

KNOL RESOURCES CORP.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

Background

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) of financial position and results of operation for Knol Resources Corp. (the “Corporation” or “Knol”) is prepared as at May 17, 2018. This MD&A should be read in conjunction with the Corporation’s unaudited condensed interim financial statements as at and for the three months ended March 31, 2018 and with the Corporation’s audited financial statements as at and for the year ended December 31, 2017.

Except as otherwise disclosed, all dollar figures included in the audited consolidated financial statements and in the following MD&A are quoted in Canadian dollars, and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Additional information relevant to the Corporation’s activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements may include, but are not limited to Corporation’s expected future financial position, financial and operational results, the execution of the Company’s business strategy, access to capital, and the outcomes of uncertain events. When used in these Quarterly Highlights, words such as “believe,” “anticipate,” “project,” “intend,” “expect,” “may,” “will,” “plan,” “attempts,” “seeks,” and similar expressions are intended to identify these forward-looking statements.

Significant forward-looking statements made in these Quarterly Highlights include, but are not limited to expectations for the timing, nature and structure of new operating activities; expected payments required for environmental reclamation; and expected payments paid or received on the disposition of assets and liabilities held for sale.

The Corporation’s actual results are dependent on factors such as the availability of oil and gas assets or investment opportunities on terms acceptable to the Corporation and general financing market conditions. As such, actual performance or achievements could differ materially from those expressed in, or implied by these forward-looking statements, and accordingly, no assurance can be given that any events, situations or outcomes indicated in these forward-looking statements will transpire or what benefits or liabilities to the Corporation will arise from these outcomes. Accordingly, readers of these Quarterly Highlights are cautioned against placing undue reliance on forward-looking statements.

Corporation Overview and Outlook

The Corporation currently has no significant business activities or operating assets and is seeking a strategic business or asset acquisition that would benefit from the Corporation’s balance of cash and cash equivalents, its status as a publicly-listed entity and its historical tax losses.

To facilitate its transition to new operations, the Corporation is seeking to discharge its remaining asset retirement obligations from two legacy oil and gas interests that remain from its historical operations. The Corporation has entered into an agreement to assign its interest, subject to regulatory approvals, in one site and is considering various alternatives to reclaim or otherwise discharge its reclamation obligation for the second site.

Analysis of the Corporation's Financial Performance and Condition

<i>(\$ thousands, except as indicated)</i>	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenues								
Interest income	13	12	13	11	12	12	15	14
Expenses								
General and administrative costs	63	94	86	79	124	103	207	77
Environmental reclamation	-	-	-	100	-	50	-	154
Other (gains) losses	-	-	-	-	-	-	-	(12)
Net loss and comprehensive loss	(50)	(82)	(73)	(168)	(113)	(141)	(192)	(205)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Working capital surplus	3,539	3,589	3,671	3,729	3,897	3,939	4,080	4,273

General expense structure

Interest income for the reported quarters was earned on term deposits held by the Corporation. Interest income for each quarter fluctuates with the principal balance invested and market interest rates.

General and administrative costs comprise audit and legal services, share-based compensation consulting fees for land, accounting and management services and exchange listing and other costs incurred as a public company. Generally, these costs are consistent from quarter to quarter, but there were significant increases in the third and fourth quarters of 2016 for legal and consulting fees incurred in connection with an unsuccessful corporate acquisition. Additionally, share-based compensation expenses of \$70 thousand and \$15 thousand were recorded in the first and third quarters of 2017, respectively, following the grant of stock options. Finally, the Corporation accrued for year-end audit fees in the fourth quarters of 2017 and 2016, which resulted in increased general and administrative costs in these periods.

In the second quarter of 2016, the Corporation recorded a \$154 thousand environmental reclamation expense to reflect a change in the landowner's expected use for a wellsite and a consequent change in the scope of required surface reclamation. In the fourth quarter of 2016, the Corporation increased its reclamation provision by \$50 thousand to reflect a contingency component of a work estimate received from a potential reclamation contractor and an additional \$100 thousand was recorded in the second quarter of 2017 as the reclamation scope was finalized.

Three months ended March 31, 2018

The Corporation reported a \$50,298 net loss for the three months ended March 31, 2018 (2017 - \$112,626). The decreased net loss was largely owing to a \$70,363 non-cash expense recognized for the grant of fully-vested stock options in the three months ended March 31, 2017 that was not incurred in 2018. Other costs incurred for the three months ended March 31, 2018 include on-going land and administrative consulting fees, insurance expenses and other administrative charges. These charges were incurred at levels consistent with prior periods.

As at March 31, 2018, the Corporation had cash and cash equivalents of \$3,627,724, a decrease of \$50,298 thousand from December 31, 2017. The decrease is partially owing to expenditures for on-going operations during the period. The Corporation had \$29,349 in accounts payable and accrued liabilities as at March 31, 2018 (December 31, 2017 - \$31,640). The March 31, 2018 amount includes accruals for the remaining balance of its 2016 audit fee and amounts owing for management services. Total liabilities, which includes liabilities associated with assets held for sale and an asset retirement obligation in addition to accounts payable and accrued liabilities was \$429,309 as at March 31, 2018 compared with \$431,640 as at December 31, 2017 with the only change being the payment of accounts payable and accrued liabilities during three months ended March 31, 2018.

Related Party Transactions

Consulting fees for the three months ended March 31, 2018 includes \$7,500 (2017 - \$7,500) for consulting services provided by Michael Atkinson, the Corporation's President and Chief Executive Officer. The fees were incurred for management and business development services provided in the normal course of business, and have been measured at an exchange amount.

Consulting fees for the three months ended March 31, 2018 includes \$24,000 (2017 - \$24,000) for consulting services performed by Earlston Management Corp. ("Earlston"), an entity related by virtue of providing key management services to the Corporation. As at March 31, 2018, \$8,000 (December 31, 2017 - \$8,000) is included in accounts payable and accrued liabilities for amounts owing to Earlston.