SATURN OIL & GAS INC. (FORMERLY SATURN MINERALS INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED JUNE 30, 2017

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Saturn Oil & Gas Inc. (formerly Saturn Minerals Inc.) (the "Company" or "Saturn") has been prepared by management, in accordance with the requirements of National Instrument of 51-102 as of August 29, 2017 and should be read in conjunction with the unaudited condensed interim financial statements for the three months ended June 30, 2017 and 2016 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. (formerly Saturn Minerals 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 of its coal and oil & gas properties in Eastern Saskatchewan and Western Manitoba.

The Company's head office and registered office is Suite 600 - 890 West Pender Street, Vancouver, British Columbia, V6C 1J9. Effective May 3, 2004, the common shares of the Company were listed on the TSX Venture Exchange and trade under the symbol "SMI".

In January 2017, the Company changed its name to "Saturn Oil & Gas Inc.", which reflects a change in direction for the Company from a mineral-focused exploration company to one with a strong focus on the acquisition and development of oil and gas assets in Alberta and Saskatchewan.

During the year ended December 31, 2012, the Company had applied to have its coal rights reduced to 287 sq. km to better reflect those areas which have been proven to host coal or favourable geophysical information indicative of coal. The Company owns approximately 287 sq. km of coal rights in eastern Saskatchewan and western Manitoba and 152,484 hectares of oil and gas rights in the northern Williston Basin in eastern Saskatchewan. The Company has made three coal discoveries at its Saskatchewan and Manitoba coal properties since 2009, including Karolina discovery with one of the thickest coal intercepts encountered in Canada at 88 metres. The Company continues to build strategic relationships throughout Saskatchewan and Manitoba to pursue new opportunities and advance current projects in the eastern regions of the Western Canadian Sedimentary Basin.

At June 30, 2017, the Company reported working capital deficiency of $1,402,467 (December 31, 2016 – $1,244,820). The Company requires additional financing from outside participation to undertake further exploration and subsequent development of its exploration and evaluation assets. At June 30, 2017, the Company had not achieved profitable operations, has accumulated a deficit of $27,760,481 (December 31, 2016 - $27,279,015) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, the attainment of profitable operations, external financings and further share issuances.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, oil & gas, coal, 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.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Significant events

In December 2016, the Company announced a private placement of up to 40,000,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of up to $4,000,000, of which $437,035 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. The Warrants are subject to an accelerated expiry clause. In March 2017, the Company amended the price per Unit of the private placement from $0.10 per Unit to $0.08 per Unit;

In March 2017, the Company announced the appointment of Mr. John Jeffrey and Mr. Scott Newman to the Board of Directors.

In March 2017, the Company purchased 640 acres of Viking oil land in the greater Kindersley area from a local private operator. This land is highly prospective for increased Viking light oil production through horizontal development, and the Company has identified at least 2 half mile horizontal drilling locations and 2 full mile horizontal drill locations. The Company paid $236,065 associated with the acquisition.

Exploration activities

Although the Company has taken steps to verify title to mineral exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

a) Flaxcombe

During the period ended June 30, 2017, the Company paid $64,198 to acquire the Flaxcombe property.

b) Lucky Hills

During the period ended June 30, 2017, the Company paid $236,065 to acquire the Lucky Hills oil property in the greater Kindersley area of Saskatchewan.

b) Gem

Pursuant to an agreement dated April 20, 2005, and subsequently amended, the Company has acquired a 100% interest in the Apex 3 and 4 mineral claims located in the New Westminster Mining Division, British Columbia, subject to a net smelter return royalty of 1%. The Company has the right to acquire 0.5% of the net smelter return royalty for $1,000,000. Under the terms of the option agreement the Company paid $70,500 and issued 300,000 common shares with a value of $89,600 to acquire its interest. In 2009, upon the Company's determination that the value of the property was impaired, the carrying value of the property was reduced to a nominal $1 by a charge to earnings of $216,194.

During the year ended December 31, 2010, the Company resumed exploration work on the property and completed adequate care and maintenance in 2011 and this work has continued to the date of this report.

During the year ended December 31, 2015, the Company paid $3,000 for mineral title acquisition for the property.

RESULTS OF OPERATIONS

For the three months ended June 30, 2017

The Company incurred operating expenses of $593,438 for the three months ended June 30, 2017 compared with $313,318 for the three months ended June 30, 2016.

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

a) Accounting and auditing of $16,438 (2016 - $38,400) – The change is a result of fees paid to Cross Davis and Co.

b) Administration, office, and rent of $5,202 (2016 - $50,634) – The change is a result software licenses purchased in the year.

c) Advertising, promotion and public relations of $20,266 (2016 - $48,498) – The decrease is a result of an increased volume of advertising, promotion and public relations activities in the current period compared to the prior period.

d) Consulting fees of $NIL (2016 - $16,636) – The decrease can be attributed to there being no consulting fees paid in the quarter. Consulting fees occurred in Q1.

e) Filing fees of $28,255 (2016 –$3,201) – The increase is a result of more filing fees charged in the period.

f) Legal fees of $504 (2016 –$23,474) – The increase is a decrease of a recovery of legal fees charged by a former lawyer of the Company in the period.

g) Management fees of $224,374 (2016 – $55,500) – The increase is a result of addition of new management and increased management fee rates in the current period.

h) Share-based payments of $306,008 (2016 - $42,552) – The decrease is a result of a higher volume of stock options granted in the prior period.

i) Travel and accommodation of $5,210 (2016 – $32,394) – The decrease is a result of a lower volume of travel activities in the current period.

During the period ended June 30, 2017, the Company wrote off exploration and evaluation assets in the amount of $6,000, recorded unrealized gain on investments of $14,235, unrealized loss on marketable securities of $15,000 and gain on settlement of accounts payable of $386,263.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

		June 30, 2017		March 31, 2017		December 31, 2016		September 30, 2016
Exploration and evaluation assets	$	937,558	$	870,586	$	631,754	$	4,642,492
Total assets		2,281,218		1,399,257		1,241,124		5,027,912
Loss for the period		(243,220)		(238,246)		(4,574,949)		(158,010)
Loss per common share		(0.00)		(0.00)		(0.03)		(0.00)
		June 30, 2016		**March 31, 2016**		**December 31, 2015**		**September 30, 2015**
Exploration and evaluation assets	$	4,558,508	$	4,271,209	$	2,090,379	$	2,909,471
Total assets		4,994,556		5,105,331		3,434,611		4,303,390
Loss for the period		(254,547)		(228,758)		(2,292,241)		(523,991)
Loss per common share		(0.00)		(0.00)		(0.02)		(0.00)

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.

During the period ended December 31, 2015, the Company recorded write-off of exploration and evaluation assets of $988,327, recorded write-off of exploration and evaluation advances of $102,758, recorded an unrealized gain on marketable securities of $85,000, recorded settlement of litigation expense of $50,000, recorded a recovery of due from related parties of $72,446, and recorded an impairment of investment of $1,216,860.

LIQUIDITY

As at June 30, 2017, the Company had $557,150 (March 31, 2017 - $89,598) in cash. The Company had current assets of $875,073 (March 31, 2017 - $398,657) and current liabilities of $2,277,540 (March 31, 2017 - $2,002,268) with a working capital deficiency of $1,402,467 (March 31, 2017 - $1,603,611). The Company has to rely upon the sale of equity securities primarily through private placements for the cash required for acquisitions, exploration and development, and operating expenses.

During the year ended December 31, 2016, the Company received proceeds from a promissory note of $100,000 from a third party. The promissory note bears an interest of 5% per annum and is payable on January 31, 2017 (not paid). In January 2017, the Company received additional proceeds of $200,000 from the third party. The promissory note is secured by the Company's marketable securities and investments. $100,000 of the note payable plus accrued interest was paid back during the period.

CAPITAL RESOURCES

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

In December 2016, the Company announced a private placement of up to 40,000,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of up to $4,000,000, of which $437,035 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. The Warrants are subject to an accelerated expiry clause. In March 2017, the Company amended the price per Unit of the private placement from $0.10 per Unit to $0.08 per Unit.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2017, the Company incurred the following transactions with directors, officers and other key management personnel:

	Six months ended June 30, 2017	2016
Accounting – a firm of which Scott Davis, CFO is a partner	$ 18,000	$ 21,000
Management fees – Stan Szary, President and Director	60,000	105,000
Management fees – John Jeffrey, CEO and Director	160,400	-
Management fees – Scott Newman, COO and Director	156,800	-
Management fees – Stefan Szary, Director		3,000
Management fees – Will Elston, Director		2,500
Geological services recorded in exploration and evaluation assets	4,000	-
Share-based payments	304,569	40,558
Total	$ 703,769	$ 172,058

As at June 30, 2017, the Company owed $286,992 (March 31, 2017 - $241,226) to its directors, officers, other key management personnel of the Company, and companies controlled by officers of the Company. As at June 30, 2017, the company advanced $194,099 (March 31, 2017 - $225,599) to an officer and director of the company.

RISKS AND UNCERTAINTIES

Our exploration programs may not result in a commercial mining operation.

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral properties are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing properties.

We may not have sufficient funds to complete further exploration programs.

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

We have no revenue from operations and no ongoing mining operations of any kind.

We are a mineral exploration company and have no revenues from operations and no ongoing mining operations of any kind. If our exploration programs successfully locate an economic ore body, we will be subject to additional risks associated with mining.

We will require additional funds to place the ore body into commercial production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and construct the mining and processing facilities at any site chosen for mining. We do not know whether additional financing will be available at all or on acceptable terms. If additional financing is not available, we may have to postpone the development of, or sell, the property.

We have no revenue from operations and no ongoing mining operations of any kind.

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

Our properties may be subject to uncertain title.

We cannot provide assurance that title to our properties will not be challenged. We own, lease or have under option, unpatented and patented mining claims, mineral claims or concessions which constitute our property holdings. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained a secure claim to individual mining properties or mining concessions may be severely constrained. We have not conducted surveys of all of the claims in which we hold direct or indirect interests. A successful claim contesting our title to a property will cause us to lose our rights to explore and, if warranted, develop that property. This could result in our not being compensated for our prior expenditures relating to the property.

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 mineral exploration 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 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 mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

Some of our directors and officers may have conflicts of interest as a result of their involvement with other natural resource companies.

Some of our directors and officers are directors or officers of other natural resource or mining-related companies. These associations may give rise to conflicts of interest from time to time. In particular, our directors who also serve as directors of other companies in the same industry may be presented with business opportunities which are made available to such competing companies and not to us. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material, adverse effect on our financial position.

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:

- 158,162,163 common shares – 12,951,944 issued in the period.
- Warrants:

Expiry Date	Outstanding Warrants	Exercise Price
January 27, 2019	1,999,800	$ 0.15
June 30, 2019	6,475,972	0.15
	8,475,772	

- Stock options:

Expiry Date	Outstanding Options	Exercise Price
September 15, 2017	935,000	$ 0.20
January 22, 2019	4,450,000	0.15
February 24, 2020	1,950,000	0.20
May 7, 2020	2,000,000	0.20
January 29, 2021	500,000	0.15
April 18, 2022	10,000,000	0.08
	19,835,000	

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.

CONTINGENCIES AND COMMITMENTS

The Company has entered into a consulting agreement with two directors and officers of the Company at a cost of $300,000 per annum. Each, for a total of $600,000.

The agreement will continue indefinitely, subject to the termination notice given by either party. The Company must provide 3-month's written notice for termination but reserves the right to waive such notice upon paying the fees which would have accrued during the 12-month period.

Should the Company be subject to a change in control and terminate the agreement, the engagement will terminate immediately and the Company will be required to pay an amount equal to 36-month's fees.

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 Operation Officer and Director*
Stan Szary	– *Director, President and Chairman*
Stefan Szary	– *Director*
William Elston	– *Director*
Justin Kaufmann	– *Vice President of Exploration*
Scott Davis	– *Chief Financial Officer*

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 June 30, 2017 condensed interim financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to the June 30, 2017 condensed interim financial statements on www.sedar.com.