SATURN OIL & GAS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 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 May 23, 2018 and should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 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, 2016, 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 "SMI".

At March 31, 2018, the Company reported working capital deficiency of $6,011,537 (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 March 31, 2018, the Company achieved profitable operations, however has an accumulated deficit of $29,417,872 (December 31, 2017 - $29,677,983).

Management is actively targeting sources of additional financing which would 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 Deloitte LLP 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 July 2017, the Company closed private placement for 12,951,944 units at a price of $0.08 per unit for a gross value of $1,036,156 of which $890,540 was received in cash and $145,616 in exchange for debt. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.15 per share for a period of 18 months from the date of issue of the warrant. The warrants are subject to an accelerated expiry clause. The Company paid $69,242 of cash share issuance costs in relation to the private placement.

In December 2017, the Company closed a private placement for 3,412,000 units at a price of $0.15 per unit for a gross value of $512,498 of which $325,035 was received in fiscal 2016. Each whole unit consists of one common share and one half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.20 per share for a period of 18 months from the date of issue of the whole warrant.

As of March 31, 2018, the Company currently has six producing wells, three of which were drilled as of December 31, 2017. Saturn has a 100% working interest in all the production. Five of the wells were drilled to target the Viking light oil formation with one targeting the Success heavy oil formation and have proven to be economically successful.

As of March 31, 2018, the company has working interest on seventeen and one-half sections of highly perspective land with proven reserves on seven sections. This is further supported by Deloitte LLP's Corporate Reserves Evaluation and will be the cornerstone to Saturn's expanded operations in 2018.

Property, Plant and Equipment

During the period ended March 31, 2018, the Company transferred $2,543,090 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 March 31, 2018. The Company determined that there was no impairment.

On January 1, 2018, the Company executed a Purchase and Sale Agreement with Whitecap Resources Inc, whereby the Company acquired one section of land near Milton, Saskatchewan. Giving Saturn 100% working interest in the land. This purchase agreement also included two wells.

On February 1, 2018, the Company executed a Non-Cross Conveyed Pooling Agreement with Teine Heavy Oil Partnership, whereby the companies pooled their certain oil and gas assets near Kindersley, Saskatchewan.

On March 14, 2018, the Company executed a Purchase and Sale Agreement with Teine Heavy Oil Partnership, whereby the Company acquired two sections of land near Milton, Saskatchewan. Giving Saturn 100% working interest in the land. This purchase agreement also included three wells, four pipeline segments, and one facility.

Exploration Activities

a) Flaxcombe (Saskatchewan)

During the quarter ended March 31, 2018, the Company drilled, completed and brought on-line three Viking horizontal wells. The total cost of this operation was $2,166,514.00. The wells brought online were: 102/10-31-029-26W3, 102/09-29-29-26W3, 101/15-030-29-26W3.

b) Lucky Hills (Saskatchewan)

During the period ended March 31, 2018, the Company did no exploration or evaluation on its Lucky Hills property.

c) Whiteside (Saskatchewan)

During the quarter ended March 31, 2018, the Company did no exploration or evaluation on its Whiteside property.

Saskatchewan Oil and Gas

During the quarter ended March 31, 2018, the Company drilled, completed and brought on-line three Viking horizontal wells. The total cost of this operation was $2,166,514.00. The wells brought online were: 102/10-31-029-26W3, 102/09-29-29-26W3, 101/15-030-29-26W3.

RESULTS OF OPERATIONS

For the three months ended March 31, 2018

The company earned revenue from the production and sale of oil in the amount of $1,094,577. The evaluation and exploration assets at the Flaxcombe property were transferred out of the EE stage in the year.

The Company paid royalties of $157,970 and was calculated at 17.5% on the oil produced.

The Company earned a Gross Profit of $616,134.

The Company incurred operating expenses of $496,507 for the three months ended March 31, 2018 compared with $249,247 for the for three months ended March 31, 2017.

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

a) Accounting and auditing of $5,118 (2017 - $10,500) – The change is a result of fees paid to Cross Davis and Co. in the prior year.

b) Administration, office, and rent of $40,635 (2017 – recovery $1,446) – The change is a result foreign exchange adjustments on the Company's investments in the prior year.

a) Advertising, promotion and public relations of $19,123 (2017 - $17,669) – 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 $32,183 (2017 - $10,178) – The increase can be attributed to increased activities in relation to the assets and properties in production.

c) Filing fees of $22,234 (2017 –$9,018) – The increase is a result of more filing fees charged in the period.

g) Interest expense of $80,720 (2017 - $NIL) – The increase is a result of interest paid on the convertible promissory notes.

h) Insurance of $6,669 (2017 –$2,038) – The increase is an increase in the amount of insurance taken out in the year.

h) Management fees of $100,000 (2017 – $197,200) – The decrease is a result of the reduction of management from the prior period.

i) Share-based payments of $174,267 (2017 - $2,890) – The increase is a result of a higher volume of stock options granted in the prior year.

j) Travel and accommodation of $8,349 (2017 – $NIL) – The increase is a result of a lower volume of travel activities in the current year.

During the period ended March 31, 2018, the Company wrote off exploration and evaluation assets in the amount of NIL (2017 - $3,999), recorded unrealized gain on investments of NIL (2017 - $36,067), unrealized gain on marketable securities of $3,200 (2017 - $15,000), and a gain on the settlement of accounts payable of $137,284 (2017 – NIL).

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	March 31, 2018	**December 31, 2017**	**September 30, 2017**	**June 30, 2017**
Property, plant and equipment	$ 4,690,750	$ 2,267,014	$ -	$ -
Exploration and evaluation assets	2,060600	1,510,814	1,389,057	937,558
Total assets	8,302,371	5,278,100	2,740,521	2,281,218
Income (loss) for the period	260,111	(2,398,968)	(565,618)	(243,220)
Income (loss) per common share	(0.00)	(0.02)	(0.00)	(0.00)
	March 31, 2016	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**
Exploration and evaluation assets	$ 870,586	$ 631,754	$ 4,642,492	$ 4,558,508
Total assets	1,399,257	1,241,124	5,027,912	4,994,556
Loss for the period	(238,246)	(4,574,949)	(158,010)	(254,547)
Loss per common share	(0.00)	(0.03)	(0.00)	(0.00)

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.

LIQUIDITY

As at March 31 2018, the Company had $317,613 (December 31, 2017 - $747,241) in cash. The Company had current assets of $1,070,584 (December 31, 2017 - $1,173,337) and current liabilities of $7,231,787 (December 31, 2017 - $4,512,116) with a working capital deficiency of $6,011,537 (December 31, 2017 - $3,338,779). The Company has started to earn a profit on oil production, however has to rely upon the sale of equity securities, debt financing and retained earnings required for further acquisitions, exploration and development.

During the year ended December 31, 2017 the Company received proceeds from three convertible notes totaling $3,500,000 from a third party. The promissory notes bear an interest of 5% per annum and are payable on demand ($1,000,000), May 15, 2018 ($1,000,000), and on November 30, 2020 ($1,500,000).

CAPITAL RESOURCES

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

In July 2017, the Company announced a private placement of up to 12,951,944 units (the "Units") at a price of $0.08 per Unit for gross proceeds of up to $1,036,155, of which all of it has been received as at the date of this report. Each Unit consists of one common share (the "Shares") and one-half of a share purchase warrant (the "Warrants"). Each whole Warrant will entitle the holder to purchase one additional common share, exercisable at a price of $0.15 per share for a period of 18 months from the date of issue of the Warrant

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2018, the Company incurred the following transactions with directors, officers and other key management personnel:

	2018	2017
Accounting	$ -	$ 10,500
Consulting fees and Geological fees	49,969	4,000
Legal fees	3,804	-
Management fees	100,000	197,200
Share based payments	121,690	-
Total	$ 275,463	$ 211,700

As at March 31, 2018, the Company owed $383,659 (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:

- 161,574,163 common shares – 16,363,944 issued in the year.
- Warrants:

Expiry Date	Outstanding Warrants	Exercise Price
June 10, 2019	6,475,972	$ 0.15
June 18, 2019	1,706,000	$ 0.20
	8,181,972	

Stock options:

Expiry Date	Outstanding Options	Exercise Price
January 22, 2019	1,450,000	0.15
February 24, 2020	525,000	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
	19,225,000	

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 March 31, 2017, the Company:

a) Issued a promissory note payable on the receipt of loan proceeds in the amount of $2,750,000. The Corporation issued up to 859,375 warrants to the lender that can be exercised for up to 859,375 common shares.

b) Opened a brokered private placement of a minimum 29,166,667 common share units (the "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. Each Unit shall consist of one common share of the Company and one common share purchase warrant exercisable into one Common Share of the Company at a price of $0.18 per Warrant for a period of 24 months from the closing date.

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 Financial Officer and Director*
Ivan Bergerman	– *Director*
Calvan J. Payne	– *Director*
Justin Kaufmann	– *Vice President of Exploration*

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 March 31, 2018 audited financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to March 31, 2018 audited financial statements on www.sedar.com.