SATURN OIL & GAS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE FULL YEAR ENDED DECEMBER 31, 2017

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 April 30, 2018 and should be read in conjunction with the audited annual financial statements for the years ended December 31, 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 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 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".

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 (O&G) assets and subsequent production of this oil on successful properties in Alberta and Saskatchewan.

At December 31, 2017, the Company reported working capital deficiency of $3,338,779 (2016 – $1,244,820). The Company is in the process of raising additional financing from outside participation to undertake further development of their assets. At December 31, 2017, the Company had not achieved profitable operations, has accumulated a deficit of $29,677,983 (2016 - $27,279,015) since its inception however the company is currently producing oil and expects to be profitable in Q4 of 2017.

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.

The company has three wells in production as of December 31, 2017. Saturn has a 100% working interest in production. Two of the wells are drilled to the target of the Viking light oil formation and the remainder of these wells is drilled to target the Success heavy oil formation and have proven to be economically successful.

As of December 31, 2017, the company has working interest on twelve and one quarter sections of highly perspective land with proven reserves on five and one quarter 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

On January 23, 2017, the Company executed a Purchase and Sale Agreement with Raven Cross Energy Ltd. whereby the Company acquired 259 hectares of land with rights from top surface to base Viking in Lucky Hills near Kindersley, Saskatchewan. These lands were 100% working interest to Saturn with a 7% GORR to Raven.

On July 1, 2017, the Company executed a Petroleum Freehold Lease Agreement with Canadian Natural Resources Limited whereby the Company acquired 259 hectares of land with rights from top surface to Precambrian near Flaxcombe, Saskatchewan.

On October 4, 2017 the Company acquired three sections of land in the Crown land sale near Flaxcombe, Saskatchewan. Saturn holds a 33.3% working interest in the three sections.

On October 5, 2017, the Company entered into an Asset Exchange Agreement with Teine Energy Ltd. whereby Saturn relinquished operatorship and a 50% working interest in one section of land, previously acquired from Raven Cross Energy Ltd. In consideration for the 50% working interest, Teine transferred to Saturn two sections of 100% working interest land near Flaxcombe, Saskatchewan.

On October 12, 2017, the Company entered into a Joint Operating Agreement with Westcore Energy Ltd. ("Westcore") whereby the parties have agreed to jointly operate certain adjacent land sections. The Agreement resulted in a unitization of the sections, with each of the parties contributing their portion of the sections at a value equal to the other's contribution. Costs of the jointly operated land sections will be funded by each party in proportion to their working interests, being 50% to each.

On October 16, 2017, the Company entered into a Seismic and Farmout Agreement with Teine Heavy Oil Partnership ("Teine") whereby the Company will shoot 3D seismic on 259 hectares of land near Flaxcombe, Saskatchewan. The Parties will then mutually agree upon a horizontal well location and Saturn will pay 100% of the drilling, completions and equipping costs to earn a 50% working in the well and 50% working interest in the remainder of the 259 hectares.

On November 1, 2017, the Company executed a Petroleum Freehold Lease Agreement with Prairiesky Royalty Ltd whereby the Company acquired 259 hectares of land with rights from top surface to base Bakken near Flaxcombe, Saskatchewan.

On November 7, 2017, the Company completed the acquisition of one well from Westcore for $10,150.

On December 5th, 2017, the Company acquired three and one quarter sections of land near Flaxcombe, Saskatchewan in the Crown land sale. Saturn holds 100% working interest in these sections.

Exploration Activities

a) Flaxcombe

During the year ended December 31, 2017, the Company paid 3,264,237 to acquire and develop the Flaxcombe property. Of that amount, $2,016,521 was transferred to property, plant and equipment for the costs associated with the production of oil.

b) Lucky Hills

During the year ended December 31, 2017, the Company paid $263,098 to acquire and develop the Lucky Hills oil property in the greater Kindersley area of Saskatchewan. Deloitte LLP, in their Corporate Reserves Evaluation had 226,000 BOE in proven plus probable reserves (2P) booked on the Lucky Hills asset.

Saskatchewan Oil and Gas

During the year ended December 31, the Company brought a total of three 100% working interest wells on-line on its Flaxcombe assets. On November 1, 2017, the Company brought online its 100% working interest vertical well in the Success Formation (121/11-18-029-26W3/03). On December 7, 2017, the Company drilled, completed, equipped and brought on-line two 100% working interest Viking horizontal wells (101/09-31-029-26W3/00 and 102/09-31-029-26W3/00).

SELECTED ANNUAL INFORMATION

The following financial represents selected information of the Company for the three most recently completed financial years:

	December 31, 2017	December 31, 2016	December 31, 2015
Property, plant and equipment	$ 2,267,014	$ -	$ -
Exploration and evaluation assets	$ 1,510,814	631,754	2,090,379
Total assets	5,278,100	1,241,124	3,434,611
Loss for the year	(2,398,968)	(5,216,264)	(3,929,560)
Loss per share	(0.02)	(0.04)	(0.03)

During the year ended December 31, 2017, the Company wrote off its Overflowing property in the amount of $594,350, wrote off the exploration and advances related its Bannock Creek property in the amount of $42,993, wrote off the exploration advances related to its Gem property in the amount of $37,404, recorded gain on investments of $70,836, unrealized loss on marketable securities of $21,400 and gain on settlement of accounts payable of $343,666. During the year ended December 31, 2017, the Company recorded share-based payments of $710,251 to general and administrative expenses.

During the year ended December 31, 2016, the Company wrote off its Bannock Creek property in the amount of $4,245,676, wrote off the exploration advances related to its Bannock Creek property in the amount of $49,728, recorded unrealized gain on investments of $20,566, unrealized loss on marketable securities of $62,500 and gain on settlement of accounts payable of $63,529. During the year ended December 31, 2016, the Company recorded share-based payments of $147,001 to general and administrative expenses.

During the year ended December 31, 2015, the Company wrote off its Little Swan property in the amount of $988,327, wrote off the exploration advances related to its Little Swan property in the amount of $102,758, recovered due from related parties of $69,121, recorded settlement of litigation expense of $50,000, recorded unrealized gain on marketable securities of $85,000 and recorded an impairment of investment of $1,216,860. During the year ended December 31, 2015, the Company recorded share-based payments of $638,118 to general and administrative expenses.

RESULTS OF OPERATIONS

For the year ended December 31, 2017

The company earned revenue from the production and sale of oil in the amount of $210,742. The evaluation and exploration assets at the Flaxcombe property were transferred out of the EE stage in the year.

The Company paid royalties of $41,656 and was calculated at 17.5% on the oil produced.

The Company incurred operating expenses of $2,005,805 for the year ended December 31, 2017 compared with $921,889 for the year ended December 31, 2016.

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

a) Accounting and auditing of $81,910 (2016 - $104,900) – The change is a result of fees paid to Cross Davis and Co. in the prior year.

b) Administration, office, and rent of $96,100 (2016 - $75,888) – The change is a result software licenses purchased in the prior year.

c) Advertising, promotion and public relations of $75,875 (2016 - $232,877) – The decrease is a result of an decreased volume of advertising, promotion and public relations activities in the current year compared to the prior year.

d) Consulting fees of $26,147 (2016 - $88,500) – The decrease can be attributed to increased activities and the capitalization of the consulting work performed.

e) Amortization of $4,437 (2016 - $NIL) – The increase is a result of the amortization on PP&E addition in the year.

f) Filing fees of $69,497 (2016 –$14,536) – The increase is a result of more filing fees charged in the period.

g) Interest expense of $96,932 (2016 - $NIL) – The increase is a result of interest paid on the convertible promissory notes.

h) Insurance of $25,009 (2016 –$8,117) – The increase is an increase in the amount of insurance taken out in the year.

h) Management fees of $750,883 (2016 – $227,650) – The increase is a result of addition of new management and increased management fee rates in the current year.

i) Share-based payments of $710,251 (2016 - $147,001) – The decrease is a result of a higher volume of stock options granted in the prior year.

j) Travel and accommodation of $33,651 (2016 – $NIL) – The increase is a result of a lower volume of travel activities in the current year.

During the year 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 $343,666.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	December 31, 2017	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Property, plant and equipment	$ 2,267,014	$ 24,562	$ 23,740	$ -
Exploration and evaluation assets	1,510,814	1,389,057	937,558	870,586
Total assets	5,278,100	2,740,521	2,281,218	1,399,257
Loss for the period	(1,833,351)	(84,151)	(243,220)	(238,246)
Loss per common share	(0.02)	(0.00)	(0.00)	(0.00)
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Exploration and evaluation assets	$ 631,754	$ 4,642,492	$ 4,558,508	$ 4,271,209
Total assets	1,241,124	5,027,912	4,994,556	5,105,331
Loss for the period	(4,574,949)	(158,010)	(254,547)	(228,758)
Loss per common share	(0.03)	(0.00)	(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.

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 December 31, 2017, the Company had $747,241 (2016 - $190,719) in cash. The Company had current assets of $1,173,337 (2016 - $512,026) and current liabilities of $4,512,116 (2016 - $1,756,846) with a working capital deficiency of $3,338,779 (2016 - $1,244,820). The Company has to rely upon the sale of equity securities, debt financing and retained earnings required for acquisitions, exploration and development, and operating expenses.

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 year ended December 31, 2017, the Company incurred the following transactions with directors, officers and other key management personnel:

		2017		**2016**
Accounting – a firm of which Scott Davis, former CFO is a partner	$	18,000	$	42,000
Consulting fees and Geological fees – Axiom Exploration Ltd., Directors' company		103,395		6,024
Issuance of shares for settlement of debt – a firm of which Scott Davis, former CFO is a partner		40,000		-
Legal fees – Ivan Bergermann, Director		29,928		-
Management fees – John Jeffrey, CEO		347,242		34,125
Management fees – Scott Newman, CFO		343,642		36,525
Management fees – Stan Szary, former President and Director		60,000		157,000
Settlement of debt – John Jeffrey, CEO; Scott Newman, CFO		86,992		-
Share based payments		549,008		48,830
Write-off of related party receivable – Stan Szary, former President and Director		(215,799)		-
Total	$	1,362,408	$	324,504

As at December 31, 2017, the Company owed $299,729 (2016 - $93,001) to its directors, officers, other key management personnel of the Company, and companies controlled by officers of the Company. As at December 31, 2017, the Company advanced $NIL (2016 - $243,099) to an officer and director 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
January 27, 2018	1,999,800	$ 0.15
June 10, 2019	6,475,972	$ 0.15
June 18, 2019	1,706,000	$ 0.20
	10,181,772	

- Stock options:

Expiry Date	Outstanding Options	Exercise Price
February 15, 2018	3,935,000	$ 0.15-0.20
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
	23,160,000	

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.

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 December 31, 2017 audited financial statements on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to December 31, 2017 audited financial statements on www.sedar.com.