MANAGEMENT DISCUSSION & ANALYSIS
For the nine months ended September 30, 2016

Date

This Management Discussion and Analysis ("MD&A") of Oyster Oil and Gas Ltd. ("Oyster" or the "Company") has been prepared by management as of, and is dated, November 17, 2016 and should be read together with the unaudited financial statements and related notes for the nine months ended September 30, 2016, as well as the Company's audited financial statements for the year ended December 31, 2015, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information regarding the Company can be found on SEDAR at www.sedar.com. All amounts following are expressed in Canadian dollars unless otherwise stated.

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

Overall Performance

Oyster is an international exploration company engaged in the acquisition, exploration and development of oil and gas interests in Africa. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "OY".

On March 12, 2013, the Company completed the acquisition of all of the issued and outstanding shares of Oyster Oil and Gas Limited ("Oyster BVI"). As consideration, the Company issued 9,485,727 common shares and non-transferable warrants for the purchase of up to 5,891,111 common shares of the Company at an exercise price of $0.44 per share, for a period of 30 months from the date of issue. In addition should, within 18 months of the closing, the Company enter into one or two agreements for the acquisition by Company of a property in Africa or elsewhere that the board of directors of the Company considers to be in the best interests of the Company's shares, then for each of such one or two agreements the Company will issue to the Oyster BVI shareholders 1,853,785 additional common shares of the Company and warrants for the purchase of up to an additional 1,166,945 common shares of the Company. In connection with the Transaction, the Company also issued 250,000 common shares to a third party as compensation for introducing the Company to the Oyster BVI.

On March 12, 2013, James Gillis resigned as a director of the Company and was replaced by Michael Wood.

On April 15, 2013, Michael Wood was appointed President and Chief Executive Officer, replacing Dorian Banks.

On April 20, 2013, the Company granted incentive stock options to officers, directors and consultants to purchase 1,000,000 common shares at a price of $0.55. In addition the Company issued incentive stock options to a director to purchase 100,000 common shares at a price of $0.68. These options expire on April 20, 2018.

On April 23, 2013, Donald Sharpe was appointed to the Board of Directors.

On June 10, 2013, Bruce McNaught was elected to the Board of Directors at the Company's annual general meeting.

On October 24, 2013, the Company closed an agreement to acquire a 10% working interest in certain exploration and evaluation stage oil and gas assets located onshore in the north western part of Madagascar. The consideration for the acquisition consisted of a $500,000 cash payment upon closing and upon the drilling of the first exploration well commencing a further payment of $250,000 and 250,000 common shares. $50,000 of the cash payment required on closing had been prepaid as a deposit during the quarter ended September 30, 2013. In addition, as a result of the acquisition, the Company issued 1,853,785 common shares and 1,166,945 warrants exercisable at $0.625 per share as per the acquisition agreement with Oyster Oil and Gas Limited.

On March 5, 2014, the Company appointed Michael Wood, Donald Sharpe and Greg Turnbull to a technical advisory committee and granted incentive stock options to purchase 150,000 common shares at a price of $0.45. These options expire on March 5, 2019.

On July 21, 2014, Greg Turnbull was appointed to the Board of Directors.

On July 21, 2014, the Company granted incentive stock options to a director to purchase 50,000 common shares at a price of $0.50 per share. These options expire on July 21, 2019.

On October 30, 2015, Bruce McNaught was appointed Chief Financial Officer, replacing Martin Bajic.

On February 3, 2016, the Company entered into an agreement for a promissory note in the amount of $100,000 of which $50,000 was received on February 3, 2016 and $50,000 was received on May 13, 2016. The promissory note is unsecured, accrues interest at 5% per annum on the outstanding principal balance. In May 2016, an amendment to the promissory note was signed to extend the maturity date from July 31, 2016 to September 30, 2016. The promissory notes were not repaid at maturity and no demands have been made for repayment.

On May 13, 2016, the Company entered into an agreement for three promissory notes in the amount of $60,000 from related parties. The promissory notes are unsecured, accrue interest at 5% per annum on the outstanding principal balance and have a maturity date of September 30, 2016. The promissory notes were not repaid at maturity and no demands have been made for repayment.

On May 20, 2016, the Company granted incentive stock options to directors, officers and consultants of the Company to purchase 1,800,000 common shares at a price of $0.14 per share. These options expire on May 20, 2021.

On August 10, 2016, the Company entered into a loan agreement to borrow an amount of $150,000 USD from an arm's-length party. The loan bears interest at 2% per annum and is repayable on or before December 31, 2017. This financing was originally arranged in February 2016.

Exploration and Evaluation Assets

Republic of Djibouti

Oyster BVI had signed a production sharing contract in September 2011 with the Government of the Republic of Djibouti awarding four exploration blocks to the Company. The decree was granted on February 1, 2012.

Exploration and evaluation expenditures incurred and capitalized on this property from the time of acquisition of Oyster BVI by the Company to September 30, 2016 is as follows:

Acquisition of Oyster BVI	$	4,568,355
Field and technical work		1,176,075
Field office, management and administration		1,209,718
	$	6,954,148

On October 9, 2013, the Company announced commencement of an onshore geophysical survey covering some 430 kms in Blocks 1, 2 & 4.

On March 1, 2014, the Company entered into Phase II of the Production Sharing Contract with the Government of the Republic of Djibouti. Phase II is for a three year duration expiring in February 2017.

In January 2016, Oyster commenced an airborne survey in the Republic of Djibouti. The program consists of a high density gravity and magnetics airborne survey over some 3,350 line kilometers onshore and offshore in southern Djibouti. The contract included the processing and inversion studies of the collected data and was concluded in quarter 3 of 2016. The purpose of the survey is to identify optimum areas for further exploration work prior to making any drilling decisions.

Republic of Madagascar

On October 24, 2013, the Company closed an agreement to acquire a 10% working interest in certain exploration and evaluation stage oil and gas assets located onshore in the north western part of Madagascar. The consideration for the acquisition consisted of a $500,000 cash payment upon closing and upon the commencement of drilling of the first exploration well a further payment of $250,000 and common shares with a value of $250,000.

In addition, as a result of the acquisition, the Company issued 1,853,785 common shares with a fair value of $0.65 per share and 1,166,945 warrants exercisable at $0.625 per share as per the acquisition agreement with the sellers of Oyster BVI.

A multi-well coring program designed to achieve multiple of objectives including the recovery of 2,000m of core samples. The program commenced in August of 2014 and the program was completed in December 2014. On December 15, 2014 the Company announced that two of the core holes located near the large Ampasindava peninsula and prospect were “drilled to depths of 650m (2,112ft) and 500m (1,625ft) adjacent to the 1902 coal borehole (Ankaramy-1) which had reportedly encountered "hydrocarbon shows". Cores recovered from both locations indicate the presence of hydrocarbons and potentially good reservoir quality over multiple zones”.

As previously reported by the Company, Oyster’s former joint venture partner in Madagascar was defaulted under both the Production Sharing Contract and the Joint Operating Agreement (“Agreements”). Oyster has been working closely with the Government of Madagascar on the transfer of the interest held by its former partner to the Company in accordance with the provisions of the Agreements. On June 2, 2016, the Company and the Government signed transfer documents that confirm Oysters rights to a 100% working interest and appointment as Operator of the Antsiranana Block 1101 located onshore in northern Madagascar. Subsequently Oyster and the Government have concluded a renegotiation of the Production Sharing Agreement which was signed on August 2, 2016; which amongst other changes provides for a two year extension to the current exploration phase. There are certain outstanding obligations that the Company is required to meet to make this effective.

Exploration and evaluation expenditures incurred and capitalized on this property since acquisition to September 30, 2016 consist of the following:

Acquisition costs	$	2,232,190
Field and technical work		613,438
Field office, management and administration		455,264
	$	3,300,892

Results and Discussion of Operations

The selected period information and summary of financial results in this MD&A and our Interim Financial Statements should be read in conjunction with the consolidated annual financial statements of the Company for the year ended December 31, 2015.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

For the nine months ended September 30, 2016, the Company reported a net loss of $573,558 compared to $565,107 for the same period in 2015 representing an increase of $8,451.

Expenses comprised of corporate office of $229,272 (2015 - $282,251), general and administrative of $75,633 (2015 - $155,758), property investigation of $9,324 (2015 - $31,037), stock based compensation of $262,900 (2015 – $nil) and amortization of $255 (2015 - $112).

Interest income earned during the nine months ended September 30, 2016 amounted to $292 compared to interest income earned of $572 in 2015. The decrease is a result in depletion in the Company's short term investment balance as the Company continued to fund exploration and administrative activities through cash.

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

For the three months ended September 30, 2016, the Company reported a net loss of $88,439 compared to $173,636 for the same period in 2015 representing a decrease of $85,197.

Expenses comprised of corporate office of $66,525 (2015 - $70,034), general and administrative of $20,523 (2015 - $43,930), property investigation costs of $154 (2015 - $16,708) and amortization of $85 (2015 - $32).

Interest income earned during the three months ended September 30, 2016 amounted to $257 compared to interest loss of $271 in 2015. The increase is a result in interest earned on the restricted cash account.

Summary of Quarterly Results

	Q3 2016	**Q2 2016**	**Q1 2016**	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**
	$	$	$	$	$	$	$	$
Net Income (Loss)	(88,439)	(352,620)	(132,499)	(77,296)	(173,636)	(179,402)	(212,069)	(165,705)
Income (Loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)

The June 30, 2016 loss included a stock based compensation expense of $262,900.

Liquidity and Capital

The Company reported a working capital deficiency of $778,639 at September 30, 2016 compared to working capital deficiency of $214,416 at December 31, 2015. As at September 30, 2016, the Company had cash of $7,447 compared to cash of $115,553 as at December 31, 2015. The decrease in cash is a result of exploration activities in relation to our oil and gas interests in Djibouti and Madagascar and incurring expenditures related to the administrative activities of the Company.

Current assets excluding cash at September 30, 2016 consisted of receivables of $6,114 and prepaid expenses of $5,125. As at December 31, 2015, the Company had receivables of $11,304 and prepaid expenses of $6,432.

Current liabilities as at September 30, 2016 consisted of accounts payable and accrued liabilities of $637,325 which represents an $289,620 increase from December 31, 2015 and promissory notes of $160,000 (December 31, 2015 - $nil).

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Transactions

Compensation of key management for the periods ended September 30, 2016 and 2015 are as follows:

	2016	2015
Short-term employee benefits – management fees:		
Included in property investigation and corporate office	$ 170,150	$ 150,889
Included in exploration and evaluation assets – Oil and Gas	121,909	34,111
	292,059	185,000
Stock based compensation		
Included in stock-based compensation expense	109,541	-
	109,541	-
	$ 401,600	$ 185,000

Included in trade payables for the period ended September 30, 2016 is $307,941 (December 31, 2015 - $107,874) owing to members of the Company's key management and $36,081 (December 31, 2015 - $nil) to a company formerly controlled by a member of the Company's key management. This amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Included in promissory notes for the period ended September 30, 2016 is $60,000 (December 2015 - $nil) owing to the members of the Company's key management (note 7). These amounts are unsecured, accrue interest at 5% per annum and have a maturity date of September 30, 2016.

Proposed Transactions

None.

Critical Accounting Estimates

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. Details of the Company's significant accounting estimates and assumptions can be found in Note 2 of the audited financial statements for the year ended December 31, 2015.

Changes in Accounting Policies including Initial Adoption

There were no significant changes in accounting policies during the period ended September 30, 2016 and year ended December 31, 2015. Details of the Company's significant accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2015.

Financial Instruments and Other Instruments

The carrying amounts of cash and equivalents, receivables, accounts payable and deposits received approximate fair value because of the short-term maturity of these items. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial statements.

Other Requirements

Summary of Outstanding Securities as at November 17, 2016

Authorized: Unlimited number of common shares without nominal or par value.

Issued and outstanding: 37,659,032

Stock options: 3,075,000 at an average exercise price of $0.29 per Share.

Risk Factors

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

International Operations

Oyster participates in oil and gas projects located in emerging markets, including Republic of Djibouti ("Djibouti") located in East Africa and Madagascar. Oil and gas exploration, development and production activities in these emerging markets, including East Africa, are subject to significant potential political and economic uncertainties which may adversely affect the Company's operations. Uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, a change in taxation policies, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on Oyster's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, Oyster could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which Oyster acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that Oyster will be able to obtain all necessary licenses and permits when required.

International Boundary Disputes

There is a history of political and international boundary disputes in various African countries, whilst the Company is not aware of a legitimate dispute relating to Djibouti or Madagascar and their international boundaries, such disputes can arise from time to time and therefore represent a potential risk factor.

Political Instability

The Company is operating in a region of Africa that has had a long history of political instability. Whilst Djibouti has remained relatively unaffected by the various political instability of its neighbouring countries there remains a potential risk of these regional or specific country instabilities could have an impact on the Company's ability to conduct operations or cause broader instability which may affect the Company and its interests. Madagascar has recently emerged from a period of political uncertainty with the democratic Presidential elections completed in January 2014 and the lifting of international sanctions.

Different Legal System and Litigation

Oyster's exploration activities are located in countries with legal systems that in various degrees differ from that of Canada. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Almost all material production and exploration rights and related contracts of Oyster are subject to the national or local laws and jurisdiction of the respective countries in which the operations are carried out. This means that Oyster's ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

Oyster's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If Oyster were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Even if Oyster would ultimately prevail, such disputes and litigation may still have a substantially negative effect on Oyster and its operations.

Financial Statements Prepared on a Going Concern Basis

Oyster's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Oyster's operations to date have been primarily financed by equity financing. Oyster's future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that Oyster will be successful in completing additional financing or achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should Oyster be unable to continue as a going concern.

Title Rights

Although the Company conducts comprehensive title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question Oyster's interest in the concession. Any uncertainty with respect to one or more of Oyster's concession interests could have a material adverse effect on the Company's business, prospects and results of operations.

Competition

The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas, and acquiring or gaining access to necessary drilling and other equipment and supplies. Oyster competes with numerous other companies in the search for and acquisition of prospects.

Risks Inherent in Oil and Gas Exploration and Development

Oyster's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience and knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury.

Capital Requirements

To finance its future acquisition, exploration, development and operating costs, Oyster may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of working interest farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to Oyster. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of Oyster may be diluted. If unable to secure financing on acceptable terms, Oyster may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its various PSAs and PSCs. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

Foreign currency exchange rate risk

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. Oyster had no forward exchange contracts in place as at or during the nine months ended September 30, 2016.

Interest rate risk

The Company does not have any current material exposure to fluctuations in interest rates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations and to be able to potentially acquire strategic oil and gas assets. The Company will potentially issue debt or equity and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its exploration activities to manage its liquidity position.

Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of our credit exposure relates to amounts due from our joint venture partners. The risk of our future joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default future joint venture partners who are non-performing and reacquire any previous farmed out working interests.

Outlook

The Company is currently conducting operations in four blocks onshore and offshore in Djibouti, these operations are at an early stage of exploration and are thus considered to be "frontier" in nature. The Company has been operating in Djibouti since March 2012 and has experienced no operational issues to date however, the Company plans to continue and expand its operations in the future and such future operations may be subject to various risks. Subsequent to the completion of the acquisition of an interest in Block 1101 in Madagascar in September 2013, the Company is the Operator of this onshore acreage. The operations in Madagascar are also in the exploration phase but are more advanced, with the completion of various seismic and airborne surveys.

Any statements regarding the following are forward-looking statements:

- expected closing dates for the completion of proposed transactions;
- planned exploration activity including both expected drilling and geological and geophysical related activities;
- anticipated future financing requirements
- future crude oil, natural gas or chemical prices;
- future sources of funding for our capital program;
- availability of potential farmout partners;
- government or other regulatory consent for exploration, development, farmout or acquisition activities;
- future production levels;
- future capital expenditures and their allocation to exploration and development activities;
- future earnings;
- future asset acquisitions or dispositions;
- future debt levels;
- availability of committed credit facilities;
- possible commerciality;
- development plans or capacity expansions;
- future ability to execute dispositions of assets or businesses;
- future sources of liquidity, cash flows and their uses;
- future drilling of new wells;
- ultimate recoverability of current and long-term assets;
- ultimate recoverability of reserves or resources;
- expected finding and development costs;
- expected operating costs;
- estimates on a per share basis;
- future foreign currency exchange rates;
- future market interest rates;
- future expenditures and future allowances relating to environmental matters;
- dates by which certain areas will be developed or will come on stream or reach expected operating capacity; and
- changes in any of the foregoing.

Statements relating to "reserves" or "resources" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future. The forward-looking statements are subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- market prices for oil and gas and chemical products;
- our ability to explore, develop, produce and transport crude oil and natural gas to markets;
- ultimate effectiveness of design or design modification to facilities;
- the results of exploration and development drilling and related activities;
- volatility in energy trading markets;

- foreign-currency exchange rates;
- economic conditions in the countries and regions in which we carry on business;
- governmental actions including changes to taxes or royalties, changes in environmental and other laws and regulations;
- renegotiations of contracts;
- results of litigation, arbitration or regulatory proceedings; and
- political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict,
- conflict between states.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity and achievements.

Undue reliance should not be placed on the statements contained herein, which are made as of the date hereof and, except as required by law, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.