

**SUPER NOVA PETROLEUM CORP.**  
(An Exploration Stage Company)

**Management's Discussion & Analysis**  
**For the nine months ended February 28, 2017**

*(Expressed in Canadian Dollars)*

## **SUPER NOVA PETROLEUM CORP.**

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#### **BACKGROUND**

This management's discussion and analysis of the financial position and results of operation ("MD&A") for Super Nova Petroleum Corp. ("Super Nova" or the "Company") is prepared as at April 13, 2017 and should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended February 28, 2017 and in conjunction with the audited financial statements for the year ended May 31, 2016.

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

The reader is encouraged to review the Company's statutory filings and additional information on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **FORWARD LOOKING STATEMENTS**

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

#### **COMPANY OVERVIEW**

Super Nova is a Canadian resource exploration company engaged in the acquisition and exploration of mineral properties and oil and gas properties. On October 22, 2012, the Company's common shares were listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "SNP."

During the year ended May 31, 2015, the Company wrote off the value of its exploration properties as the Company made the decision to significantly reduce future exploration expenditures due to the economic downturn in the industry. Currently, the Company is seeking new investment opportunities that will provide value to its shareholders.

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### **HIGHLIGHTS**

#### **Special warrants and debt settlements**

In October 2016, the Company issued 13,399,333 special warrants to settle debts of \$669,967, of which 9,799,333 special warrants were issued to a company controlled by the CEO for \$489,967; 2,550,000 special warrants were issued to Golden Dawn Minerals Inc. ("GOM") for \$127,500; and 525,000 special warrants were issued to a company controlled by the CFO for \$26,250.

The special warrants were valued at \$0.05 per special warrant. Each warrant shall automatically convert on the earlier of i) the second anniversary of the date of the issuance of special warrants, and ii) the closing of a significant transaction involving the Company. At the conversion, each special warrant shall convert into a share unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at \$0.075 per share for a period of two years from conversion.

#### **Share consolidation**

On January 14, 2016, the Company consolidated its shares on a basis of one (1) post consolidated share for ten (10) pre consolidated shares. In this MD&A, reference to common shares and per share amounts has been stated on the post-consolidation basis.

#### **Appointment of directors and officers**

In December 2015, the Company appointed Mr. Stefan Bender as a member of the Board of Directors, Ms. Andrea Yuan as Chief Financial Officer and Mr. Andrew Brown as Corporate Secretary.

### **RESULTS OF OPERATIONS**

#### **Overview**

Mineral exploration expenditures are capitalized and losses are incurred as a result of administrative expenses related to the operation of the Company's business. Consequently, the Company's loss and comprehensive loss for the period is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective mineral and oil and gas properties. By acquiring and exploring projects of superior technical merit, the Company increases its chance of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and sale of commodities from its mineral interests, the Company will report an annual loss and will rely on its ability to obtain equity or debt financing to fund ongoing operations.

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#### **Nine months ended February 28, 2017 and February 29, 2016**

For the nine months ended February 28, 2017, the Company incurred a net loss and comprehensive loss of \$208,155 (2016 - \$119,506). The lower loss during the comparative nine months ended February 29, 2016 was mainly due to \$73,597 of other income from the assignment of 20% working interest in an exploration well in the Bakken to BNV Energy.

The Company shares office space and administration and management services with GOM, a public company that has common director and officers with the Company. For the nine months ended February 28, 2017, GOM charged the Company \$93,123 (2016 - \$73,660) for its services, mainly including rent, accounting, staff payroll, office supplies and miscellaneous expenses.

For the nine months ended February 28, 2017, \$45,000 (2016 - \$45,000) of management fees were accrued in administrative fees to a company controlled by the CEO.

Other than the above expenses, for the nine months ended February 28, 2017, the Company incurred other general and administration expenses of \$74,449 (2016 - \$74,432) including \$22,500 (2016 - \$22,500) paid to investor relations consultants.

During the nine months ended February 28, 2017, the Company recorded a gain on settlement of debts of \$1,752 (2016 - \$Nil) and the receipt of mining tax credits of \$2,665 (2016 - \$Nil). During the nine months ended February 29, 2016, the Company received other income of \$73,597 from assigning 20% of working interest in an exploration well in the Bakken to BNV Energy.

#### **Three months ended February 28, 2017 and February 29, 2016**

For the three months ended February 28, 2017, the Company incurred a net loss and comprehensive loss of \$50,506 (2016 - \$87,690). The higher loss in the comparative three month period ended February 29, 2016 is due mainly to \$18,800 in audit fees and 15,917 in regulatory fees and AGM costs.

For the three months ended February 28, 2017, GOM charged the Company \$24,050 (2016 - \$28,103) for its services mainly including rent, accounting, staff payroll and office supplies and miscellaneous expenses.

For the three months ended February 28, 2017, \$15,000 (2016 - \$15,000) of management fees were accrued in administrative fees to a company controlled by the CEO.

Other than the above expenses, for the three months ended February 28, 2017, the Company incurred other general and administration expenses of \$14,121 (2016 - \$44,587) including \$7,500 (2016 - \$7,500) paid to investor relations consultants.

During the nine months ended February 28, 2017, the Company received mining tax credits of \$2,665 (2016 - \$Nil).

**SUPER NOVA PETROLEUM CORP.****Management's Discussion and Analysis****For the nine months ended February 28, 2017****SUMMARY OF QUARTERLY RESULTS**

The following table summarizes the operation results for the past eight quarters:

	Three month period ended February 28, 2017	Three month period ended November 30, 2016	Three month period ended August 31, 2016	Three month period ended May 31, 2016
Total assets	\$ 6,290	\$ 3,596	\$ 6,407	\$ 10,832
Exploration and evaluation assets	-	-	-	-
Working capital (deficiency)	(453,399)	(402,893)	(986,681)	(915,211)
Shareholders' equity (deficiency)	(453,399)	(402,893)	(986,681)	(915,211)
Net income (loss) and comprehensive income (loss)	(50,506)	(83,179)	(74,470)	(100,790)
Income (loss) per share	(0.01)	(0.02)	(0.02)	(0.02)

	Three month period ended February 29, 2016	Three month period ended November 30, 2015 (a)	Three month period ended August 31, 2015 (b)	Three month period ended May 31, 2015(b)(c)
Total assets	\$ 1,425	\$ 9,675	\$ 183,287	\$ 2,531
Exploration and evaluation assets	8,846	8,846	-	-
Working capital deficiency	(855,267)	(807,849)	(823,812)	(737,187)
Shareholders' equity (deficiency)	(844,421)	(799,003)	(823,812)	(737,187)
Net income (loss) and comprehensive income (loss)	(87,690)	10,809	(42,625)	(756,328)
Income (loss) per share	(0.02)	0.00	(0.01)	(0.20)

a) During the three months ended November 30, 2015, the Company received consideration of \$73,597 from assignment of 20% working interest in an exploration well.

b) The Company has restated the comparative February 28, 2015 and May 31, 2015 balances to correctly record the renunciation of tax benefits to subscribers of flow-through shares in December 2014.

In October 2014, the Company closed a private placement of 110,000 flow-through units at a price of \$0.50 per unit for gross proceeds of \$55,000. A total of \$44,000 in flow-through share premium liability was recorded as a result of the private placement. As of May 31, 2015, all \$55,000 in qualified expenditures had been incurred and the tax benefits renounced to investors. As a result, the Company should have recognized the \$44,000 of flow-through share premium liability into other income.

The effect on the statement of financial position as of May 30, 2015 is a reclassification of \$44,000 between flow-through share premium liability and deficit. For both three and nine month periods ended February 28, 2015, net loss decreased by \$44,000, for the three month period from \$71,730 to \$27,730, and for the nine month period from \$267,703 to \$223,703. There was no effect to cash flow from operations, investing or activities.

c) During the three months ended May 31, 2015, the Company wrote off exploration and evaluation assets of \$779,549.

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## **LIQUIDITY AND CAPITAL RESOURCES**

### **Capital management**

The Company considers its capital to be the components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company has sufficient funds to satisfy its exploration expenditure plans for the current fiscal year.

### **Liquidity and capital resources**

The Company's working capital and deficit positions at February 28, 2017 and May 31, 2016 were as follows:

	<b>February 28, 2017</b>	May 31, 2016
Working capital (deficit)	<b>\$ (453,399)</b>	\$ (915,211)
Deficit	<b>\$ (4,335,642)</b>	\$ (4,127,487)

The balance of cash available at February 28, 2017 was \$6,046, with a working capital deficiency of \$453,399.

Net cash used in operating activities for the current nine month period was \$50,040 (2016 - \$77,873). The net cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital items.

Net cash used in investing activity during the current fiscal year was \$Nil (2016 - \$8,846) which was exploration expenses incurred on the properties.

Net cash from financing activity during the current fiscal year was \$53,471 (2016 - \$86,813), which was cash received from related parties.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering, will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company does not have sufficient funds to cover anticipated administration expenses throughout the current fiscal year. The Company is seeking new investment opportunities in the mineral resources industry that will provide value to its shareholders.

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#### **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the nine month period ended February 28, 2017:

a) During the nine month period ended February 28, 2017, \$45,000 (2016 - \$45,000) of management fees were accrued in administration expenses to a company controlled by the CEO. In October 2016, the Company issued 2,550,000 special warrants to settle debts of \$127,500. As at February 28, 2017, \$37,740 (May 31, 2016 - \$113,865) was payable to the company.

b) GOM, a publicly traded company with common directors and officers of the Company, provides office space and administration services to the Company. During the nine month period ended February 28, 2017, the Company incurred \$93,123 (2016 - \$73,660) payable to GOM for its services provided. In October 2016, the Company issued 9,799,333 special warrants to settle debts of \$489,967. As at February 28, 2017, a total of \$71,789 (May 31, 2016 - \$420,784) remained outstanding as due to GOM.

c) As of February 28, 2017, the Company has a \$17,000 (May 31, 2016 - \$17,000) unsecured loan from a relative of an officer and director, which is payable on demand with a fixed rate of \$1,000 in interest accruing annually thereon. The balance remains unpaid as of February 28, 2017.

d) During the nine month period ended February 28, 2017, \$18,571 (2016 - \$Nil) of accounting fees were accrued in administration expenses to a company controlled by the CFO. In October 2016, the Company issued 525,000 special warrants to settle debts of \$26,250. As at February 28, 2017, \$Nil (May 31, 2016 - \$20,000) was payable to the company.

e) Accounts payable to related parties do not bear interest, are unsecured and are repayable on demand.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Certain new accounting standards and interpretations have been published that are not mandatory for the February 28, 2017 reporting period. Those new standards have been assessed, but are not expected to have any impact on the Company's financial statements.

All of the Company's significant accounting policies and estimates are included in Note 2 of its condensed interim financial statements for the nine months ended February 28, 2017 and Notes 2 and 3 of its audited financial statements for the year ended May 31, 2016.

#### **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, short term loans and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

##### ***Credit risk***

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits its exposure to credit risk

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on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of Goods and Services Tax ("GST") receivable from the Canadian government and are considered low risk.

#### **Currency risk**

The Company operates primarily in Canadian dollar. There is foreign exchange risk to the Company as some of its exploration and evaluation property interests and resulting commitments are located in the United States. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company does not engage in any hedging activities to reduce its foreign currency risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

#### **Interest rate risk**

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash as they are currently held in large financial institutions.

#### **Fair value measurements of financial assets and liabilities**

Disclosure about significance of inputs used in making fair value measurements is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of receivables, due

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to related parties, short term loan, and accounts payable and accrued liabilities, approximate their current fair values because of their nature and relatively short maturity dates or durations.

### **OTHER RISKS AND UNCERTAINTIES**

The Company's principal activity is mineral and oil and gas exploration. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic.

Although the Company has taken steps to verify the title to mineral and oil and gas properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral and oil and gas properties currently have reserves. The Company has limited financial resources.

Substantial expenditures are required to be made by the Company to establish ore reserves. The property interests owned by the Company, or in which it has an option to earn an interest are in the exploration stages only, are without known bodies extractable resources and have no ongoing operations. Exploration involves a high degree of risk and only few properties which are explored are ultimately developed into producing resources.

Exploration of the Company's mineral and oil and gas exploration may not result in any discoveries of commercial significance. If the Company's efforts do not result in any discovery of commercial significance, the Company will be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Trends, commitments, events or uncertainties presently known or identifiable to management that are reasonably expected to have a material effect on the Company's business, financial position, or results of operations, are as follows:

- Current market volatility and general share price decline in the financial sector, including the Exchange, may impact the Company's ability to raise further capital and fund ongoing operations.
- To maintain operational expenses going forward, the Company will require non flow through funds either through a private placement financing, the exercise of stock options or warrants, or the sale of unproven resource interests.

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## **OUTSTANDING SHARE DATA**

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of shares Issued or issuable
Common shares	4,813,710
Stock options	255,000
Warrants	1,336,744
Special warrants	13,399,333

### **Share consolidation**

On January 14, 2016, the Company consolidated its shares on a basis of one (1) post consolidated share for ten (10) pre consolidated shares. In this MD&A, reference to common shares and per share amounts has been stated on the post-consolidation basis.

### **Special warrants**

In October 2016, the Company issued 13,399,333 special warrants in an equity for debt transaction. Each warrant shall automatically convert on the earlier of i) the second anniversary of the date of the issuance of special warrants, and ii) the closing of a significant transaction involving the Company. At the conversion, each special warrant shall convert into a share unit of the Company. Each unit consists of one common share and one share purchase warrant. Each warrant shall be exercisable into a common share of the Company at \$0.075 per share for a period of two years from conversion.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off balance sheet items.

## **PROPOSED TRANSACTIONS**

The Company has no proposed transactions.

## **DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.