SATURN OIL & GAS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Saturn Oil & Gas Inc. (the "Company" or "Saturn") has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of November 22, 2018 and should be read in conjunction with the unaudited condensed interim financial statements for the nine months ended September 30, 2018 and 2017 and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The following should also be read in conjunction with the audited annual financial statements for the year ended December 31, 2017, the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board. 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. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.saturnoil.com.

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.

OVERVIEW OF THE BUSINESS

Saturn Oil & Gas Inc. was incorporated under the Laws of British Columbia on August 16, 2001. The Company is in the business of acquiring, exploring, evaluating and developing economically viable energy and resource deposits in Canada. The Company's current focus is to advance the exploration and development of its oil & gas properties in west-central Saskatchewan.

The Company's corporate headquarters are at 101-3239 Faithful Ave, Saskatoon, Saskatchewan, S7K 8H4. Effective May 3, 2004, the common shares of the Company were listed on the TSX Venture Exchange and trade under the symbol "SOIL".

At September 30, 2018, the Company reported working capital deficiency of $3,091,130 (December 31, 2017 – $3,338,779). The Company is in the process of raising additional financing from outside participation to undertake further development of their assets. At September 30, 2018, the Company achieved profitable operations, however has an accumulated deficit of $29,785,663 (December 31, 2017 - $29,677,983).

Management is actively working with financers and recently closed a reserved based revolving credit facility for $20 million USD which will grow the Company's production and revenue through drilling and acquisition. In addition, management closely monitors commodity prices of oil & gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The company has engaged a third party independent reserve evaluator to provide a reserve estimation based on an outlined drilling program. This has resulted in the both proven and proven plus probable reserves being identified which the company is designing their upcoming drill program around.

Significant events

In November 2018, the Company announced a brokered private placement of flow-through common non-flow-through units. The private placement consisted of up to 27,083,333 common share units and / or flow through common shares at a price of $0.24 per Flow Through Share and / or Unit, for gross proceeds of up to approximately $6,500,000 (the "Offering"). Any combination of Units or Flow Through Shares may be sold pursuant to the Offering providing that no more than $2,000,000 is sold in Flow Through Shares. Each Unit shall consist of one common share of the Company and one-half of a common share purchase warrant (each whole warrant a "Warrant") exercisable into one Common Share of the Company at a price of $0.30 per Warrant for a period of 24 months from the closing date.

In November 2018, the Company closed a brokered private placement of flow-through common shares (the “Flow-Through Shares”) and brokered non-flow-through units (the “Units”). The private placement consisted in the aggregate of 8,333,333 Flow-Through Shares at a price of $0.24 per Flow-Through Share and 8,333,333 Units at a price of $0.24 per Unit, for total gross proceeds of $4 million (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one-half of a common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.30 per Warrant for a period of 24 months.

The private placement was brokered by Canaccord Genuity Corp. and Gravitas Securities Inc. The agents were paid a commission comprised of a cash fee in the amount of $292,000 and issued an aggregate of 1,216,666 agents' unit options. Each agents' unit option is exercisable into one unit at a price of $0.12 per unit for a period of 24 months from November 16, 2018.

In June 2018, the Company announced a brokered private placement of flow-through common shares and both brokered and non-brokered non-flow-through units. The private placement consisted of up to 12,500,000 flow-through common shares at a price of $0.12 per Flow-Through Share and 29,166,667 common share units at a price of $0.12 per Unit, for a minimum gross proceeds of approximately $3,500,000 and up to a maximum gross proceeds of approximately $5,000,000. The securities issued in connection with the Offering will be subject to a four-month hold period under applicable securities laws.

In July 2018, the Company closed a brokered private placement of flow-through common shares (the “Flow-Through Shares”) and both brokered and non-brokered non-flow-through units (the “Units”). The private placement consisted in the aggregate of 7,786,700 Flow-Through Shares at a price of $0.12 per Flow-Through Share and 25,852,800 Units at a price of $0.12 per Unit, for total gross proceeds of $4.04 million (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.18 per Warrant for a period of 24 months.

The private placement was brokered by Canaccord Genuity Corp. and Gravitas Securities Inc. The agents were paid a commission comprised of a cash fee in the amount of $195,351 and issued an aggregate of 1,627,947 agents' unit options. Each agents' unit option is exercisable into one unit at a price of $0.12 per unit for a period of 24 months from July 18, 2018.

As of September 30, 2018, the Company commenced drilling operations for its Q4/2018 horizontal drill program. Saturn’s Q4/2018 eight well program consists of one Viking extended reach horizontal well in the Plato field, five Viking extended reach horizontal wells in the Kerrobert field, and two Viking extended reach horizontal wells in the Milton field.

Property, Plant and Equipment

During the period ended September 30, 2018, the Company transferred $7,311,766 from exploration and evaluation. The Company tested for impairment immediately preceding the transfer of exploration and evaluation assets to property, plant and equipment during the period ended September 30, 2018. The Company determined that there was no impairment.

During the quarter ended September 30, 2018, the Company participated in the Public Offering 381 land sale that took place on April 10, 2018 where the Company purchased 1 section of land.

During the period ended September 30, 2018, the Company participated in the Public Offering 382 land sale that took place on June 5, 2018 where the Company purchased 6-3/4 sections of land.

During the period ended September 30, 2018, the Company participated in the Public Offering 383 land sale that took place on August 14, 2018 where the Company purchased 8-5/16 sections of land.

As of September 30, 2018, the Company acquired 10 lease parcels totaling 8.25 sections, bringing Saturn’s total land position in the Kindersley area to 32.50 sections (27.50 net).

Exploration Activities

a) During the quarter ended September 30, 2018, the Company drilled eight 100% working interest horizontal wells and participated in one 50% working interest well.

b) During the period ended September 30, 2018, the Company recompleted one well.

c) During the period ended September 30, 2018, the Company drilled, completed and brought on line three 100% working interest horizontal wells.

RESULTS OF OPERATIONS

For the Nine months ended September 30, 2018

The company earned revenue from the production and sale of oil in the amount of $3,058,970.

The Company paid royalties of $406,014.

The Company earned a Gross Profit of $1,800,330.

The Company incurred operating expenses of $1,332,383 for the nine months ended September 30, 2018 compared with $976,815 for the for nine months ended September 30, 2017.

A brief explanation of the significant changes in expenses by category is provided below:

a) Accounting and auditing of $74,170 (2017 - $28,960) – The change is the result of the accrual of audit fees for the year.

b) Administration, office, and rent of $137,601 (2017 –$59,228) – The change is a result foreign exchange adjustments on the Company's investments as well as the Company not establishing a head office with full time operations in the prior year.

a) Advertising, promotion and public relations of $195,112 (2017 - $40,911) – The increase is a result of an increased volume of advertising, promotion and public relations activities in the current period compared to the prior period.

b) Consulting fees of $80,353 (2017 - $59,112) – The increase can be attributed to increased activities in relation to the assets and properties in production.

g) Interest expense of $359,746 (2017 - $23,674) – The increase is a result of interest paid on the convertible and promissory notes and revolving facility.

h) Insurance of $34,939 (2017 –$18,340) – The increase is an increase in the amount of insurance taken out in the year.

h) Legal fees of $33,700 (2017 – $13,574) – The increase is a result of additional operations and legal support required.

i) Management fees, salaries and benefits of $307,208 (2017 – $645,257) – The decrease is a result of management reducing the fees paid in the year.

j) Travel and accommodation of $52,002 (2017 – $19,922) – The increase is a result of an increase volume of travel activities in the current year.

k) Share-based payments of $639,210 (2017 - $547,833) – The increase is a result of a higher volume of stock options granted.

During the period ended June 30, 2018, the Company wrote off exploration and evaluation assets in the amount of NIL (2017 - $57,405), unrealized loss on marketable securities of $12,800 (2017 – loss of $19,800), loan financing costs of $428,110 (2017 – NIL), and a gain on the settlement of accounts payable of $467,850 (2017 – $972,840).

For the three months ended September 30, 2018

The company earned revenue from the production and sale of oil in the amount of $908,561.

The Company paid royalties of $128,704.

The Company earned a Gross Profit of $584,804.

The Company incurred operating expenses of $546,833 for the three months ended September 30, 2018 compared with $442,982 for the for three months ended September 30, 2017.

A brief explanation of the significant changes in expenses by category is provided below:

a) Accounting and auditing of $64,772 (2017 - $12,523) – The change is the result of the accrual of audit fees for the quarter.

b) Administration, office, and rent of $37,382 (2017 – $59,176) – The decrease is a result of the company setting up a full time office in the prior year that required additional costs.

c) Advertising, promotion and public relations of $36,624 (2017 - $20,644) – The increase is a result of an increased volume of advertising, promotion and public relations activities in the current period compared to the prior period.

d) Consulting fees of $16,259 (2017 - $48,935) – The decrease can be attributed to the activities in relation to the assets and properties in production.

e) Interest expense of $200,779 (2017 - $18,523) – The increase is a result of interest paid on the convertible and promissory notes and revolving facility.

f) Legal fees of $7,608 (2017 - $18,421) – the decrease is a result of decreased fees relating to general corporate and business matters in the quarter.

g) Management fees, salaries and benefits of $123,875 (2017 – $223,683) – The decrease is a result of management reducing the fees paid in the quarter.

h) Travel and accommodation of $24,207 (2017 – $14,712) – The increase is a result of a increase volume of travel activities in the quarter.

i) Share-based payments of $364,103 (2017 - $238,935) – The increase is a result of a higher volume of stock options granted in the prior quarter.

During the quarter ended June 30, 2018, the Company wrote off exploration and evaluation assets in the amount of NIL (2017 - $57,405), unrealized loss on marketable securities of $6,400 (2017 –$4,800), loan financing costs of $333,477 (2017 – NIL), and a gain on the settlement of accounts payable of $186,732 (2017 – $586,577).

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of the results from the eight previously completed financial quarters:

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Property, plant and equipment	$ 9,580,463	$ 5,245,729	$ 4,690,750	$ 2,267,014
Exploration and evaluation assets	6,668,785	3,318,756	2,060600	1,510,814
Total assets	19,690,688	10,311,564	8,302,371	5,278,100
Income (loss) for the period	(442,632)	71,717	260,111	(2,398,968)
Income (loss) per common share	(0.00)	(0.00)	(0.00)	(0.02)
	September 30, 2017	**June 30, 2017**	**March 31, 2016**	**December 31, 2016**
Exploration and evaluation assets	$ 1,389,057	$ 937,558	$ 870,586	$ 631,754
Total assets	2,740,521	2,281,218	1,399,257	1,241,124
Loss for the period	(565,618)	(243,220)	(238,246)	(4,574,949)
Loss per common share	(0.00)	(0.00)	(0.00)	(0.03)

During the period ended December 31, 2017, the Company wrote off exploration and evaluation assets in the amount of $674,747, recorded gain on investments of $70,836, unrealized loss on marketable securities of $21,400 and gain on settlement of accounts payable of $342,715.

During the period ended December 31, 2016, the Company wrote off exploration and evaluation assets in the amount of $4,245,676, wrote off exploration and evaluation advances in the amount of $49,728, recorded unrealized gain on investments of $20,566, unrealized gain on marketable securities of $20,000 and gain on settlement of accounts payable of $74,881.

CAPITAL RESOURCES

The Company relies primarily on the issuance of shares and the revolving credit facility to raise working capital and to fund its ongoing exploration programs.

In November 2018, the Company closed a brokered private placement of flow-through common shares (the “Flow-Through Shares”) and brokered non-flow-through units (the “Units”). The private placement consisted in the aggregate of 8,333,333 Flow-Through Shares at a price of $0.24 per Flow-Through Share and 8,333,333 Units at a price of $0.24 per Unit, for total gross proceeds of $4 million (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one-half of a common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.30 per Warrant for a period of 24 months.

In September 2018, the Company closed a USD $20 million senior secured revolving note facility with Prudential Capital Energy Partners, the middle-market energy mezzanine fund business sponsored by Prudential Capital Group. Under the terms of the Notes, Saturn has elected and qualified for an initial issuance of Notes equal to approximately USD $4.6 million. The remaining balance of Notes issuable under the facility is subject to Saturn's satisfaction of applicable terms and conditions thereunder.

In July 2018, the Company closed a brokered private placement of flow-through common shares (the “Flow-Through Shares”) and both brokered and non-brokered non-flow-through units (the “Units”). The private placement consisted in the aggregate of 7,786,700 Flow-Through Shares at a price of $0.12 per Flow-Through Share and 25,852,800 Units at a price of $0.12 per Unit, for total gross proceeds of $4.04 million (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.18 per Warrant for a period of 24 months.

RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2018, the Company incurred the following transactions with directors, officers and other key management personnel:

	2018	2017
Accounting	$ -	$ 16,438
Consulting and geological in exploration and evaluation assets	171,221	4,000
Consulting expense	18,675	45,935
Gain (loss) on settlement of accounts payable	-	(128,807)
Key management compensation	370,833	600,883
Legal fees	26,092	5,925
Loan structuring costs	5,733	-
Share based payments	507,505	430,301
Share issuance costs	59,339	-
Total	$ 1,159,398	$ 974,675

As at September 30, 2018, the Company owed $NIL (December 31, 2017 - $299,729) to its directors, officers, other key management personnel of the Company, and companies controlled by officers of the Company.

RISKS AND UNCERTAINTIES

Factors beyond our control may determine whether any O&G reserves we discover are sufficiently economic to be developed.

The determination of whether our O&G deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for O&G; the costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of resources and environmental protection.

Land reclamation requirements for our exploration properties may be burdensome.

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on Oil & Gas companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration and development programs.

We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of O&G leases and as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional properties or personnel, we will not be able to grow at the rate we desire.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

OUTSTANDING SHARES, STOCK OPTIONS AND WARRANTS

As at the date of this report, the Company had the following outstanding:

- 227,680,015 common shares – 66,105,852 issued in the year.

Warrants:

Expiry Date	Outstanding Warrants	Exercise Price
May 11, 2019	859,375	$ 0.15
June 7, 2020	11,123,500	$ 0.18
July 3, 2020	2,053,870	$ 0.18
July 18, 2020	12,562,634	$ 0.18
July 18, 2020	1,590,151	$ 0.12
November 16, 2020	4,583,332	$ 0.30
November 16, 2020	1,216,666	$ 0.24
September 14, 2022	30,505,122	$ 0.24
	64,494,650	

Stock options:

Expiry Date	Outstanding Options	Exercise Price
January 22, 2019	1,400,000	0.15
February 24, 2020	775,000	0.20
May 7, 2020	1,000,000	0.20
January 29, 2021	500,000	0.15
April 18, 2022	10,000,000	0.08
August 28, 2022	4,050,000	0.09
February 21, 2023	1,700,000	0.16
September 17, 2023	4,700,000	0.20
September 24, 2023	400,000	0.22
	24,525,000	

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition or disposition transactions and, in some cases, makes proposals to acquire or dispose of such properties. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature, and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of the date of this report, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

SUBSEQUENT EVENT

Subsequent to the period ended September 30, 2018, the Company:

a) Issued 1,560,695 shares on exercised warrants at a weighted average of $0.16 per warrant.

b) Cancelled 450,000 warrants with an exercise price of $0.20 as they were not exercised within the forced conversion time period.

c) Closed a brokered private placement of flow-through common shares (the "Flow-Through Shares") and brokered non-flow-through units (the "Units"). The private placement consisted in the aggregate of 8,333,333 Flow-Through Shares at a price of $0.24 per Flow-Through Share and 8,333,333 Units at a price of $0.24 per Unit, for total gross proceeds of $4 million (the "Private Placement"). Each Unit consists of one common share (a "Common Share") of the Company and one-half of a common share purchase warrant (a "Warrant") exercisable into one Common Share of the Company at a price of $0.30 per Warrant for a period of 24 months.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com and the Company's website at www.saturnoil.com.

DIRECTORS AND OFFICERS

As of the date of this report the Company had the following directors and officers:

John Jeffrey	– *Chief Executive Officer and Director*
Scott Newman	– *Chief Operating Officer and Director*
Geoff Jones	– *Chief Financial Officer*
Ivan Bergerman	– *Director*
Calvin J. Payne	– *Director*
Christopher Ryan	– *Director*
Simon Akit	– *Director*
Justin Kaufmann	– *Vice President of Exploration*
Stuart Houle	– *Vice President of Operations and Engineering*

FORWARD-LOOKING INFORMATION

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimisation of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

RECENT ACCOUNTING POLICIES

Please refer to the September 30, 2018 un-audited financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to September 30, 2018 un-audited financial statements on www.sedar.com.