



United Hunter Oil & Gas Corp. Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") of the financial position of United Hunter Oil & Gas Corp. (the "Company", "United Hunter" or "UHO") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2016. Unless otherwise specified herein, the information provided is as at May 1, 2017. These documents and additional information about the Company are available at www.sedar.com. Unless otherwise noted, dollar amounts are expressed in Canadian dollars. References to US\$ means United States dollars.

Description of Business

The Company is engaged in the exploration and evaluation of oil and gas properties, and is currently looking for new opportunities in the oil and gas sector worldwide.

The Company previously owned a 65% indirect joint venture interest in Excelaron, LLC ("Excelaron") and owned a 25% joint venture interest in Alamo Creek Oil LLC ("Alamo Creek"), both exploration stage companies jointly owned by the Company and Sacgasco, LLC (formerly, Australian Oil Company) and were based in San Luis Obispo, California.

Excelaron transferred its assets proportionately to the Company and Sacgasco on June 8, 2016 and was subsequently dissolved on November 14, 2016.

Alamo Creek was dissolved December 22, 2015.

The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "UHO" and the Frankfurt Stock Exchange under the symbol "A118VK".

Forward-looking Statements

The MD&A contains forward-looking statements intended to provide readers with a reasonable basis of assessing the performance of the Company. The use of the words "believe", "expect", "estimate", "will", "should", "intend", and similar expressions are intended to identify forward looking statements. Forward looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Stakeholders reading this report are cautioned that any forward-looking statements, including those regarding us or our management's current beliefs, expectations, anticipations, estimations, projections, strategies, proposals, plans, or intentions, are not guarantees of future performance or results of events and involve risks and uncertainties. Such risks and uncertainties include but are not limited to; the Company's goals to acquire, sustain or grow production and reserves through prudent management and acquisitions; the impact of any potential acquisitions and the timing for achieving such impact; sufficiency of our capital resources to meet our on-going short, medium and long-term commitments; expectations regarding our the ability to raise sufficient capital resources to achieve these goals; statements with respect to: the focus of capital expenditures; the sale, farming in, farming out or development of certain exploration properties; the implied assessment pursuant to interest in our joint ventures resources in place based on certain estimates and assumptions that described resources exist in the quantities predicted or estimated, and can be profitably produced in the future; the impact of changes in petroleum and natural gas prices on cash flow; drilling plans, processing capacity; operating and other costs; treatment under governmental regulatory regimes and tax laws; liquidity and financial capital markets; The Company undertakes no obligation to update such forward-looking statements or information if circumstances or management's estimates or opinions should change, unless required by law.



Other factors, many of which are beyond the Company's control, and the effects of which are difficult to predict include, but are not limited to: general economic conditions in Canada, the United States of America and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risks; geological, technical, drilling and processing problems; unanticipated operating events which can reduce production or cause production to be shut-in or delayed; the ability of our industry partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; and the need to obtain required approvals from regulatory authorities.

In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Readers should be aware that historical results are not necessarily indicative of future performance. No assurance can be given that any events anticipated by the forward-looking statements or information will transpire or occur, or if any of them do, what benefits the Company may derive therefrom.

Statements relating to "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the described resources exist in the quantities predicted or estimated, and can be profitably produced in the future. There is no certainty that it will be commercially viable to produce any portion of the resources described in this MD&A.

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page No.	Forward-looking statement	Assumption	Risk factor
7	Liquidity and Capital Resources – Liquidity “Management is of the opinion that sufficient working capital will be obtained from loan and equity financings to meet the Company’s liabilities and commitments as they become due”	Financing will be obtained to continue as a going concern.	The Company is unable to obtain future financing to meet liabilities as they come due.

Overall Performance

Huasna Property

The Company previously held an indirect 65% joint venture interest in Excelaron, which held interest in an oil and natural gas leases and mineral interest covering more than 1,800 gross acres in the Huasna Basin, an existing California Department of Oil, Gas and Geothermal Resources designated oilfield within the Meridian Anticline located in Arroyo Grande, California.

On June 8, 2016, Excelaron transferred 65% of its undivided interest in the oil, gas and subsurface mineral rights to the Company and 35% to Sacgasco, LLC on a 160.64 acre parcel on the central portion of the Huasna Basin for consideration of \$13 (\$10USD) and other good and valuable consideration. The managers of Excelaron have elected to dissolve the joint venture and subsequently Excelaron effective as of June 8, 2016. Excelaron has granted deeds to each of the owners and is in the process of filing a Certificate of Cancellation with the California Secretary of State's office.

Alamo Creek Oil, LLC - Porter Ranch Property

Alamo Creek was dissolved on December 22, 2015.



Other Activities

The Company has entered into several consulting agreements with industry consultants to assist the Company in sourcing and performing technical and commercial reviews on a certain identified, and newly sourced, oil and gas prospect.

Option agreement to purchase oil and gas interests in Archer County, Texas

On December 12, 2016, for US\$75,000, the Company entered into an exclusive Option Agreement to purchase oil and gas interests in the Hull Silk Sikes 4,300' Sand Unit ("HSS Unit") and other rights in and related to the 4,300 foot sand zone, which is the same zone covered by the HSS Unit, in Archer County, Texas ("Property Interest").

The HSS Unit is approximately 12 miles southwest of Wichita Falls, Texas and comprises roughly 2,300 acres in a single operating unit. UHO has been advised that the overall size of the reservoir is approximately 5,200 acres in size and the HSS Unit, which sits in the heart of the field, has produced approximately 30,000,000 barrels since its discovery in 1938 through primary and secondary efforts.

The Option provides the Company with the exclusive right to purchase the Property Interest, following a due diligence period ending March 31, 2017, by way of two negotiated Purchase and Sale Agreements ("PSA") for a combined purchase price of \$13,000,000, subject to any closing cost adjustments as defined in the PSA's, payable over a 5-year period from closing. The Company subsequently was granted an extension and modification to this Option Agreement which will expire on May 31, 2017. The Company would receive an estimated 80.5% net revenue interest, which includes an enhanced oil recovery tax credit of 2.3% of the market value of the total operated basis from the State of Texas.

Financings

During the year ended December 31, 2016, and subsequent to the year-end, the Company received the following proceeds from the issuance of unsecured promissory notes:

Date	Interest rate	Due date	Amount \$
March 10, 2016	12%	On demand	12,000
July 27, 2016	12%	On demand	80,000
October 19, 2016	6%	On demand	150,000
December 12, 2016	6%	On demand	40,729
			US\$
March 1, 2017	6%	March 1, 2018	US\$30,000

On April 19, 2017, the Company announced its intention to complete a non-brokered private placement of up to 5,000,000 units at a price of \$0.20 for gross proceeds of up to \$1,000,000 with each unit consisting of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one common share for \$0.30 for 2 years after the closing date of the private placement.

Risks and Uncertainties

The Company is subject to various risks and uncertainties due to the nature of the business and its present stage of development.

Going concern

As at December 31, 2016, the Company has no assets or operations that generate revenue, has a working capital deficit of \$351,980, and has an accumulated deficit of \$11,609,714. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management will seek additional financing through the sale of equity or from loans generated from private lenders to cover its operating expenditures when necessary. While there can be no certainty that these sources will provide the additional fund required for the next twelve months, management is of the opinion that sufficient working capital may still be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a significant risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors, current market conditions, and inability to secure new assets to date, however, indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern or in its present form.



Permits

The operations of the Company require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits, including conditional use permits that may be required to carry out exploration and development of its projects.

Exploration

The Company is exposed to the inherent risks associated with oil and gas exploration and development, including the uncertainty of oil and gas resources and their development into recoverable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licenses.

Commodity price

The Company is exposed to commodity price risk with respect to oil and gas prices. A significant decline in oil and gas commodity prices may affect the Company's ability to obtain capital for the exploration and development of its interest in oil and gas properties.

Selected Annual Information

	For years ended December 31,		
	2016	2015	2014
	\$	\$	\$
Total revenue	–	–	–
Net loss	387,823	309,119	4,286,165
Loss per share, basic and fully-diluted	0.01	0.01	0.23
Total assets	6,377	48,817	401,541
Total non-current financial liabilities	–	–	–
Cash dividends declared on common shares	–	–	–

Loss from continuing operations and loss of \$4,286,165 for the year ended December 31, 2014 includes an impairment loss of \$3,770,591 for investments in Alamo Creek and Excelaron.

Result of Operations

	Years ended	
	December 31,	
	2016	2015
	\$	\$
Expenses		
Consulting fees	69,022	49,965
Equity loss on Alamo Creek and Excelaron	–	5,760
Exploration and evaluation expenditures	102,808	–
Foreign exchange loss (gain)	171	(16,801)
General and administrative	22,655	22,760
Impairment of investments in Alamo Creek and Excelaron	–	3,485
Professional fees	30,836	59,238
Public company costs	20,825	18,240
Salaries and benefits	131,638	166,616
Stock-based compensation	42	2,094
Travel	1,969	6,038
	379,966	317,395



Years ended December 31, 2016 and 2015

During the year ended December 31, 2016, the Company incurred a net loss of \$387,823 compared to a net loss of \$309,119 during the year ended December 31, 2015. The increase in net loss is mainly due to:

- a) an increase of \$19,057 in consulting fees for investor relations and due diligence costs incurred to identify new business opportunities;
- b) an increase of \$102,808 in exploration and evaluation expenditure reflects the payment of an option payment of \$99,338 (US\$75,000) for the Archer property;
- c) an increase of \$16,972 in foreign exchange loss due to fluctuating currency value between the United States dollars and the Canadian dollar;
- d) a reduction of \$34,978 in salaries and benefits due to decreases in amounts paid to management to manager current cash levels and operating activity in the Company;
- e) a reduction of \$28,402 in professional fees to reflect a decrease in audit and legal fees incurred by the Company; and
- f) a reduction of \$5,760 in equity losses and impairment of investments, as Alamo Creek was dissolved on December 22, 2015 and Excelaron was dissolved on November 14, 2016.

Summary of Quarterly Results (prepared in accordance with IFRS)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	–	–	–	–	–	–	–	–
Loss								
- Total	95,767	53,310	122,873	37,169	58,040	67,897	59,292	203,957
- Per share	0.002	0.002	0.004	0.001	0.002	0.002	0.002	0.006

Liquidity & Capital Resources

At December 31, 2016, the Company had a cash balance of \$83, accounts payable of \$75,628 and loans payable of \$282,729, which are unsecured and due on demand. Corporate and general costs to maintain the requirements of a listed company in the years ended December 31, 2015 and 2016 were approximately \$265,000 and \$205,000, respectively. Therefore, the Company has estimated its corporate and general costs to be approximately \$200,000 for the year ended December 31, 2017.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with the proceeds of loan and equity financings. The Company is dependent upon the support of its creditors and the Company's ability to secure loan and equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of oil and gas properties.

Management is of the opinion that sufficient working capital will be obtained from loan and equity financings to meet the Company's liabilities and commitments as they become due. The Company is actively seeking to raise the necessary loan and equity financings. Since December 31, 2016, the Company has received proceeds of US\$30,000 from the issue of unsecured promissory notes. On April 19, 2017, the Company announced its intention to complete a non-brokered private placement of up to 5,000,000 units at a price of \$0.20 for gross proceeds of up to \$1,000,000 with each unit consisting of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one common share for \$0.30 for 2 years after the closing date of the private placement.



Transactions with Related Parties

	Year ended December 31, 2016 \$	Outstanding as at December 31, 2016 \$
Related party		
Tim Turner & Associates, LLC., a company controlled by Tim Turner, for consulting fees for his services as Chief Executive Officer	90,000	33,795
Jeff Ratcliffe for salary for his services as Chief Financial Officer	42,000	—

Proposed Transactions

Option agreement to purchase oil and gas interests in Archer County, Texas
See "Overall Performance" on page 3.

Proposed private placement

On April 19, 2017, the Company announced its intention to complete a non-brokered private placement of up to 5000,000 units at a price of \$0.20 for gross proceeds of up to \$1,000,000 with each unit consisting of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one common share for \$0.30 for 2 years after the closing date of the private placement.

Changes in Accounting Policies including Initial Adoption

Accounting Standards Issued But Not Early Adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements.

- IFRS *Share-based Payment* (Amended)
- IFRS 9 *Financial Instruments* (New)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the Company's financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Financial Instruments and Other Instruments

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at December 31, 2016 as follows:



Fair Value Measurements Using

	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	Balance, December 31, 2016 \$
Cash	83	-	-	83

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

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

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities and consideration payable approximate fair value due to their short-term nature.

Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(b) Foreign Exchange Rate Risk

The Company operates in Canada and United States, but has the majority of its cash held in Canada in Canadian dollars. Future exploration programs may be denominated in US dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations due to the limited number of transactions conducted in the United States dollar.



(c) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2015.

Other Information

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets out a breakdown of material components of exploration and evaluation expenditures:

	Years ended December 31,	
	2016	2015
	\$	\$
Archer – acquisition of Option Agreement	99,338	–
Huasna	3,470	–
	102,808	–

The following table set out a breakdown of material components of the general and administration costs:

	Years ended December 31,	
	2016	2015
	\$	\$
Bank charges	1,926	2,167
Courier	241	254
Capital tax	2,231	1,003
Insurance	13,489	15,384
Office	4,765	3,952
	22,655	22,670



Disclosure of Outstanding Share Data (as at May 1, 2017)

Shares

Authorized:

Unlimited number of common shares, no par value.

Unlimited number of preference shares, issuable in series. The preference shares are issuable in series and may be issued in one or more series, from time to time, by the directors of the Company. The directors of the Company are authorized to fix, among other things, the designation, preferences, rights and restrictions attaching to each series of preference shares, in addition to the entitlement of each series of preference shares to receive the assets of the Company available on a liquidation, dissolution or winding-up of the Company. The preference shares are entitled to preference over the common shares and any other shares ranking junior to the such preference shares with respect to, among other things, payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Unless the rights attaching to the preference shares state otherwise, each preference share carries one vote at all meetings of shareholders, other than at meetings of the holders of the common shares meeting separately as a class.

Outstanding

Common Shares: 32,650,957 common shares.

Preferred Shares: no preferred shares

Stock options

Authorized

3,265,096 stock options, representing 10% of the issued and outstanding common shares.

Outstanding

Exercise price	Expiry date	Number of stock options
\$1.00	September 4, 2017	35,000
\$1.00	November 26, 2018	105,000
		<hr/>
		140,000