



MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended September 30, 2017

Date

This Management Discussion and Analysis (“MD&A”) of Oyster Oil and Gas Ltd. (“Oyster” or the “Company”) has been prepared by management as of, and is dated, November 28, 2017 and should be read together with the unaudited financial statements and related notes for the nine months ended September 30, 2017, as well as the Company's audited financial statements for the year ended December 31, 2016, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at www.sedar.com. All amounts following are expressed in Canadian dollars unless otherwise stated.

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as “plans”, “expects”, or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

Overall Performance

Oyster is an international exploration company engaged in the acquisition, exploration and development of oil and gas interests in Africa. The Company's shares are traded on the TSX Venture Exchange (the “Exchange”) under the symbol “OY” and on the Frankfurt Stock Exchange under the trading symbol “13L.”

On March 12, 2013, the Company completed the acquisition of all of the issued and outstanding shares of Oyster Oil and Gas Limited (“Oyster BVI”). As consideration, the Company issued 9,485,727 common shares and non-transferable warrants for the purchase of up to 5,891,111 common shares of the Company at an exercise price of \$0.44 per share, for a period of 30 months from the date of issue. In addition should, within 18 months of the closing, the Company enter into one or two agreements for the acquisition by Company of a property in Africa or elsewhere that the board of directors of the Company considers to be in the best interests of the Company's shares, then for each of such one or two agreements the Company will issue to the Oyster BVI shareholders 1,853,785 additional common shares of the Company and warrants for the purchase of up to an additional 1,166,945 common

shares of the Company. In connection with the Transaction, the Company also issued 250,000 common shares to a third party as compensation for introducing the Company to the Oyster BVI.

On March 12, 2013, James Gillis resigned as a director of the Company and was replaced by Michael Wood.

On April 15, 2013, Michael Wood was appointed President and Chief Executive Officer, replacing Dorian Banks.

On April 20, 2013, the Company granted incentive stock options to officers, directors and consultants to purchase 1,000,000 common shares at a price of \$0.55. In addition the Company issued incentive stock options to a director to purchase 100,000 common shares at a price of \$0.68. These options expire on April 20, 2018.

On April 23, 2013, Donald Sharpe was appointed to the Board of Directors.

On June 10, 2013, Bruce McNaught was elected to the Board of Directors at the Company's annual general meeting.

On October 24, 2013, the Company closed an agreement to acquire a 10% working interest in certain exploration and evaluation stage oil and gas assets located onshore in the north western part of Madagascar. The consideration for the acquisition consisted of a \$500,000 cash payment upon closing and upon the drilling of the first exploration well commencing a further payment of \$250,000 and 250,000 common shares. In addition, as a result of the acquisition, the Company issued 1,853,785 common shares and 1,166,945 warrants exercisable at \$0.625 per share as per the acquisition agreement with Oyster Oil and Gas Limited.

On March 5, 2014, the Company appointed Michael Wood, Donald Sharpe and Greg Turnbull to a technical advisory committee and granted incentive stock options to purchase 150,000 common shares at a price of \$0.45. These options expire on March 5, 2019.

On July 21, 2014, Greg Turnbull was appointed to the Board of Directors.

On July 21, 2014, the Company granted incentive stock options to a director to purchase 50,000 common shares at a price of \$0.50 per share. These options expire on July 21, 2019.

On October 30, 2015, Bruce McNaught was appointed Chief Financial Officer, replacing Martin Bajic.

On February 3, 2016, the Company entered into an agreement for a promissory note in the amount of \$100,000 of which \$50,000 was received on February 3, 2016 and \$50,000 was received on May 13, 2016. The promissory note was unsecured, accrued interest at 5% per annum on the outstanding principal balance. In May 2016, an amendment to the promissory note was signed to extend the maturity date from July 31, 2016 to September 30, 2016. The promissory notes were repaid in February 2017.

On May 13, 2016, the Company entered into an agreement for three promissory notes in the amount of \$60,000 from related parties. The promissory notes were unsecured, accrued interest at 5% per annum on the outstanding principal balance and had a maturity date of September 30, 2016. The promissory notes were settled in January 2017 as part of a private placement.

On May 20, 2016, the Company granted incentive stock options to directors, officers and consultants of the Company to purchase 1,800,000 common shares at a price of \$0.14 per share. These options expire on May 20, 2021.

On August 10, 2016, the Company entered into a loan agreement to borrow an amount of \$150,000 USD from an arm's-length party. The loan bears interest at 2% per annum and is repayable on or before December 31, 2017. This financing was originally arranged in February 2016.

On January 25, 2017, the Company closed a non-brokered private placement comprising of 2,000,000 units at a price of \$0.20 per unit for gross proceeds of \$400,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the

Company at an exercise price of \$0.27 per share until January 25, 2018. The \$60,000 promissory notes payable to directors were settled as part of the private placement.

On March 2, 2017, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of \$0.40. The options are exercisable for a period of 5 years and expire on March 2, 2022.

On March 3, 2017 the Company issued 1,000,000 common shares as a result of the exercise of warrants exercisable at \$0.27 for proceeds of \$270,000.

On May 10, 2017, the Company closed first tranche of a non-brokered private placement comprising of 2,125,000 units at a price of \$0.40 per unit for gross proceeds of \$850,000. Each unit is comprised of one common share of the Company and one-half common share purchase warrant. Each warrant entitles the holder to purchase one-half common share of the Company at an exercise price of \$0.45 per share until November 10, 2018. The Company paid \$25,500 as finder fee in connection with this transaction.

On July 25, 2017, the Company issued 4,000 finder warrants in connection with the completed non-brokered private placement on January 24, 2017 (Note 9). Each finder warrant entitles the holder to acquire one common share at an exercise price of \$0.20 for a period of two years.

On July 25, 2017, the Company paid a cash commission of \$4,250 issued 4,000 finder warrants in connection to the completed non-brokered private placement on May 10, 2017 (Note 9). Each finder warrant entitles the holder to acquire one common share at an exercise price of \$0.40 for a period of two years.

On July 25, 2017, the Company closed a non-brokered private placement for gross proceeds of \$150,000 upon issuance of 300,000 units at \$0.50 per unit. Each unit was comprised of one common share and one common share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of two years.

On July 25, 2017, the Company closed a first tranche of a non-brokered private placement of convertible debentures of the Company for gross proceeds of \$1,150,915. The convertible debentures are to mature the sooner of within five days of admission to AIM or one year from the date of issue and will bear interest at the rate of 10% per annum. The Company also issued to the lenders 575,458 detachable share purchase warrants for every \$2 of the principal of the convertible debenture. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of one year. A stock based compensation of \$58,094 was recognized, with the fair value determined using Black-Scholes pricing model with the following assumptions: Risk free interest of 1.17%; Expected life of 1 year; Expected volatility of 90% and dividend yield of Nil. The lenders may, at any time, convert all or portion of the principal into common shares of the Company at a value lesser of \$0.50 per common share or a 20% discount to the AIM listing offering price. For each principal debenture amount of \$2, the Company will also issue one share purchase warrant. Each warrant is exercisable into one common share of the Company until the expiration of the debenture.

On August 1, 2017, the Company closed a second tranche of a non-brokered private placement of convertible debentures of the Company for gross proceeds of \$81,300. The convertible debentures are to the sooner of within five days of admission to AIM or mature one year from the date of issue and will bear interest at the rate of 10% per annum. The Company also issued to the lenders 40,650 detachable share purchase warrants for every \$2 of the principal of the convertible debenture. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of one year. A stock based compensation of \$6,416 was recognized, with the fair value determined using Black-Scholes pricing model with the following assumptions: Risk free interest of 1.19%; Expected life of 1 year; Expected volatility of 92% and dividend yield of Nil. The lenders may, at any time, convert all or portion of the principal into common shares of the Company at a value lesser of \$0.50 per common share or a 20% discount to the AIM listing offering price. For each principal debenture amount of \$2, the Company will also issue one share purchase warrant. Each warrant is exercisable into one common share of the Company until the expiration of the debenture.

The Company recognized \$4,081 as finder fee and issued 14,839 finder warrants in connection with both tranches of the non-brokered private placement of convertible debentures. Each finder warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of two years from the date of the date of the issuance. A share issue cost of \$2,516 was recognized, with the fair value determined using Black-Scholes pricing model with the following assumptions: Risk free interest of 1.32%; Expected life of 2 years; Expected volatility of 95% and dividend yield of nil.

On August 1, 2017, the Company engaged a financial and nominated adviser and a broker in connection with a proposed admission of the Company's common shares to be traded on the AIM, a market of the London Stock Exchange.

On August 11, 2017, Philip Graeme Rand was appointed to the Board of Directors.

On August 14, 2017, the Company granted incentive stock options to a director of the Company to purchase 100,000 common shares at a price of \$0.49 per share. These options expire on August 11, 2022.

The Company issued 50,000 common shares on September 5, 2017 as a result of exercise of options exercisable at \$0.15 for proceeds of \$7,500.

Exploration and Evaluation Assets

Republic of Djibouti

Oyster BVI signed a production sharing contract in September 2011 with the Government of the Republic of Djibouti awarding four exploration blocks to the Company. The decree was granted on February 1, 2012.

Exploration and evaluation expenditure incurred and capitalized on this property from the time of acquisition of Oyster BVI by the Company to September 30, 2017 is as follows:

Acquisition of Oyster BVI	\$	4,568,355
Field and technical work		1,318,547
Field office, management and administration		1,292,866
	\$	<u>7,179,768</u>

On October 9, 2013, the Company announced commencement of an onshore geophysical survey covering some 430 kms in Blocks 1, 2 & 4.

On March 1, 2014, the Company entered into Phase II of the Production Sharing Contract with the Government of the Republic of Djibouti. Phase II is for a three year duration expiring in February 2017.

In January 2016, Oyster commenced an airborne survey in the Republic of Djibouti. The program consists of a high density gravity and magnetics airborne survey over some 3,350 line kilometers onshore and offshore in southern Djibouti. The contract included the processing and inversion studies of the collected data and was concluded in the third quarter of 2016. The purpose of the survey is to identify optimum areas for further exploration work prior to making any drilling decisions.

On March 1, 2017, Oyster entered in the Phase III of the Production Sharing Contract, which is for a duration of 3 years.

Republic of Madagascar

On October 24, 2013, the Company closed an agreement to acquire a 10% working interest in certain exploration and evaluation stage oil and gas assets located onshore in north western Madagascar. The consideration for the

acquisition consisted of a \$500,000 cash payment upon closing and upon the commencement of drilling of the first exploration well a further payment of \$250,000 and common shares of the Company with a value of \$250,000.

In addition, as a result of the acquisition, the Company issued 1,853,785 common shares with a fair value of \$0.65 per share and 1,166,945 warrants exercisable at \$0.625 per share as per the acquisition agreement with the sellers of Oyster BVI.

A multi-well coring program was designed to achieve multiple of objectives including the recovery of 2,000m of core samples. The program commenced in August of 2014 and was completed in December 2014. On December 15, 2014 the Company announced that two of the core holes located near the large Ampasindava peninsula and prospect were “drilled to depths of 650m (2,112ft) and 500m (1,625ft) adjacent to the 1902 coal borehole (Ankaramy-1) which had reportedly encountered "hydrocarbon shows". Cores recovered from both locations indicate the presence of hydrocarbons and potentially good reservoir quality over multiple zones”.

As previously reported by the Company, Oyster’s former joint venture partner in Madagascar was defaulted under both the Production Sharing Contract and the Joint Operating Agreement (“Agreements”). Oyster worked closely with the Government of Madagascar to manage the orderly transition process and as a result of these joint efforts the transfer of the interest formerly held by its former partner was formally assigned to the Company in accordance with the provisions of the Agreements effective June 2, 2016.

In November 2017, the Company entered an agreement to acquire an Airborne Full Tensor Gravity Gradiometry survey in the southern part of Block 1101, onshore Madagascar.

Thus Oyster holds 100% working interest in the asset and is the Operator. The Company has been granted an extension to the current exploration period to July 2019. In accordance with the agreement with OMNIS, the Company has paid various PSC defined exploration license fees of US\$320,000. Furthermore, the Company will keep the existing US\$100,000 bank guarantee in place and has issued a Parent Company Guarantee for US\$1,900,000 until December 31 2017. On or before December 31, 2017, the Company will increase the bank guarantee by US\$400,000 to a total of US\$500,000 and reduce the Parent Company Guarantee to US\$1,500,000. These guarantees will remain in place until the end of the current exploration phase.

Exploration and evaluation expenditures incurred and capitalized on this property since acquisition to March 31, 2017 consist of the following:

Acquisition costs	\$	2,232,190
Field and technical work		720,125
Field office, management and administration		1,028,804
	\$	3,981,119

The total cost pool under the Production Sharing Contract since inception is approximately US\$23 million.

Results and Discussion of Operations

The selected period information and summary of financial results in this MD&A our our Condensed Consolidated Interim Financial Statements should be read in conjunction with the consolidated annual financial statements of the Company for the year ended December 31, 2016.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016

For the nine months ended September 30, 2017, the Company reported a net loss of \$1,070,869 compared to a \$573,558 net loss for the same period in 2016 representing an increase of \$497,311.

The net loss from continuing operations, before other items, for the nine months ended September 30, 2017 and 2016 are summarized as follow:

	2017		2016	
Corporate office	\$	517,398	\$	229,272
General and administrative	\$	229,145	\$	75,633
Marketing	\$	75,295	\$	-
Corporate advisory fees	\$	192,730	\$	-
Property investigation costs	\$	2,051	\$	9,324
Stock based compensation	\$	139,586	\$	262,900
Amortization	\$	258	\$	255

Corporate office expenses increased by \$288,126 and general and administrative expenses increased by 153,512 due to management's efforts on closing on Company's financings as discussed above. In the 2017 period, the Company incurred corporate advisory fees of \$192,730 with connection of a proposed admission of the Company's common shares to trading on AIM, a market of the London Stock Exchange. Marketing expenses of \$75,295 were recognized in connection with marketing efforts on the Frankfurt Stock Exchange in the 2017 period. Stock-based compensation of \$139,586 in the 2017 period and \$262,900 in the 2016 resulted from stock options to directors, officers and consultants of the Company and warrants issued with convertible debentures. The Company expects stock based compensation to fluctuate year over year as the Company issues options.

Included in other items, the Company has written-back \$100,000 liability during 2017 relating to an option deposit receipt which occurred prior to the acquisition of Oyster Oil & Gas Limited by the Company. Other items included in 2017 period were write-off of historical accounts payable of \$9,896 (2016 - \$nil), other income of \$nil (2016 - \$2,303), interest income of \$253 (2016 - \$292), and loss on foreign exchange of \$24,015 (2016 - gain of \$1,231).

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016

For the three months ended September 30, 2017, the Company reported a net loss of \$675,642 compared to \$88,439 for the same period in 2016 representing an increase of \$587,203.

The net loss from continuing operations, before other items, for the three months ended September 30, 2017 and 2016 are summarized as follow:

	2017		2016	
Corporate office	\$	268,691	\$	66,525
General and administrative	\$	102,385	\$	20,523
Marketing	\$	75,295	\$	-
Corporate advisory fees	\$	113,000	\$	-
Property investigation costs	\$	1,225	\$	154
Stock based compensation	\$	100,798	\$	-
Amortization	\$	86	\$	85

Corporate office expenses increased by \$202,166 and general and administrative expenses increased by \$81,862 due to management's efforts on closing on Company's financings as discussed above. In the 2017 period, the Company incurred corporate advisory fees with connection of a proposed admission of the Company's common shares to trading on AIM, a market of the London Stock Exchange and marketing expenses in connection with marketing efforts on the Frankfurt Stock Exchange. Stock-based compensation of \$100,798 resulted from stock options granted in the 2017 period to a director of the Company and warrants issued with convertible debentures.

Included in other items, the Company has written-back \$100,000 liability during 2017 relating to an option deposit receipt which occurred prior to the acquisition of Oyster Oil & Gas Limited by the Company. Other items included

in 2017 period were write-off of historical accounts payable of \$9,896 (2016 - \$nil), interest income of \$253 (2016 - \$257), and loss on foreign exchange of \$24,311 (2016 - \$1,409).

Summary of Quarterly Results

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(675,642)	(204,206)	(191,021)	(98,716)	(88,439)	(352,620)	(132,499)	(77,296)
Income (Loss) per share	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)

The June 30, 2016 loss included a stock based compensation expense of \$262,900, the March 31, 2017 loss included a stock based compensation expense of \$38,788, the June 30, 2017 loss included a write-back of liability of \$100,000, and the September 30, 2017 loss included a stock based compensation of \$100,798.

Liquidity and Capital

The Company reported a working deficit of \$896,898 at September 30, 2017 compared to working capital deficiency of \$1,179,692 at December 31, 2016. As at September 30, 2017, the Company had cash of \$428,057 compared to cash of \$7,460 as at December 31, 2016. The increase in cash is a result of financing activities including a private placements in January, May, and July 2017 and exercise of share purchase warrants in February 2017.

Current assets excluding cash at September 30, 2017 consisted of receivables of \$13,185 and prepaid expenses of \$8,739. As at December 31, 2016, the Company had receivables of \$8,208 and prepaid expenses of \$Nil.

Current liabilities as at September 30, 2017 consisted of accounts payable and accrued liabilities of \$259,230 which represents a \$564,725 decrease from December 31, 2016, convertible debentures of \$1,087,649 (2016 - \$Nil), promissory notes of \$Nil (December 31, 2016 - \$170,000), and loan payable of \$Nil USD (December 31, 2016 - \$150,000 USD).

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions

Compensation of key management for the periods ended September 30, 2017 and 2016 are as follows:

	2017	2016
Short-term employee benefits – management fees:		
Included in property investigation, corporate office and general and administrative expense	\$ 161,646	\$ 170,150
Included in exploration and evaluation assets – Oil and Gas	146,422	121,909
	308,068	292,059
Stock-based compensation		
Included in stock-based compensation expense	35,288	109,541
	\$ 343,356	\$ 401,600

Included in trade payables is \$59,041 (December 31, 2016 - \$450,747) owing to members of the Company's key management (note 6) as at September 30, 2017. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

Included in promissory notes during the period ended September 30, 2017 is \$Nil (December 31, 2016 - \$60,000) owing to the members of the Company's key management. These amounts were unsecured, accrued interest at 5% per annum and had a maturity date of September 30, 2016.

Proposed Transactions

None.

Critical Accounting Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. Details of the Company's significant accounting estimates and assumptions can be found in Note 2 of the audited financial statements for the year ended December 31, 2016.

Changes in Accounting Policies including Initial Adoption

There were no significant changes in accounting policies during the period ended September 30, 2017. Details of the Company's significant accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2016.

Financial Instruments and Other Instruments

The carrying amounts of cash and equivalents, receivables, accounts payable and deposits received approximate fair value because of the short-term maturity of these items. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial statements.

Other Requirements

Summary of Outstanding Securities as at November 28, 2017.

Authorized: Unlimited number of common shares without nominal or par value.
Issued and outstanding: 43,646,659

Stock options: 3,225,000 at an average exercise price of \$0.30 per Share.

Warrants: 3,518,574 at an average exercise price of \$0.44 per Share.

Risk Factors

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

International Operations

Oyster participates in oil and gas projects located in emerging markets, including Republic of Djibouti ("Djibouti") located in East Africa and Madagascar. Oil and gas exploration, development and production activities in these emerging markets, including East Africa, are subject to significant potential political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on Oyster's business, prospects and results of operations. In

addition, if legal disputes arise related to oil and gas concessions acquired by the Company, Oyster could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which Oyster acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that Oyster will be able to obtain all necessary licenses and permits when required.

International Boundary Disputes

There is a history of political and international boundary disputes in various African countries, whilst the Company is not aware of a legitimate dispute relating to Djibouti or Madagascar and their international boundaries, such disputes can arise from time to time and therefore represent a potential risk factor.

Political Instability

The Company is operating in a region of Africa that has had a long history of political instability. Whilst Djibouti has remained relatively unaffected by the various political instability of its neighbouring countries there remains a potential risk of these regional or specific country instabilities could have an impact on the Company's ability to conduct operations or cause broader instability which may affect the Company and its interests. Madagascar completed their democratic Presidential and parliamentary elections in early 2014 and since then all international sanctions have been lifted and the Government of Madagascar has fully recognized international relationships and responsibilities.

Different Legal System and Litigation

Oyster's exploration activities are located in countries with legal systems that in various degrees differ from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of Oyster are subject to the national or local laws and jurisdiction of the respective countries in which the operations are carried out. This means that Oyster's ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

Oyster's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If Oyster were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Even if Oyster would ultimately prevail, such disputes and litigation may still have a substantially negative effect on Oyster and its operations.

Financial Statements Prepared on a Going Concern Basis

Oyster's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Oyster's operations to date have been primarily financed by equity financing. Oyster's future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that Oyster will be successful in completing additional financing or achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should Oyster be unable to continue as a going concern.

Title Rights

Although the Company conducts comprehensive title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into

question Oyster's interest in the concession. Any uncertainty with respect to one or more of Oyster's concession interests could have a material adverse effect on the Company's business, prospects and results of operations.

Competition

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. Oyster competes with numerous other companies in the search for and acquisition of prospects.

Risks Inherent in Oil and Gas Exploration and Development

Oyster's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience and knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury.

Capital Requirements

To finance its future acquisition, exploration, development and operating costs, Oyster may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Oyster. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of Oyster may be diluted. If unable to secure financing on acceptable terms, Oyster may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its various PSAs and PSCs. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

Foreign currency exchange rate risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. Oyster had no forward exchange contracts in place as at or during the period ended September 30, 2017.

Interest rate risk

The Company does not have any current material exposure to fluctuations in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets. The Company will potentially issue debt or equity and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of our credit exposure relates to amounts due from our joint venture partners. The risk of our future joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default future joint venture partners who are non-performing and reacquire any previous farmed out working interests.

Outlook

The Company is currently conducting operations in four blocks onshore and offshore in Djibouti, these operations are at an early stage of exploration and are thus considered to be “frontier” in nature. The Company has been operating in Djibouti since March 2012 and has experienced no operational issues to date however, the Company plans to continue and expand its operations in the future and such future operations may be subject to various risks. Subsequent to the completion of the acquisition of an interest in Block 1101 in Madagascar in September 2013, the Company is the Operator of this onshore acreage. The operations in Madagascar are also in the exploration phase but are more advanced, with the completion of various seismic and airborne surveys.

Any statements regarding the following are forward-looking statements:

- expected closing dates for the completion of proposed transactions;
- planned exploration activity including both expected drilling and geological and geophysical related activities;
- anticipated future financing requirements
- future crude oil, natural gas or chemical prices;
- future sources of funding for our capital program;
- availability of potential farmout partners;
- government or other regulatory consent for exploration, development, farmout or acquisition activities;
- future production levels;
- future capital expenditures and their allocation to exploration and development activities;
- future earnings;
- future asset acquisitions or dispositions;
- future debt levels;
- availability of committed credit facilities;
- possible commerciality;
- development plans or capacity expansions;
- future ability to execute dispositions of assets or businesses;
- future sources of liquidity, cash flows and their uses;
- future drilling of new wells;
- ultimate recoverability of current and long-term assets;
- ultimate recoverability of reserves or resources;
- expected finding and development costs;
- expected operating costs;
- estimates on a per share basis;
- future foreign currency exchange rates;
- future market interest rates;
- future expenditures and future allowances relating to environmental matters;
- dates by which certain areas will be developed or will come on stream or reach expected operating capacity; and
- changes in any of the foregoing.

Statements relating to “reserves” or “resources” are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and

achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- market prices for oil and gas and chemical products;
- our ability to explore, develop, produce and transport crude oil and natural gas to markets;
- ultimate effectiveness of design or design modification to facilities;
- the results of exploration and development drilling and related activities;
- volatility in energy trading markets;
- foreign-currency exchange rates;
- economic conditions in the countries and regions in which we carry on business;
- governmental actions including changes to taxes or royalties, changes in environmental and other laws and regulations;
- renegotiations of contracts;
- results of litigation, arbitration or regulatory proceedings; and
- political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict, conflict between states.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.