LARIAT ENERGY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2015

This discussion and analysis of financial position and results of operation is prepared as at August 26, 2015 and should be read in conjunction with the unaudited condensed interim financial statements for the six months ended June 30, 2015 of Lariat Energy Ltd. (the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Such factors include, but are not limited to: the ability to raise sufficient capital to fund exploration and development; the quantity of and future net revenues from the Company's reserves; oil and natural gas production levels; commodity prices, foreign currency exchange rates and interest rates; capital expenditure programs and other expenditures; supply and demand for oil and natural gas; schedules and timing of certain projects and the Company's strategy for growth; competitive conditions; the Company's future operating and financial results; and treatment under governmental and other regulatory regimes and tax, environmental and other laws.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity. Best estimate resources are considered to be the best estimate of the quantity that will actually be recovered from the accumulation. If probabilistic methods are used, this term is a measure of central tendency of the uncertainty distribution (most likely/mode, P50/median, or arithmetic average/mean). As estimates, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources that the estimated reserves or resources will be recovered or produced.

This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the reserve reports filed with respect to the Company's petroleum and natural gas properties.

Company Overview

The Company's common shares currently trade on the TSX Venture Exchange ("TSXV") under the symbol "LE" as a Tier 2 junior oil and gas issuer. The Company is a reporting issuer in British Columbia and Alberta. The Company's principal office is located at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Pursuant to an agreement dated November 8, 2010 the Company acquired a 2.5% non-operated working interest in seven sections of land in Alberta (the "Willesden Green North Property"). This acquisition constitutes the

Company's sole oil and gas interest. In February 2011 production commenced from the Willesden Green North Property.

The Company has experienced a decline in revenues during the six months ended June 30, 2015 due to declining production rates of the existing Willesden Green North wells, the shut-in of Well 8-23 and depressed prices in the oil and gas industry. As a result it is currently not generating a positive operating cash flow from operations. The Company is actively seeking oil and gas opportunities to augment its property portfolio and exploring new business opportunities.

Share Consolidation

On August 26, 2015 the Company completed a consolidation of its issued and outstanding common shares on the basis of two old common shares for one new common share. All share and per share amounts have been adjusted to reflect the consolidation.

Directors and Officers

As of the date of this MD&A the directors and officers of the Company are as follows:

Mike Marrandino	- director, President and Chief Executive Officer ("CEO")
Scott Emerson	- director
Nick DeMare	- director
Harvey Lim	- Chief Financial Officer ("CFO") and Corporate Secretary

Property Update

Willesden Green North Property

The Company has filed an independent reserves and resource evaluation on SEDAR, dated March 28, 2015, relating to the resource base of the Company in the Willesden Green North Property as of December 31, 2014. Prepared by Trimble Engineering Associates Ltd., the report follows all industry standard procedures and is in conformity with the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 ("NI 51-101").

The Willesden Green North Property is located in Townships 39-42 and Ranges 1-4 W5M approximately 30 miles west of Red Deer, Alberta. The Company owns an interest of 2.5% in eight gas wells. As at June 30, 2015 five wells are equipped and currently in production. In May 2015 TransCanada Corporation ("TransCanada") shut-down a number of its transportation lines for maintenance purposes. One of the Company's wells, Well 8-23, was affected by the shut-down. The Company has been informed that TransCanada expects maintenance to be completed and the recommencement of transmission is expected by November 2015. Well 16-33 is currently shut-in and the remaining well is standing cased awaiting completion. All wells are completed in one or more of the Horseshoe Canyon and Scollard Formations within the Edmonton Group.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company prepared in accordance with IFRS.

	Fiscal 2015		Fiscal 2014				Fiscal 2013	
	Jun. 30/15 $	Mar. 31/15 $	Dec. 31/14 $	Sep. 30/14 $	Jun. 30/14 $	Mar. 31/14 $	Dec. 31/13 $	Sep. 30/13 $
Operations:								
Revenue, net of royalties	1,902	2,092	2,987	3,695	4,408	5,125	3,302	3,001
Expenses	20,878	45,414	159,342	17,918	20,042	42,326	67,584	14,479
Other items	1,058	1,467	565	1,241	72	602	596	86
Net loss	(17,918)	(41,855)	(155,790)	(12,982)	(15,562)	(36,599)	(63,686)	(11,392)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Fiscal 2015		Fiscal 2014				Fiscal 2013	
	Jun. 30/15 $	Mar. 31/15 $	Dec. 31/14 $	Sep. 30/14 $	Jun. 30/14 $	Mar. 31/14 $	Dec. 31/13 $	Sep. 30/13 $
Statement of Financial Position:								
Working capital	174,965	192,160	233,101	247,298	258,926	25,551	60,538	73,476
Total assets	222,404	243,473	268,764	421,236	428,283	263,300	275,489	329,436
Total long-term liabilities	(2,342)	(2,402)	(2,250)	(5,805)	(5,593)	(5,559)	(5,154)	(5,317)

Results of Operations

Three Months Ended June 30, 2015 Compared to Three Months Ended March 31, 2015

During the three months ended June 30, 2015 (“Q2”) the Company reported a net loss of $17,918 ($0.00 per share), compared to a net loss of $41,855 ($0.00 per share) for the three months ended March 31, 2015 (“Q1”), a decrease in loss of $23,937. The decrease in loss for Q2 was mainly attributed to:

(i) a decrease of $10,400 in audit fees. The decrease in Q2 was due to $10,400 audit fees recorded in Q1 due to the timing of billings of the Company’s year-end financial statements; and
(ii) a decrease of $5,714 in professional fees. The Company paid $5,714 professional fees in Q1 for preparation of the Company’s reserve report related to the oil and gas interest in Alberta.

During Q2 the Company reported petroleum and natural gas revenues of $1,902 (net of $258 royalties) from the sale of 807 mcf gas, operating costs of $1,943 and $715 for depletion and depreciation. During Q1 the Company reported petroleum and natural gas revenues of $2,092 (net of $334 royalties) from the sale of 919 mcf gas, operating costs of $2,489 and $885 for depletion and depreciation. The decrease in production during Q2 compared to Q1 was due to the continued depressed gas prices, lower production from existing wells and the shut-in of Well 8-23 in May 2015.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

During the six months ended June 30, 2015 (the “2015 period”) the Company reported a net loss of $59,773 ($0.00 per share), compared to a net loss of $52,161 ($0.00 per share) for the six months ended June 30, 2014 (the “2014 period”), an increase in loss of $7,612.

During the 2015 period the Company reported natural gas revenues of $4,586 from the sale of 1,726 mcf gas. Royalties totalling $592 and operating costs of $4,432 were incurred and the Company recorded $1,600 for depletion and depreciation. During the 2014 period the Company reported natural gas revenues of $11,108 from the sale of 2,246 mcf gas. Royalties totalling $1,575 and operating costs of $5,321 were incurred and the Company recorded $2,871 for depletion and depreciation. The decrease in revenue during the 2015 period was due to a significant decrease in natural gas prices received in the 2015 period ($2.65 per mcf gas) compared to the 2014 period ($4.95 per mcf gas). The decrease in production during the 2015 period compared to the 2014 period due to the shut-in of Well 16-33 at the end of 2014, the continued depressed gas prices, lower production from existing wells and the shut-in of Well 8-23 in May 2015.

General and administrative expenses increased from $53,998 during the 2014 period to $60,223 during the 2015 period as follows:

	2015 $	2014 $
Accounting and administrative	8,050	8,600
Audit	10,400	10,561
Legal	428	-
Office	1,523	816
Professional fees	17,714	21,680
Regulatory and transfer agent fees	10,403	9,937

	2015 $	2014 $
Rent	6,600	-
Travel	5,105	2,404
	60,223	53,998

During the 2015 period the Company:

(i) was billed $8,050 (2014 - $8,600) by Chase Management Ltd. (“Chase”), a private company owned by a director of the Company, for bookkeeping, accounting, administration and management services provided by chase personnel, excluding the director;

(ii) incurred $3,000 (2014 - $nil) for professional services provided by Mr. Marrandino, the current President of the Company, since his appointment on August 1, 2014. During the 2014 period the Company incurred $3,000 for professional services provided by Mr. Emerson, the former President of the Company. In addition the Company incurred a total of $9,000 (2014 - $9,000) for professional fees provided by its two non-management current and former directors and Mr. Lim, the Chief Financial Officer of the Company. See “Related Party Transactions and Balances”;

(iii) $5,714 (2014 - $9,680) for professional services was paid for preparation of the Company’s reserve report related to the oil and gas interest in Alberta;

(iv) $6,600 (2014 - $nil) for office rent. Commencing July 1, 2014 the Company paid $1,100 per month for office rent; and

(v) a $2,701 increase in travel, from $2,404 during the 2014 period to $5,105 during the 2015 period. The increase in the 2015 period was due to management of the Company making more trips to review business opportunities than in the 2014 period.

Other general and administrative costs during the 2015 period remained comparable to the 2014 period.

Financial Condition / Capital Resources

As at June 30, 2015 the Company had working capital of $174,965. Production from the Willesden Green North Property does not generate sufficient cash flow to cover corporate, general and administrative costs. The Company recognizes that exploration expenditures may change with ongoing results and the Company is also actively reviewing other business opportunities. Management recognizes that it will require additional financings to conduct any acquisitions or pursue business opportunities in the oil and gas industry. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. There can be no assurance that it will be able to do so.

Contractual Commitments

The Company does not have any contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Principles

There are no changes in accounting policies. A detailed summary of all the Company’s significant accounting policies is included in Note 3 to the audited annual financial statements for the years ended December 31, 2014 and 2013.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of mineralized reserves, plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

Related Party Transactions and Balances

(a) *Transaction with Key Management Personnel*

During the six months ended June 30, 2015 and 2014 the following professional fees were incurred with respect to the duties carried out by the Company's current President and CEO (Mr. Marrandino), the former President and CEO (Mr. Emerson) and the current CFO (Mr. Lim):

	2015 **$**	**2014** **$**
Current President and CEO - Mr. Marrandino	3,000	-
Former President and CEO - Mr. Emerson	-	3,000
Current CFO - Mr. Lim	3,000	3,000
	6,000	6,000

As at June 30, 2015, $11,500 (2014 - $nil) remained unpaid.

(b) *Transaction with Other Related Parties*

(i) During the six months ended June 30, 2015 and 2014 the following professional fees were incurred with respect to the duties carried out by the Company's non-management current and former directors:

	2015 **$**	**2014** **$**
Current director - Mr. DeMare	3,000	3,000
Current director - Mr. Emerson	3,000	-
Former director - Mr. Gil Leathley	-	3,000
	6,000	6,000

As at June 30, 2015, $12,500 (2014 - $nil) remained unpaid

(ii) During the six months ended June 30, 2015 the Company was charged $8,050 (2014 - $8,600) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at June 30, 2015, $2,200 (2014 - $3,200) remained unpaid.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at August 26, 2015 there were 12,260,453 common shares outstanding.