement raising $767,250 by way of issuing 5,115,000 Shares at a price of $0.15 per Share. No warrants were issued nor was any finders fee incurred in connection with the private placement.

On March 29, 2013 the Company entered into a letter of intent (the "TCLOI") with Circlestar for the proposed acquisition by the Company of a working interest in certain oil and gas well drilling prospects located on approximately 1,360 acres in Trego County, Kansas, USA (the "Project"). The extent of the participating interest in the Project to be acquired by Echelon and the purchase price remain subject to due diligence and negotiation. Pursuant to the TCLOI, the Company paid a non-refundable due diligence payment in the amount of $172,410 (US$168,300), to be used to fund a 3D seismic program on the Project. Subsequent to the March 31, 2013 year end, the 3D seismic program was completed. The Company has retained the services of an independent petroleum industry consulting firm to review the results of the 3D seismic program. Echelon will review the consultant's analysis and if the Project is of sufficient merit, the Company may proceed to negotiate a definitive acquisition agreement. Detailed technical information about the Project will be made available when and if a National Instrument 51-101 report is completed. In conjunction with the above referenced 3D seismic program the Company paid an additional $20,283 ($19,800) to fund a 3D seismic survey of the original 160 acre Trego property referred to above.

During the 2013 fiscal year, 660,000 Shares were released from escrow.

During the 2013 fiscal year the Company staked a further 7,853 hectares adjacent to the Xeno property.

Subsequent to March 31, 2013 and to the date of this report the Company;

a) Changed its name from Rara Terra Minerals Corp. to Echelon Petroleum Corp.;
b) Staked an additional 958 hectares adjacent to the Xeno property;
c) Terminated the option agreement dated January 31, 2011 for the option to acquire a 60% interest in the Lonnie Property, British Columbia;
d) Paid the following pursuant to the Lonnie Property
    a. $2,000 and issued 7,500 shares; and
e) A further distribution of 330,000 shares was released from escrow.

Discussion of Operations and Financial Condition

Operations during the twelve months ended March 31, 2013 were primarily related to managing the exploration activities of the Xeno property, the identification and acquisition of potential new mineral properties, researching and undertaking opportunities in the North American oil and gas industry, raising new capital to fund corporate growth, and to general corporate matters. During the period the Company incurred costs associated with the Fugro geophysical airbourne survey of the Xeno mineral property and the analysis of the survey data, the identification of promising new mineral properties, the acquisition of additional Xeno mineral property claims, and negotiating and commencing business activities in the US oil & gas industry. The Company retained the services of an oil and gas strategic advisory company as well as entering into joint operations with a Texas based oil and gas industry participant during the period to develop prospective US based oil and gas properties. There were no transactions with related parties other than consulting fees paid to the Company's directors and officers, the payment of rent for office space and the reimbursement of expenses incurred by the Company's officers and directors. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

For a more detailed description of the activities undertaken during fiscal year ended March 31, 2013 and to the date of this report please refer to the above Section 1.2 of this report.

1.3 Selected Annual Information

	For the Year ended March 31, 2013	**For the Year ended March 31, 2012**	**For the Year ended March 31, 2011**
Total revenues	$0	$0	$0
Loss before other items	(666,784)	(805,628)	(192,427)
Comprehensive loss	(893,185)	(765,581)	(192,427)
Basic and diluted net loss per common share	(0.06)	(0.05)	(0.05)
Current assets	296,994	1,454,819	217,239
Exploration and evaluation assets	1,577,723	457,750	83,230
Total assets	1,874,717	1,912,569	300,469
Current liabilities	49,118	26,750	50,097
Share capital & share based payment reserve	3,785,976	2,872,974	471,946
Deficit	(1,960,377)	(987,155)	(221,574)
Dividends	n/a	n/a	n/a

The decrease in Current assets to $296,994 in 2013 from $1,454,819 in 2012 was primarily a result of the Company's investment in US oil and gas activities of $1,116,526 during the year ended March 31, 2013 (2012: $nil) and in Property investigation costs that were principally the cost of conducting the Fugro airborne survey. The decrease was principally offset by the Company's capital raise of $767,250 (2012: $2,313,170) that closed in March 2013. The decrease was also partially offset by the receipt in fiscal 2013 of the $116,958 of value added tax refunds recorded as receivable at March 31, 2012. The increase in Share capital and Share based payment reserve to $3,785,976 in 2013 from $2,872,974 in 2012 was a primarily a result of the above referenced capital raise. Administrative, Property investigation and General expenses are more fully described in Section 1.4 below.

The financial data for the years ended March 31, 2013 and March 31, 2012 have been prepared in accordance with International Financial Reporting Standards. All figures are stated in Canadian dollars.

1.4 Results of Operations

The Company has not yet generated revenue to date and has reported net losses since inception. Comprehensive loss during the year ended March 31, 2013 was $893,185 (March 31, 2012: $765,581). The costs incurred in the net loss in the year ended March 31, 2013 primarily included two amounts being Consulting and management fees of $306,750 (2012: $273,265) and Property exploration costs of $212,699 (2012: $27,582). These, and other amounts associated with business development initiatives, investor relations programs, and the administration of the Company's business, are more fully described in the section of this report that follows.

Comprehensive Loss, Administrative, Exploration and General Expenses

The following expenses were incurred in the years ended March 31, 2013 and 2012:

Expenses

	For the year ended March 31, 2013	**For the year ended March 31, 2012**
Consulting and management fees	$306,750	$273,265
General and administrative	5,133	9,302
Investor relations	23,884	66,069
Professional fees	39,577	78,800
Property investigation costs	212,699	27,582
Rent	41,891	35,500
Stock based compensation	-	200,833
Transfer agent and filing fees	9,871	45,656
Travel and promotion	26,979	68,621
Loss before other items	666,784	805,628
Other income	226,401	(40,047)
Comprehensive loss	$893,185	$765,581

More specifically, the increase in Comprehensive loss incurred during the year ended March 31, 2013 compared to that incurred during the comparable period in 2012 was largely a result of the following:

- Consulting and management fees increased to $306,750 in 2013 from $273,265l in 2012 due to a small increase in the compensation to its directors and officers for the services that they provided in executing the Company's business plan and the cost of retaining the services of a strategic advisor.

- The decrease in Investor relations expenditures to $23,884 in 2013 from $66,069 in 2012 was primarily due to the Company reducing the services of an investor relations company and no longer participating in a rare earth industry media programs or attending rare earth related conferences.

- Professional fees decreased to $39,577 in 2013 from $78,800 in 2012 primarily as a result of a reduction in the costs associated with the Company's capital raising activities and a reduction in the legal advice and related costs of dealing with various corporate matters.

- Property investigation costs increased in 2013 by $185,117 to $212,699 (2012: $27,582) primarily related to the Company funding the cost of the non refundable due diligence fee for a 3D seismic survey of prospective oil well drilling opportunities associated with the LOI that the Company entered into in late March 2013 (more particularly described above in Section 1.2 of this report. This cost ($192,694) was expensed in the current fiscal period as the Company did not have the legal right to explore the area as at March 31, 2013.

- Stock based compensation decreased to $nil in 2013 from $200,833 in 2012 as the Company did not grant incentive stock options to its directors, officers and consultants during fiscal 2013.

- Transfer agent and filing fees decreased to $9,871 in 2013 from $45,656 in 2012 as a result of the Company's reduced capital raising activities and a reduction in the cost of administering its shareholder base.

- Travel and promotion decreased to $26,979 in 2013 from $68,621 in 2012 primarily as a result of the Company's directors and officers attending fewer conferences focused on rare earth elements and a reduction in activities related to identifying and evaluating mineral property acquisition opportunities.

- Subsequent to the March 31, 2013 year end the Company delivered notice to American Manganese that the Company was terminating its option to acquire a 60% interest in the Lonnie mineral property. As a result, the Company derecognized its accumulated investment of $226,401 in the property in the March 31, 2013 audited financial statements.

Dividend Report & Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with International Financial Reporting Standards and all figures are stated in Canadian dollars.

For the Quarterly Periods ended:		March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Total Revenues	$	Nil	Nil	Nil	Nil
Loss before other items	$	(357,261)	(119,779)	(97,832)	(91,912)
Loss per common share before other items, basic and diluted	$	(0.02)	(0.01)	(0.01)	(0.00)
Net Loss for the period	$	(583,662)	(119,779)	(97,832)	(91,912)
Loss per share, basic and diluted	$	(0.03)	(0.01)	(0.01)	(0.00)

For the Quarterly Periods ended:		March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total Revenues	$	Nil	Nil	Nil	Nil
Loss before other items	$	(119,923)	(138,708)	(158,165)	(388,832)
Loss per common share before other items, basic and diluted	$	(0.01)	(0.01)	(0.02)	(0.05)
Loss for the period	$	(79,876)	(138,708)	(158,165)	(388,832)
Loss per share, basic and diluted	$	(0.01)	(0.01)	(0.02)	(0.05)

1.6 Liquidity

The Company has total assets of $1,878,717 (March 31, 2012: $1,912,569). The primary assets of the Company are cash of $271,331 (March 31, 2012: $1,330,361), receivables of $17,163 (March 31, 2012: $116,958) consisting of value-added tax receivables, and its investment in mineral exploration and evaluation assets in the amount of $461,197 (March 31, 2012: $457,750), and its investment in oil and gas exploration and evaluation assets in the amount of $1,116,526 (March 31, 2012: $nil). The Company has working capital, $247,876 (March 31, 2012: $1,428,069), which may not be sufficient to sustain operations over the next twelve months and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations, raise further capital, and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in one or more mineral or oil and gas properties.

As at March 31, 2013, the Company had contractual obligations for the use of cash which consist of its obligations under the Lonnie Definitive Agreement:

- invest up to $400,000 in a Lonnie Property work program being:
    - $100,000 on or before the second anniversary date of the acceptance of the Company's Qualifying Transaction by the Exchange;
    - $300,000 on or before the third anniversary date of the acceptance of the Company's Qualifying Transaction by the Exchange; and
- the payment of $20,000 on or before the second anniversary of the acceptance of the Company's Qualifying Transaction by the Exchange.

As disclosed below in Section 1.16, in April 2013 the Company notified American Manganese that it was terminating its option to acquire a 60% interest in the Lonnie mineral property. Consequently, subsequent to the March 31, 2013 year-end the Company's related cash contractual obligations as disclosed above terminated.

The remaining contractual obligation pertaining to the Xeno Mineral Claim Purchase Agreement is:

- $10,000 and 50,000 Shares on the 2nd anniversary of the Exchange approval date.

1.7 Capital Resources

At March 31, 2013, the Company had not yet achieved profitable operations, had accumulated a deficit of $1,960,377 (March 31, 2012: $987,155) and had working capital of $247,876 (March 31, 2012: $1,428,069), which may not be sufficient to sustain operations over the next twelve months, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations, raise further capital, and to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest in one or more mineral or oil and gas properties.

The capital resources of the Company are primarily its cash of $271,331 (March 31, 2012: $1,330,361). Other than its above described contractual obligations, the Company does not currently have any capital commitments.

1.8 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.9 Transactions with Related Parties

The following cash payments were made to related parties:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Consulting Fees		
Koko Financial Ltd. Note 1	$65,000	$55,000
R. Flowerdew Note 2	70,000	55,000
9082 Investments Inc. Note 3	60,000	55,000
J. Veltheer Note 4	78,000	66,000
C. Ecclestone Note 5	0	34,500
	273,000	265,530
Rent		
Network Explorations Ltd. Note 6	41,891	35,500
	$314,891	$301,030

Note 1. Koko Financial Ltd. is a company owned by Fraser Atkinson, formerly a director of the Company. Mr. Atkinson resigned from the Company's Board of Directors in January 2013.

Note 2. Mr Flowerdew is the CFO and Corporate Secretary and a director of the Company

Note 3. 9082 Investments Inc. is a company owned by Alex Helmel, the President, CEO and a director of the Company

Note 4. Dr. Veltheer is a director of the Company.

Note 5. Mr. Ecclestone was the former President and CEO and a director of the Company.

Note 6. Network Exploration Ltd. is a company managed by Alex Helmel, the President, CEO and a director of the Company

The Company anticipates that, with the exception of payments to Mr. Atkinson, the payments for consulting services and rent will continue in fiscal 2014.

1.10 Fourth Quarter

Save as disclosed herein, there were no extraordinary items, quarter end or other adjustments or dispositions in the Company's fourth quarter ending March 31, 2013 that had a material effect on the Company's financial condition, cash flow or results of operations.

1.11 Proposed Transactions

Not applicable.

1.12 Critical Accounting Estimates

Save as disclosed in the Company's annual audited financial statements for the years ended March 31, 2013 and 2012 (as are filed and reviewable on SEDAR (www.sedar.com)) the Company has no other critical accounting estimates.

1.13 Changes in Accounting Policies

There are no accounting policies that the Company has adopted, other than what was disclosed in the annual audited March 31, 2013 financial statements. The Company adopted IFRS on April 1, 2011.

1.14 Financial Instruments and Other Instruments

Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is minimal as the receivables are due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

The Company's non-derivative financial liabilities at March 31, 2013, which include accounts payable, are due within one year.

	Within one year	**Between one and five years**	**More than five years**
Accounts payable	$ 49,118	$ -	$ -
Due to related parties	-	-	-
	$ 49,118	$ -	$ -

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company incurs expenditures and liabilities for its Trego Property in United States dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At March 31, 2013, there is no foreign currency exposure because there are no liabilities denominated in foreign currencies. This risk is considered minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2013	**March 31, 2012**
Cash	$ 271,331	$ 1,330,361

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2013	**March 31, 2012**
Non-derivative financial liabilities:		
Accounts payable	$ 24,782	$ 8,459
Due to related parties	0	3,291
	$ 24,782	$ 11,750

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

1.15 Disclosure of Outstanding Share Data

Authorized: Unlimited common shares without par value

Issued:

	Number of Shares	Amount	Share-based payment reserve	Total
Balance as at December 17, 2009 (Inception)	1	$0	0	$0
Common shares issued for cash at $0.05 per share	2,200,000	110,000	0	110,000
Common shares issued for cash at $0.10 per share	1,400,000	140,000	0	140,000
Cancelled share	(1)	0	0	0
Share issuance costs	0	(18,512)	0	(18,512)
Balance as at March 31, 2010	3,600,000	231,488	0	231,488
Common shares issued for cash at $0.10 per share	3,000,000	300,000	0	300,000
Share issuance costs	0	(109,155)	15,846	(93,309)
Stock based compensation	0	0	33,767	33,767
Balance as at March 31, 2011	6,600,000	422,333	49,613	471,946
Common shares issued for cash at $0.25 per share	8,291,000	2,072,750	0	2,072,750
Common shares issued for cash at $0.30 per share	801,401	240,420	0	240,420
Flow-through tax liability	0	(40,047)	0	(40,047)
Common shares issued for cash at $0.10 per share	300,000	45,846	-15,846	30,000
Share issuance costs - cash	0	(198,390)	35,275	(163,115)
Common shares issued pursuant to property acquisitions	232,500	60,187	0	60,187
Stock-based compensation	0	0	200,833	200,833
Balance as at March 31, 2012	16,224,901	$2,603,099	$269,875	$2,872,974
Common shares issued for cash at $0.15 per share	5,115,000	767,250	0	767,250
Common shares issued as a finders fee	370,313	44,437	0	44,437
Share issuance cash costs	0	(9,172)	0	(9,172)
Common shares issued for cash – option exercise	90,000	15,754	-6,754	9,000
Common shares issued pursuant to acquire exploration & evaluation assets	247,500	21,450	0	21,450
Revaluation of warrants	0	0	80,037	80,037
Balance as at March 31, 2013	22,047,714	3,442,818	343,158	3,785,976

During the year ended March 31, 2013, the Company completed a non-brokered private placement to issue 5,115,000 common shares units at $0.15 per common share for total proceeds of $767,250.

During the year ended March 31, 2013, the Company issued 370,313 common shares at a fair value of $44,437 as a finders fee pursuant to the investment in oil and gas exploration and evaluation assets.

During the year the Company issued 90,000 common shares at $0.10 per common share pursuant to the exercise of stock options. A reversal of the share based payment reserve of $6,754 was recorded in relation to the exercise of the 90,000 stock options.

During the year ended March 31, 2013, the Company issued 247,500 common shares at a fair value of $21,450 pursuant to the purchase price of the Lonnie and Xeno Properties.

As of the date of this MD&A the following Shares, incentive stock options and warrants were outstanding.

Common Shares – 22,055,214

Incentive Stock Options – 1,134,100 options consisting of 360,000 options with an exercise price of $0.10 per share and expiring on August 27, 2015; 724,100 options with an exercise price of $0.26 per share and expiring on May 3, 2016; and 50,000 options with an exercise price of $0.26 per share expiring on July 5, 2016.

Warrants – 4,546,201 warrants with an exercise price of $0.39 per share expiring on November 3, 2013.

1.16 Subsequent Events

Subsequent to March 31, 2013 and to the date of this report the Company;

a) Changed its name from Rara Terra Minerals Corp. to Echelon Petroleum Corp.;
b) Staked an additional 958 hectares contiguous to the Xeno property;
c) Terminated the option agreement dated January 31, 2011 for the option to acquire a 60% interest in the Lonnie Property, British Columbia (Note 4);
d) Paid the following pursuant to the Lonnie Property
    a. $2,000 and issued 7,500 shares; and
e) A distribution of 330,000 shares was released from escrow.

1.17 Other Information and Board Approval

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.