



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

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition of United Hunter Oil & Gas Corp. (the "Company") for the year ended December 31, 2018 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards.

The MD&A is the responsibility of management and is dated as of April 25, 2019.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.unitedhunteroil.com.

Description of Business

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

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

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. Except as required by Canadian securities law, the Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements 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.

See page 6 for *Material assumptions and risk factors for forward-looking statements*.

Overall Performance

Private placements

On February 6, 2018, the Company completed a private placement of 3,004,744 common shares at a price of \$0.25 per common share for gross proceeds of \$751,186. In connection with the private placement, the Company paid a cash commission of \$2,000. Of the private placement, two officers of the Company acquired 305,244 common shares.

On March 9, 2018, the Company completed a private placement consisting of 995,256 common shares at a price of \$0.25 per common share for gross proceeds of \$248,814. In connection with the private placement, the Company paid a cash commission of \$3,000. Of the private placement, one officer of the Company acquired 41,014 common shares.

Current activities

On March 21, 2018, the Company signed a non-binding Letter of Intent with the objective of looking into a new business opportunity. Significant financial resources and due diligence efforts went into this project and, as a result of differences in valuations, the Company elected to terminate the Letter of Intent on July 30, 2018.

Loans payable

In the year ended December 31, 2018, the Company repaid all outstanding loans of \$372,289 (and all accrued interest) from the proceeds of the private placements.

Share consolidation

At the Annual General and Special Meeting held on April 30, 2018, the shareholders of the Company approved an amendment to the articles of the Company to consolidate the common shares by a ratio of 2.5:1. On June 6, 2018, the outstanding 43,700,957 common shares were consolidated into 17,480,375 common shares. In this MD&A, all current and comparative year references to the number of common shares, weighted-average number of common shares outstanding, loss per share and the number and exercise price of stock options have been restated to give effect to the share consolidation.

Grant of stock options

On August 20, 2018, the Company granted 1,400,000 stock options to directors and officers, with each stock option entitling the holder to purchase one common share for \$0.25 until August 20, 2023.

Cancellation of stock options

On August 20, 2018, the Company cancelled 28,000 stock options entitling the holder to purchase one common share for \$2.50 until November 26, 2018.

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

The Company is in the exploration stage and has no revenue. During the year ended December 31, 2018, the Company recorded a loss of \$656,674 (2017 - \$253,260) and as at that date, the Company had an accumulated deficit of \$12,519,647 (2017 - \$11,862,974), working capital deficit of \$32,245 (2017 - \$479,878) and cash flow deficit from operations of \$504,004 (2017 - \$118,095). The losses, accumulated deficit, working capital deficit and cash flow deficit from operations limit the Company's ability to fund its operations and the acquisition, exploration and development of oil and gas properties. As a result, there is significant doubt about the Company's ability to continue as a going concern.

The continued operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of oil and properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

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 licenses.

Commodity prices

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.

Result of Operations

	3 months ended December 31,		Years ended December 31,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Expenses				
Professional fees	17,883	(1,455)	82,380	13,685
Management fees	51,443	48,900	226,642	127,793
Consulting fees	6,300	—	64,883	15,000
Stock-based compensation	9,025	—	177,933	—
General and administrative	2,780	2,741	12,250	11,899
Public company costs	17,379	1,718	40,497	38,994
Travel	36,282	2,533	46,633	28,731
Foreign exchange loss (gain)	7,090	(3,611)	5,455	(4,964)
Interest	—	2,996	—	22,123
	148,182	53,822	656,674	253,260
Loss	(148,182)	(53,822)	(656,674)	(253,260)
Other comprehensive income				
Foreign currency translation gain	—	487	—	1,363
Comprehensive loss	(148,182)	(53,335)	(656,674)	(251,897)

Year ended December 31

During the year ended December 31, 2018, the Company incurred a loss of \$656,674 compared to a loss of \$251,897 during the comparative period of the previous year:

- the increase in professional fees primarily reflects legal fees related a non-binding letter of intent for a new business opportunity which was terminated on July 30, 2018;
- the increase in management fees reflects an incentive bonus of US\$20,000 for Timothy J. Turner to continue as CEO and an increase in his monthly management fee from \$7,500 to US\$10,000;
- the increase in consulting fees reflects fees paid to identify and evaluate prospective business opportunities.
- the increase in stock-based compensation reflects the fair value of stock options granted in the current period compared to no stock options granted in the previous year.
- the decrease in public company costs reflects non-recurring cost of \$21,000 related the listing of the Company's common shares on the Frankfurt Stock Exchange incurred in the comparative period of the previous year.
- the increase in travel reflects expenses incurred for to perform due diligence for new business opportunities.
- the decrease in interest reflects the repayment of loans.

3 months ended December 31

During the 3 months ended December 31, 2018, the Company incurred a loss of \$148,182 compared to a loss of \$53,335 during the comparative period in the previous year:

- the increase in consulting fees reflects fees paid to identify and evaluate prospective business opportunities.
- the increase in travel reflects expenses incurred for to perform due diligence for new business opportunities.

Summary of Quarterly Results (prepared in accordance with IFRS)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	—	—	—	—	—	—	—	—
Loss								
- Total	90,503	53,164	55,771	53,822	99,505	74,414	334,573	148,182
- Per share	—	—	—	—	—	—	(0.02)	(0.01)

The increase in the loss for Q3 2018 reflects stock-based compensation of \$168,908 and costs related to identify and evaluate prospective business opportunities.

Liquidity & Capital Resources

At December 31, 2018, after the repayment of loans payable of \$372,289, the Company had a cash balance of \$119,445, receivables of \$13,913 and accounts payable of \$187,073 which includes \$71,330 owing to management.

Corporate and general costs to maintain the requirements of a listed company in the years ended December 31, 2017 and 2018 were approximately \$200,000 and \$240,000, respectively. The Company has estimated its corporate and general costs to be approximately \$250,000 for the year ended December 31, 2019.

As the Company is in the exploration stage and has no revenue, the Company has financed its operations with the proceeds of equity and loan financings. The Company is dependent upon the support of its creditors and the Company's ability to secure equity and loan 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 is on hand and additional 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.

Transactions with Related Parties

	Year ended December 31, 2018	Outstanding as at December 31, 2018
Related party		
Tim Turner & Associates, LLC., a company controlled by Timothy J. Turner, for management fees for his services as Chief Executive Officer	US\$140,000	US\$15,000
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for management fees for his services as Chief Financial Officer	\$45,600	\$50,867

Changes in Accounting Policies including Initial Adoption

IFRS 9, Financial Instruments ("IFRS 9")

This standard replaced IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied.

On January 1, 2018, the Company adopted IFRS 9 using a modified retrospective basis. The financial statements on that date, with any reclassifications from December 31, 2017, were as follows:

Financial instrument	Classification category		Measurement category		Carrying amount at January 1, 2018		Difference
	Original IAS 39	New IFRS 9	Original IAS 39	New IFRS 9	Original IAS 39 \$	New IFRS 9 \$	
Assets							
Cash	FVTPL	Amortized cost	FVTPL	Amortized cost	69,365	69,365	–
Liabilities							
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost	192,472	192,472	–
Loans payable	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost	372,289	372,289	–

New standards and interpretations not yet adopted

The following new standard will be effective for periods beginning on or after January 1, 2019:

IFRS 16, Leases ("IFRS 16")

This standard will replace *IAS 17, Leases*. IFRS 16 provides an updated definition of a lease contract, including guidance on the combination and separation of contracts. The standard requires lessees to recognize a right-of-use asset and a lease liability for substantially all lease contracts. The accounting for lessors is substantially unchanged from IAS 17. The Company has not determined the extent of the impact of IFRS 16 on its 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.

Accounts payable and accrued liabilities

The fair value of accounts payable and accrued liabilities approximates its carrying value due to the short term to maturity.

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

Cash is measured at fair value at Level 1 of the fair value hierarchy.

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 consolidated 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.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from the Company's cash and receivables. The maximum exposure to credit risk is equal to the carrying amount of cash and receivables. The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with high credit quality Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt settlements and related party loans. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Company's operation of the Company is dependent upon the Company's ability to secure equity financing to meet its existing obligation and finance the acquisition, exploration and development of oil and gas properties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

Foreign exchange risk

Foreign exchange risk is the risk of financial loss to the Company due to a change in foreign exchange rates. The majority of the Company's cash is held in Canadian dollars. Foreign exchange risk arises as the Company makes expenditures denominated in US dollars.

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 US dollars.

Interest rate risk

Interest rate risk is the risk of financial loss to the Company due to a change in interest rates. The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. In addition, loans payable bore interest at fixed rates of interest.

Capital management

Capital of the Company consists of share capital, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares and loans payable. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

Material assumptions and risk factors for forward-looking statements

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	Forward-looking statement	Assumption	Risk factor
4	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.

Other Information**Additional Disclosure for Venture Corporations without Significant Revenue**

For the year ended December 31, 2018 and December 31, 2017, the Company incurred no exploration and evaluation expenditures.

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

	Years ended December 31,	
	2018	2017
	\$	\$
Bank charges	2,761	2,024
Insurance	8,640	7,827
Office	849	2,048
	12,250	11,899

Disclosure of Outstanding Share Data as at April 25, 2019

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: 17,480,375 common shares

Preference Shares: no preferred shares

Share consolidation

At the Annual General and Special Meeting held on April 30, 2018, the shareholders of the Company approved an amendment to the articles of the Company to consolidate the common shares by a ratio of 2.5:1. On June 6, 2018, the outstanding 43,700,957 common shares were consolidated into 17,480,375 common shares.

Stock options

Authorized

1,748,037 stock options, representing 10% of the issued and outstanding common shares.

Outstanding

Exercise price	Expiry date	Number of stock options
\$0.25	August 20, 2023	1,400,000

Grant of stock options

On August 20, 2018, the Company granted 1,400,000 stock options to directors and officers, with each stock option entitling the holder to purchase one common share for \$0.25 until August 20, 2023.

Cancellation of stock options

On August 20, 2018, the Company cancelled 28,000 stock options entitling the holder to purchase one common share for \$2.50 until November 26, 2018.