

GALILEO PETROLEUM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS For the nine months ended March 31, 2016

NOTE TO READER

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Galileo Petroleum Ltd. ("Galileo" or the "Company"), its history, business environment, strategies, performance and risk factors from the viewpoint of management.

This MD&A has been prepared based on information known to management as of May 30, 2016 and should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended March 31, 2016 and the related notes all of which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB.

The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results will change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls, and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review financial statement results, including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on www.sedar.com and to review general information, including maps on the Company's website at www.galileopetroleum.ca.

DATE

This MD&A is prepared as of May 30, 2016.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is a natural resource exploration company focused primarily on the acquisition, exploration and development of crude oil projects. The Company is concentrating on identifying oil or natural gas properties that have potential for discovery of reserve and with further development, have good production potential.

On March 8, 2011, the Company signed an Agreement to participate in the exploration, exploitation and production of oil and natural gas in central Saskatchewan – see "Exploration review".

On October 20, 2014, the TSX Venture Exchange ("TSX-V) approved the Company's share consolidation on the basis of 3 pre-consolidation common shares for 1 post-consolidation common share of the Company. All references to number of shares and per share amounts have been retroactively restated to reflect this consolidation.

FORWARD LOOKING STATEMENTS

Certain information set forth in this report contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties including: the results of current oil and gas operation and exploration activities; market reaction to future operation and exploration activities; significant changes in oil prices; currency fluctuations; general market and industry conditions; and other

factors detailed in the Company's public filings. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Galileo Petroleum Ltd.'s actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements, and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits Galileo Petroleum Ltd. will derive therefrom. Galileo Petroleum Ltd. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward looking statements included or incorporated by reference in this document include statements with respect to:

- The Company's progress, potential and uncertainties of its oil and gas drilling program in central Saskatchewan.
- The Company's progress, potential and uncertainties of its oil and gas drilling program in central Alberta.
- The Company's expectations regarding the ability to find new projects in Canada.
- Expectations regarding the ability to raise capital to continue its exploration, project search and acquisition activities.

EXPLORATION REVIEW

HIGHLIGHTS

The Company entered an agreement to participate in the development of an oil and natural gas play in central Saskatchewan (See Salt Lake project).

OUTLOOK

The Company continues to monitor production from the Salt Lake (BirdBear) Project and will undertake a review of the current portfolio with the view of monetizing assets for debt reduction. New projects for acquisition, on a larger scale, are being targeted.

PETROLEUM AND NATURAL GAS JOINT VENTURES

Salt Lake Project (Birdbear formation)

On March 8, 2011, the Company entered into an agreement to participate in the development of an oil and natural gas play in central Saskatchewan. Under the terms of the agreement the Company has the right to earn a 25%, non-operating, working interest in a total of four sections of land (2,560 acres). A 25% working interest in the first two sections was earned by participating in, and paying a 50% cost share of, the drilling of one vertical and one horizontal well. An interest in an additional two sections of land was earned with participation on a "straight up basis" (25% of costs for a 25% working interest) in the drilling of a subsequent horizontal well. Each of the horizontal wells will qualify for the Province of Saskatchewan's drilling incentive program with a maximum 2.5% government royalty on the first 100,000 barrels of production.

On March 28, 2011, the Company secured two additional sections of contiguous land by way of a seismic option. Future production from these lands is subject to a sliding scale nonconvertible royalty.

On August 15, 2011, the Company announced that it had established oil production through a five-well drilling program. The Company tested and brought the wells on stream achieving combined average production of 130 barrels of oil per day ("bopd"), 33 bopd net to the Company.

At this time one oil well remains producing on a limited basis, and one natural gas well is suspended due to low gas prices.

As at March 31, 2016, the Company has total expenditures of \$2,046,329 (June 30, 2015 - \$2,043,551) on

the Salt Lake project.

PETROLEUM AND NATURAL GAS EXPENDITURES

During the nine months ended March 31, 2016, the Company spent \$2,016 on petroleum and natural gas property expenses (2015 – \$13,826). The Company's oil and gas properties are located in Saskatchewan, Canada.

	Developing & Producing	
	Salt Lake	Total
Total as at June 30, 2014	\$ 351,430	\$ 351,430
Completion	13,984	13,984
Decommissioning obligation	2,279	2,279
Total expenditures	16,263	16,263
Impairment loss	(213,079)	(213,079)
Depletion of oil and gas properties	(141,678)	(141,678)
Total as at June 30, 2015	\$ 12,936	\$ 12,936
Completion	2,016	2,016
Total expenditures	2,016	2,016
Depletion of oil and gas properties	(6,410)	(6,410)
Total as at March 31, 2016	\$ 8,542	\$ 8,542

IMPAIRMENT OF LONG-LIVED ASSETS

The Company completed an impairment analysis as at March 31, 2016, which considered the indicators of impairment in accordance with IAS 36, "Impairment Assets". Management recorded an impairment loss of \$Nil for the nine months ended March 31, 2016 (2015 - \$Nil). No impairment charge was required because:

- there have been no significant changes in the legal factors or climate that affects the value of the remaining properties;
- all properties rights remain in good standing;
- there have been no significant changes in the projections for the properties.

SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

For the years ended June 30th

	2015	2014	2013
Net loss	\$ 430,928	\$ 386,844	\$ (1,689,917)
Basic EPS	\$ (0.08)	\$ (0.04)	\$ (0.17)
Total assets	\$ 55,073	\$ 404,634	\$ 806,014
Total capital expenditures	\$ 13,984	\$ 19,430	\$ (4,061)
Total long-term debt	Nil	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended			
	March 31	December 31	September 30	June 30
	2016	2015	2015	2015
	\$	\$	\$	\$
Oil and gas revenue	6,046	7,056	12,381	7,206
Other gains (losses)	-	2,000	-	(201,232)
Expenses	31,881	33,071	43,551	164,280
Net income (loss)	(25,835)	(24,015)	(31,170)	358,306
Net loss per share	(0.003)	(0.003)	(0.005)	(0.04)

	Three Months Ended			
	March 31	December 31	September 30	June 30
	2015	2014	2014	2014
	\$	\$	\$	\$
Oil and gas revenue	10,980	18,513	27,438	37,465
Other gains (losses)	14,366	4,387	61,002	112,262
Expenses	57,601	76,509	63,597	59,288
Net loss	(32,255)	(53,609)	24,843	90,439
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

For the quarter ended March 31, 2016 the Company recorded net loss of \$25,835 (loss per share - \$0.003) compared to \$32,255 (loss per share - \$0.006) in the third quarter of fiscal 2015. The change in net loss is due to a decrease in resource operation expenses and administration expenses that result from the Company's continued efforts to conserve capital and the decrease in oil and gas sales revenue.

During the three months ended March 31, 2016, the Company recorded \$6,046 (2015 - \$10,980) in oil and gas revenues.

During the three months ended March 31, 2016, the Company incurred \$31,881 (2015 - \$57,601) expenses, of which \$1,822 (2015 - \$19,194) relates to non-cash depletion. The Company's general and administrative expenses, excluding the non-cash items, and the resource operating expenses of \$10,414 (2015 - \$13,813) amounted to \$19,645 compared to 2015's \$24,594, a decrease of \$4,949. The decrease was primarily due to a decrease in engineering data fees, legal fees and regulatory fees incurred in the period, as well as a general decrease in other office expenses that resulted from the Company's increased efforts to curtail operations and conserve cash. Other administrative expenditures varied over the period but the overall effect of these variances was not material.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MARCH 31, 2016 AND 2015

During the six months ended March 31, 2016 the Company incurred losses of \$81,020 (loss per share - \$0.01) compared to a net loss of \$61,021 (loss per share - \$0.01) for the same period in 2015. The change in net loss from the previous fiscal year is primarily due to (a) the decrease in oil and gas sales of \$27,066, (b) the recording a gain on extinguishment of debt of \$62,877 (2015 - Nil) in the nine months ended March 31, 2016 offset by a decrease in expenses of \$84,822.

During the nine months ended March 31, 2016, the Company recorded \$24,490 (2015 - \$51,556) in oil and gas revenues.

During the nine months ended March 31, 2016, the Company incurred \$107,510 (2015 - \$192,332) in expenses, of which \$6,410 (2015 - \$57,582) relates to non-cash depreciation and depletion. The Company's general and administrative expenses, excluding the non-cash items, and the resource operating expenses of \$34,968 (2015- \$47,261) amounted to \$66,132 compared to 2015's \$87,489 a

decrease of \$21,357. The decrease was primarily due to a decrease in engineering data fees, audit fees, as well as a general decrease in other office expenses that resulted from the Company's increased efforts to curtail operations and conserve cash, offset by an increase in management and consulting fees related to the Company's project search efforts, corporate management and financing activities, an increase in lawyer fees and transfer agent expenses related to the settlement of debt with shares and the share consolidation. Other administrative expenditures varied over the period but the overall effect of these variances was not material.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect its operations or financial condition of the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash totaled \$3,763 and had a working capital deficiency of \$77,990 as of March 31, 2016 (June 30, 2015: cash of \$1,453 and working capital deficiency of \$235,564). The increase in cash of \$2,310 is primarily due to \$152,500 received in two private placements and \$7,030 received from shareholders' loans, offset by \$83,730 spent in the settlement of shareholders' loans, \$80,594 in operating activities, and oil and gas expenditures of \$2,016. The decrease in working capital deficiency of \$157,574 is primarily due miscellaneous operation expenditures offset by the settlement of certain debts with cash and shares of the Company.

Common Shares

As at March 31, 2016, the Company has an authorized unlimited number of common shares without par value. All issued shares are fully paid. The following amounts have been retroactively restated to reflect the post consolidation number of shares and per share amounts.

On November 5, 2015, the Company issued 1,534,000 common shares pursuant to a private placement for gross proceeds of \$76,700, pursuant to a non-brokered private placement.

On November 12, 2015, the Company issued 1,516,000 units at a price of \$0.05 per unit for gross proceeds of \$75,800, pursuant to a non-brokered private placement. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.10 until November 12, 2017.

On September 14, 2015, the Company issued a total of 1,634,000 common shares at a fair value of \$81,700, based on the Company's share price on the date of issue, in settlement for certain shareholder's and other creditor's loans owed by the Company for an aggregate amount of \$81,700.

	No. of Common Shares Issued and Outstanding	Share Capital Amount
June 30, 2014	5,120,729	\$ 4,406,246
June 30, 2015	5,422,681	\$ 4,433,423
March 31, 2016	10,106,681	\$ 4,644,830
May 30, 2016	10,106,681	\$ 4,644,830

Stock Options

At March 31, 2016 the Company had Nil (June 30, 2015 – 6,667) outstanding stock options with an exercise price of \$Nil (June 30, 2015 - \$2.10).

During the nine months ended March 31, 2016, 6,667 stock options expired unexercised, and nil options were exercised.

Warrants

As at March 31, 2016, a total of 758,000 share purchase warrants were outstanding as follows:

Expiry date	No. of warrants	Exercise Price
12-Nov-17	758,000	\$ 0.10

If all the remaining outstanding warrants were exercised, the Company available cash would increase by \$75,800.

As at March 31, 2016, contributed surplus totaled \$1,300,586 (June 30, 2015 - \$1,277,793).

As the date of the MD&A there were 10,106,681 common shares issued and outstanding and there would be 10,864,681 common shares, on a fully diluted basis.

The Company relies on equity financings to fund its exploration activities, corporate overhead expenses and acquisitions. There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favourable. To date, the Company has not used debt or other means of financing to further its exploration programs.

TRANSACTIONS WITH RELATED PARTIES

Payments to related parties were made in the normal course of operations and were valued at fair value as determined by management. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. All outstanding balances are unsecured, and there are no commitments or guarantees associated with the outstanding balances.

		Nine months ended March 31, 2016		Year ended June 30, 2015	
		Total Charges	Balance Outstanding	Total Charges	Balance Outstanding
Amounts in accounts payable	Services for:				
A private company with a director in common with the Company	Accounting, finance, promissory note	\$ 9,988	\$ 15,764	\$ 43,276	\$ 43,276
A public company with directors in common with the Company	Administrative fees, advances	-	3,343	10,902	13,251
Directors	Accrued salaries, expense reimbursement, loans	22,500	35,500	64,200	64,200
Total		\$ 32,488	\$ 54,607	\$ 118,378	\$ 120,727

During the year ended June 30, 2015, the Company received a loan from a private company with a director in common for \$25,000. The loan is unsecured, non-interest bearing and has no fixed terms of repayment. On September 15, 2015 the Company issued 500,000 common shares in settlement for this loan. As of March 31, 2016 the Company owes this private company \$Nil (June 30, 2015 – \$25,000) in regards to this loan.

During the year ended June 30, 2015, the Company received loans from certain directors of the Company for \$51,700. The loans are unsecured, non-interest bearing and have no fixed terms of repayment. On September 15, 2015 the Company issued 1,034,000 common shares in settlement for these loans. As of March 31, 2016 the Company owes these certain directors \$Nil (June 30, 2015 – \$51,700) in regards to these loans.

During the nine months ended March 31, 2016, the Company received loans from a private company with a director in common for \$7,030. The loans are unsecured, non-interest bearing and have no fixed terms of repayment. As of March 31, 2016 the Company owes this private company \$Nil (June 30, 2015 - \$Nil) in regards to these loans.

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

	Nine months ended March 31,	
	2016	2015
Short-term employee benefits	\$ 22,500	\$ 22,500
Share-based payments	-	-
Total	\$ 22,500	\$ 22,500

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the board of directors. All current transactions are fully disclosed in the financial statements for the period ended March 31, 2016.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com.

Outstanding Share Data

As at May 30, 2016 the Company had the following items issued and outstanding:

- 10,106,681 common shares.
- 758,000 warrants with an exercise price of \$0.10 expiring until November 12, 2017.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the extent to which it can discover oil and gas reserves or acquire oil and gas properties and the economic viability of developing its properties.

The Company competes with many companies possessing greater financial resources and technical facilities than itself. The market price of oil and gas is volatile and cannot be controlled. There is no assurance that the Company's oil and gas exploration and development activities will be successful. The development of oil and gas properties involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome.

The development of oil and gas resources in Canada is subject to a comprehensive review, approval and permitting process that involves various federal and regional agencies. There can be no assurance given that the required approvals and permits for an oil and gas project, if technically and economically warranted, on the Company's claims can be obtained in a timely or cost effective manner.

Most of the Company's short to medium term operating funds and cash flow must be derived from external financing. Actual funding may vary from what is planned due to a number of factors including the progress of exploration and development on its current properties. Should changes in equity market conditions prevent the Company from obtaining additional external financing, the Company will need to review its exploration and oil and gas property holdings to prioritise project expenditures based on funding availability.

The Company competes with larger and better financed companies for exploration personnel, contractors and equipment. Increased exploration activity has increased the demand for equipment and services. There can be no assurance that the Company can obtain required equipment and services in a timely or cost effective manner.

The Company's financing activities in Canada make it subject to foreign currency fluctuations and such fluctuations may materially affect its financial position and results.

INTERNAL CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING ('ICFR')

No changes occurred in the current period of the Company's ICFR that have materially affected or are reasonable likely to materially affect the Company's ICFR.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The fair values of the Company's cash, marketable securities, short-term investments, amounts receivable, accounts payables and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest risk.

(a) Currency risk

The Company may acquire property interests in foreign jurisdictions that may make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

(b) Credit risk

The Company's cash and cash equivalents are held in a Canadian financial institution. The Company does not have any asset-backed commercial paper in its cash and cash equivalents or short-term investments. The Company's amounts receivable consists primarily of oil and gas sales receivable, and tax due from the federal government of Canada.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity. A 1% change in the interest rate, with other variables unchanged, would affect the Company by an annualized amount of interest equal to approximately \$100.

(e) Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices, affecting results of operations and cash generated from operating activities. Such prices may also affect the value of exploration and development properties and the level of spending for future activities. Prices received by the Company for its production are largely beyond the Company's control as oil and gas prices are impacted by world economic events that dictate the levels of supply and demand. The Company did not have any commodity price contracts in place as at or during the nine months ended March 31, 2016.