

ARCHER PETROLEUM CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information, prepared as of March 29, 2016 should be read in conjunction with the consolidated financial statements of Archer Petroleum Corp. (the "Company" or "Archer") for the year ended November 30, 2015. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This management's discussion and analysis ("MD&A") and in particular the "Outlook" section, contains forward-looking statements, including, without limitation, statements about the proposed oil and gas properties and financing activities. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 29, 2016.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; and other risks of the oil and gas industry including but not limited to: delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in foreign currency exchange rates; uncertainties associated with estimating reserves; well production and decline rates; success in the finding and development of reserves; the effects of weather and climate conditions; as well as those factors discussed in the section entitled "Risks and Uncertainties". Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Nature of Business

The Company is an energy company which has focused on the exploration and development of uranium, oil and gas, and other energy related commodities in North America. During the year ended November 30, 2015, Archer determined not to proceed with its principal assets related to certain rights to Sandklene 950 and prospective oil properties located in Kentucky, U.S. Archer is now considering various business alternatives. Archer's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "ARK".

Oil-Sand Extraction Technology

During the year ended November 30, 2013, the Company acquired the non-exclusive rights to a chemical for use in the recovery of bitumen and oil from oil and tar sands from Imperial Chemical Company (“ICC”). The trade name of the chemical is Sandklene 950. The Company also acquired the rights to the Davenport Property and partial rights to the Peak Project, both located in Kentucky, with the goal of using the Sandklene 950 product on oil and tar sands that are potentially located on those properties. Testing of commercial viability of Sandklene 950 was being performed on the Peak Project by ICC.

As a result of the significant decline in oil and gas prices, the Company has determined not to proceed with the development of Sandklene 950. At November 30, 2015, the Company wrote off all assets relating to the business venture.

Properties

Davenport Property and Peak Project – Kentucky, U.S.

During the year ended November 30, 2015, the Company wrote off the Davenport Property and the Peak Project as the Company determined not to proceed with the development of Sandklene 950.

Kirkpatrick Lake Uranium Project

On April 16, 2014, the Company entered into a property option agreement to earn a 100% interest in the Kirkpatrick Lake Uranium Project, located in the north eastern Athabasca Basin, Saskatchewan (the “Kirkpatrick Project”). The Kirkpatrick Project, which covers an area of approximately 1270 hectares, lies on a line between two major uranium mines, approximately 13km southwest of the Cigar Lake Mine and approximately 27km northeast of the MacArthur River Mine.

The Company could earn a 100% interest in the Kirkpatrick Project by issuing 600,000 common shares to the vendor (issued at the fair value of \$93,000), by paying \$500,000 on or before October 16, 2015 and by completing \$2,000,000 in exploration expenditures on or before April 16, 2018. A 1% net smelter royalty has been granted to the vendor, which may be purchased by the Company for \$1,500,000.

At November 30, 2015, the Company wrote off the Kirkpatrick Lake Uranium Project. The Company decided not to proceed with the option agreement and the Company did not make the required cash option payment of \$500,000 on or before October 16, 2015.

Selected Annual Information

The Company’s fiscal period ends on November 30th of each year. The following is a summary of certain selected audited financial information for the last three completed fiscal years:

	2015 (\$)	2014 (\$)	2013 (\$)
Total Revenues	-	-	-
Loss	(1,098,542)	(2,510,613)	(4,264,029)
Loss per share (basic and diluted) ⁽¹⁾	(0.02)	(0.06)	(0.15)
Total Assets	10,563	977,436	891,411
Loan, excluding interest	176,068	164,796	-
Dividends Declared	-	-	-

⁽¹⁾ The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options.

The loss for the year ended November 30, 2015 includes an impairment of exploration and evaluation assets of \$679,849 and an impairment of intangible assets of \$3,085. The loss for the year ended November 30, 2014 includes a settlement of mineral property agreement of \$450,000, impairment of marketable securities of \$773,086, write-down of intangible assets

of \$442,035, write-down of exploration and evaluation assets of \$11,581, and share-based payments expense of \$124,168. The loss for the year ended November 30, 2013 includes a write-down of intangible assets of \$2,907,411, a write-down of exploration and evaluation assets of \$529,623 and share-based payments expense of \$296,445.

Results of Operations

Year ended November 30, 2015

The Company recorded a loss of \$1,098,542 (\$0.02 per share) for the year ended November 30, 2015 as compared to a loss of \$2,510,613 (\$0.06 per share) for the year ended November 30, 2014. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss to produce an adjusted loss that forms a better basis for comparing the year over year operating results of the Company.

	2015 (\$)	2014 (\$)
Loss for the year as reported	(1,098,542)	(2,510,613)
Share-based payment expense	3,665	124,168
Amortization of intangible asset	-	20,628
Accretion of convertible loans	11,272	7,115
Settlement of mineral property agreement	-	450,000
Impairment of marketable securities	-	773,086
Realized loss on sale of marketable securities	123,041	12,361
Write-down of intangible assets	3,085	442,535
Write-down of exploration and evaluation assets	679,849	11,581
Adjusted loss for the year ⁽¹⁾	(277,630)	(669,139)

⁽¹⁾ Adjusted loss for the year is not a term recognized under IFRS.

Comments regarding certain of these items are as follows:

- Share-based payment expense is the value of 2,500,000 stock options granted during the year ended November 30, 2014 at a weighted average fair value of \$0.06 per option and the vesting of previously granted stock options.
- Amortization of intangible asset represents the acquisition of the rights to Sandklene outside the United States amortized over its estimated useful life of 20 years.
- The vendors of the Pardoe Lake Project agreed to settle any issues regarding the forfeiture of the Pardoe Lake Project claims in exchange for the Company issuing 2,000,000 common shares at the fair value of \$450,000.
- Impairment of marketable securities was based on the reduced value of Global Resources Investment Trust plc ("GRIT") shares. The Company acquired 802,095 GRIT shares (£0.807 per share) in March 2014 by issuing 6,000,000 common shares of the Company. During the year ended November 30, 2015, the Company sold the remaining 422,409 GRIT shares for net proceeds of \$92,091 and recorded a realized loss of \$123,041.
- At November 30, 2014, the Company wrote-down all the intangible assets to US\$3,000 and recorded a write-down of \$442,535. At November 30, 2015, the Company wrote-down all intangible assets to \$nil and recorded a write-down of \$3,085.
- The Company wrote-off all exploration and evaluation assets during the year ended November 30, 2015.

The decrease in adjusted loss recorded in the year ended November 30, 2015 as compared to the year ended November 30, 2014 is the net result of changes to a number of expenses. Of note are the following items:

- Accounting and audit fees (\$56,909 vs. \$73,891) are costs to maintain accounting records and prepare financial reports as required. The decrease in the current year is due to a curtailment of general business activities.
- Consulting fees (\$nil vs. \$79,726) are comprised of fees to assist the Company in business development and financial advisory services. The Company has terminated these initiatives for the current fiscal year.
- Legal fees (\$1,825 vs. 13,000) are comprised of fees in relation to general corporate matters, decreased as a result of a curtailment of general business activities.
- Management fees (\$93,528 vs. \$159,112) decreased in the current year due to a reduction of business activities.

- Office and miscellaneous expenses (\$38,112 vs. \$73,900) represent office rent, travel expenses, bank charges and other miscellaneous expenses.
- Shareholder communications expenses (\$15,238 vs. \$218,160) represent investor relations and promotional costs incurred by the Company. The decrease is due to a curtailment of investor relations activities.

Quarterly Results

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended November 30, 2015.

	Three months ended (\$)			
	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Total revenue	-	-	-	-
Loss	(742,199)	(8,085)	(232,207)	(116,051)
Loss per share (basic) ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	10,563	698,634	674,223	849,788

	Three months ended (\$)			
	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
Total revenue	-	-	-	-
Loss	(851,147)	(137,373)	(1,363,191)	(158,902)
Loss per share (basic) ⁽¹⁾	(0.02)	(0.00)	(0.03)	(0.00)
Total assets	977,436	1,292,179	1,431,716	876,031

⁽¹⁾ The basic and diluted calculations result in the same values.

Total assets decreased and the loss increased during the quarter-ended November 30, 2015 due to the write-down of intangible assets of \$3,085 and exploration and evaluation assets of \$679,849. The loss decreased during the quarter ended August 31, 2015 due to reversing previously accrued management fees and rent expense. Total assets decreased during the quarter ended November 30, 2014 and the loss increased during the quarter ended November 30, 2014 due to the write-down of intangible assets of \$442,535. Total assets increased during the quarter ended May 31, 2014 due to the acquisition of marketable securities by the issuance of 6,000,000 common shares. The increase in the loss during the quarter ended May 31, 2014 was due to settlement of mineral property agreement of \$450,000 and the impairment of marketable securities of \$761,646.

Financing Activities and Capital Expenditures

During the year ended November 30, 2015, the Company completed the following financings.

- (i) On May 21, 2015, the Company sold the remaining 422,409 GRIT shares for net proceeds of \$92,091 and recorded a loss on sale of marketable securities of \$123,041.

During the year ended November 30, 2014 the Company completed the following financings:

- (i) On November 13, 2013, as amended on January 31, 2014, the Company entered into a subscription agreement with Global Resources Investment Trust plc, a United Kingdom based company. On March 7, 2014, the Company issued 6,000,000 common shares at a fair value of \$1,200,000 to acquire 802,095 GRIT shares (£0.807 per share). At May 31, 2014, the GRIT shares were trading at £0.625 (\$1.139) per GRIT share for an aggregate fair value of \$913,235.

- (ii) On March 26, 2014, the Company issued a secured convertible loan for the principal sum of \$180,000. The convertible loan bears interest at 11% and is repayable on March 26, 2016. The convertible loan is convertible at the option of the holder into common shares of the Company at a conversion price of \$0.20 per share. Interest is payable on the earlier of March 26, 2016 and the date of conversion. Interest is payable in cash or in common shares of the Company at the option of the Company. The note is secured by all the assets of the Company and its subsidiaries.
- (iii) 1,120,000 warrants were exercised for gross proceeds of \$97,000. At November 30, 2013, the Company had received \$24,000.
- (iv) On November 24, 2014, the Company completed a private placement of 6,500,000 units at a price of \$0.05 per unit for gross proceeds of \$325,000. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder thereof the right to purchase one common share at \$0.05 per share until November 24, 2016. The Company incurred finder's fees and other cash issuance costs of \$18,723 in connection with the private placement. In addition, the Company issued 306,250 finders' warrants. Each finders warrant entitles the holder thereof the right to purchase one common share at \$0.05 per share until November 14, 2016.

Liquidity and Capital Resources

The Company's operations consumed approximately \$283,000 of cash (before working capital items) for the year ended November 30, 2015 (2014 - \$673,000) with an additional approximately \$25,000 utilized on exploration and evaluation assets. The cash requirement was funded from the net proceeds of \$92,091 received on the sale of GRIT shares, as well as the cash on hand at the beginning of the year.

The Company's aggregate operating, investing and financing activities during the year ended November 30, 2015, resulted in a net decrease in its cash balance by \$150,692 to \$7,414 at November 30, 2015.

During the year ended November 30, 2015, the Company's working capital increased by approximately \$607,000 leading to working capital deficiency of approximately \$678,000 at November 30, 2015.

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. At November 30, 2015, the Company had not yet achieved profitable operations, had a working capital deficiency of \$678,559, had an accumulated deficit of \$25,360,786 since inception and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

Transactions with Related Parties

The Company incurred the following expenditures during the year ended November 30, 2015 and 2014 that were charged by officers of the Company and / or companies they owned or were significant shareholders of:

	2015 (\$)	2014 (\$)
General and administrative expenses		
Accounting and legal fees ⁽¹⁾	24,840	34,957
Management fees ⁽²⁾	93,528	159,112
	118,368	194,069

(1) The charges include accounting and corporate secretary fees billed by Malaspina Consultants Inc., a company owned by an officer of the Company, Rob McMorran.

(2) The charges include fees billed by Colin Bowkett and Aaron Wilson, officers of the Company.

Included in accounts payable and accrued liabilities as at November 30, 2015 is \$252,968 (2014 – \$154,995) due to companies controlled by directors of the Company and to directors and officers of the Company.

Key management includes the Chief Executive Officer, the Chief Financial Officer, the Vice President of Operations and the directors of the Company. The compensation paid or payable to key management for services during the year ended November 30, 2015 and 2014 is identical to the table above other than an additional \$71,549 of share-based payments expense during the year ended November 30, 2014.

Financial Instruments

Designation of Financial Instruments

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and convertible loan. The Company designated its cash as loans and receivables, which are measured at amortized costs. Marketable securities are designated as available-for-sale financial assets, which are measured at fair value with unrealized gains and losses recognized in other comprehensive loss. Convertible loans and accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities are denominated in US dollars giving rise to risks from changes in the foreign exchange rates. The Company is exposed to currency exchange rate risk to the extent of its activities in the United States. The Company's currency risk is presently limited to US\$158,682 of net financial liabilities denominated in US dollars. Based on this exposure as at November 30, 2015, a 5% change in the US dollar exchange rate would give rise to a change in loss and comprehensive loss of approximately \$8,000. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The currencies of the Company's financial instruments, based on notional amounts, as at November 30, 2015 were as follows:

	Canadian dollars	US Dollars
Cash	7,238	132
Accounts payable and accrued liabilities	(300,990)	(158,814)
Convertible loan	(180,000)	-
Net balance sheet exposure	<u>(473,752)</u>	<u>(158,682)</u>

The currencies of the Company's financial instruments, based on notional amounts, as at November 30, 2014 were as follows:

	British pounds	Canadian dollars	US dollars
Cash	-	158,020	75
Marketable securities	120,387	-	-
Accounts payable and accrued liabilities	-	(322,794)	(131,787)
Convertible loan	-	(180,000)	-
Net balance sheet exposure	<u>120,387</u>	<u>(344,774)</u>	<u>(131,712)</u>

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The majority of the Company's cash is held through a major Canadian chartered bank and a major US bank and accordingly, the Company's exposure to credit risk is considered to be limited.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The convertible loan bears interest at a fixed rate of 11%. The Company is not exposed to risk from fluctuations in market interest rates.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. The Company had the following working capital deficiencies:

	November 30, 2015	November 30, 2014
	(\$)	(\$)
Current assets	10,563	402,098
Current liabilities	(689,122)	(473,476)
Working capital deficiency	<u>(678,559)</u>	<u>(71,378)</u>

The ability of the Company to eliminate its working capital deficiency is dependent upon its ability to secure additional equity or other financing.

Outstanding Share Data

a) Authorized:

Unlimited common shares without par value
Unlimited preference shares issuable in series

b) Issued and outstanding:

54,181,810 common shares as at March 29, 2016.

c) Outstanding options and warrants as at March 29, 2016:

Type of Security	Number	Exercise Price	Expiry Date
Warrants	3,556,250	\$ 0.05	November 24, 2016
Options	15,500	\$ 1.20	May 30, 2016
Options	2,500,000	\$ 0.07	November 28, 2019
Options	1,651,112	\$ 0.20	February 14, 2023
Options	100,000	\$ 0.40	April 9, 2023
Conversion Feature of Promissory Note	900,000	\$ 0.20	March 26, 2016
	8,722,862		

Outlook

The Company has determined not to proceed with development of the Sandklene 950 technology and the related exploration and evaluation assets. The Company is considering various business opportunities.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended November 30, 2015 and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may

be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include fluctuating commodity prices and interest rates, all of which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.
- Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many resource properties. Although the Company has taken steps to verify title to resource properties 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.