Date prepared: April 29, 2016

This management discussion and analysis (the "MDA") covers the operations of Petrichor Energy Inc. (the "Company") for the year ended December 31, 2015. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The following discussion and analysis should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

Additional information related to the Company is available on SEDAR at www.sedar.com, on the Company's website at www.petrichorenergy.com, or by requesting further information from the Company's head office in Vancouver.

FORWARD LOOKING STATEMENTS

Information contained in this MDA that is not historical fact may be considered "forward looking statements". These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information regarding recoverable reserves, changes in demand for and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward looking information.

OVERVIEW

Corporate Development

The Company is in the business of exploration, development and production of oil and gas.

Verba Field, Mississippi

The Company owns an average 18.5% working interest in certain wells in the Verba Field in Mississippi, which are currently producing approximately 1,400 barrels per month, with approximately 200 barrels per month to the Company's interest.

Marble Falls Prospect, Texas

In prior years, the Company entered into participation agreements to acquire a working interest in 11,895.65 net acres at the Marble Falls Prospect, in Texas.

The Company's participation is a 66.67% cost-bearing working interest through the first 10 wells, burdened by a 5% carried working interest in favour of the vendor on the first 10 wells, converting to a cost-bearing 5% working interest starting on the 11th well. As clarification, Petrichor's interest beginning with the 11th well will be a 61.66% working interest and a 46.25% net revenue interest.

The first well in the participation agreement (the Hinson #1) was drilled in December 2013 to a total depth of 5,200 feet and subsequently completed in March 2014 in the Marble Falls formation as an oil well. The Hinson #1 well is currently shut in awaiting the permitting and completion of a saltwater disposal well.

The drilling of the second well of the participation agreement (the Garner #2) was initiated in July, cased in August, and completed in September 2014 but is currently shut in awaiting a saltwater disposal well.

In December 2014, the #1 Cobb well was drilled to a total depth of 6,200 feet to test the Strawn Sands, Caddo Lime, Atoka Conglomerate, Marble Falls, Barnet Shale, and Ellenberger.

The Hinson #2 well has been drilled to a depth of approximately 5,200 feet to test the Strawn Sands, Caddo Lime, Conglomerate, Marble Falls, Barnet Shale, and Chappel (Mississippi) Lime.

The CD#1 well was drilled to a depth of approximately 6,000 feet in the fall 2015 to test the Strawn Sands, Caddo Lime, Atoka Conglomerate, Marble Falls, Barnet Shale, and Ellenberger.

The Company is also in the process of permitting additional locations for vertical and horizontal wells to be drilled in the Marble Falls Prospect, located within the Young, Jack, Archer and Clay Counties in Texas.

RESULTS OF OPERATIONS

In the year ended December 31, 2015, revenues were $121,516 (2014 - $292,021), operating costs were $98,232 (2014 - $175,659), and depletion was $40,000 (2014 - $55,900). For the year ended December 31, 2015, the net loss was $1,622,024 (2014 - $1,277,874). See the table below for explanations of the most significant variances.

In the current year, the Verba wells produced a total of 16,793 bbls of oil (2014 – 20,355), with 2,335 bbls to the Company's interest (2014 – 2,822) at an average price received of US $43.25 per bbl (2014 – US $82.25). Operating costs decreased to an average of US $32.83 per bbl (2014 – US $55.57) over the year.

Certain comparative figures may have been reclassified to conform to the current year's presentation.

COMPARISON OF RESULTS OF OPERATIONS

Significant variances between the years ended December 31, 2015 and 2014 are detailed as follows:

	2015 - $ -	2014 - $ -
Revenues	121,516	292,021
Revenues declined in the current year primarily as a result of the dramatic decrease in oil prices over the last year.		
Interest and finance fees	1,011,172	628,311
In each year fees were incurred as a result of borrowed funds in connection drilling and acquisition of the Marble Falls Prospect in Texas. This cost is proportional to the amount of debt carried in each year.		
General and administrative	238,980	397,253
In the comparative year the Company substantially increased shareholder communication and advertising costs as the Company's activity level increased on the Marble Falls property. These costs were not incurred in the current year.		
Foreign exchange loss (gain)	225,555	57,056
The change is due directly to the US dollar exchange rate of 1.38 in the current year end (from 1.16 in the prior year) applied to the outstanding US dollar denominated debt.		

Significant variances between the three months ended December 31, 2015 and 2014 are detailed as follows:

	2015 - $ -	2014 - $ -
Revenue	25,761	72,415
Revenues in the current period declined due to a major decline in worldwide oil prices and a decline in production.		
Interest and finance fees	237,948	156,083
In both periods, fees were incurred as a result of interest expense related to the Marble Falls Prospect in Texas. This cost is proportional to the amount and timing of debt carried, with a higher amount of debt carried in the current period.		
General and administrative	46,338	99,609
In the prior comparative period, the Company had incurred substantial shareholder communications expenses related to the Marble Falls Prospect in Texas which were not repeated in the current period.		
Foreign exchange loss (gain)	9,528	(1,791)
The change is due directly to the US dollar exchange rate of 1.38 in the current period (from 1.16 in the comparative period) applied to the outstanding US dollar denominated debt.		

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the prior three fiscal years. For more detailed information, refer to the Company's financial statements for the years then ended.

	Year Ended December 31, 2015 - $ -	Year Ended December 31, 2014 - $ --	Year Ended December 31, 2013 - $ -
Total assets	9,840,022	8,921,056	8,333,138
Property, plant and equipment	2,786,222	2,510,447	1,344,645
Exploration and evaluation assets	7,040,024	6,371,997	6,531,440
Working capital (deficiency)	(8,186,258)	(2,715,733)	(106,792)
Long-term debt	-	3,021,671	3,457,136
Shareholders' equity	1,592,048	3,098,496	4,285,855
Revenues	121,516	292,091	314,198
Comprehensive loss	(1,622,024)	(1,277,874)	(2,154,774)
Loss per share – basic and diluted	(0.05)	(0.04)	(0.12)

Year ended December 31, 2015:

In the year ended December 31, 2015, the Company's total assets increased to $9,840,022 (2014 – $8,921,056) while total liabilities increased to $8,247,974 (2014 - $5,822,560). Revenue decreased to $121,516 (2014 - $292,091), and many other items changed as explained previously. The comprehensive loss increased to $1,622,024 (2014 - $1,277,874). The primary reason for the increased loss in 2015 compared to 2014 was the increase in interest and finance fees to $1,011,172 (2014- $628,311).

The Company owns an average 18.5% working interest in the Verba, Mississippi oil and gas field, and a 66.67% working interest in the Marble Falls properties in Texas. The Company initiated drilling on the first well in Marble Falls in December 2013, which was completed and fraced in 2014. During 2015, the Company drilled further wells in Marble Falls to maintain leases. The remaining wells are not expected to commence production until completion of a salt water disposal well.

Year ended December 31, 2014:

In the year ended December 31, 2014, the Company's total assets increased to $8,921,056 (2013 – $8,333,138) while total liabilities increased to $5,822,560 (2013 - $4,047,283). Revenue decreased to $292,091 (2013 - $314,198), and many other items changed as explained previously. The comprehensive loss decreased to $1,277,874 (2013 - $2,154,774). The primary reason for the decreased loss in 2014 compared to 2013 was the impairment in book value of the Darst Creek Edwards field (Ranft well) for $1,349,061 in 2013.

The Company owns an average 18.5% working interest in the Verba, Mississippi oil and gas field, and a 66.67% working interest in the Marble Falls properties in Texas. The Company initiated drilling on the first well in Marble Falls in December 2013, which was completed and fraced in 2014. During 2014, the Company drilled three further wells in Marble Falls and completed the Garner #2 well in September 2014. The remaining wells are expected to commence production upon completion of a salt water disposal well in the near future.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information compiled from the quarterly unaudited financial statements for eight quarters ending December 31, 2015.

Three months ended	December 31, 2015 - $ -	September 30, 2015 - $ -	June 30, 2015 - $ -	March 31, 2015 - $ -
Total assets	9,840,022	9,792,594	9,537,991	9,500,526
Exploration and evaluation assets	7,040,024	6,926,209	6,631,110	6,606,313
Property, plant and equipment	2,786,222	2,857,190	2,851,163	2,852,598
Working capital (deficiency)	(8,186,258)	(7,784,566)	(3,949,599)	(3,660,963)
Long term debt	47,940	47,591	3,176,555	3,074,725
Shareholders' equity	1,592,048	1,951,242	2,356,119	2,676,330
Revenues	25,761	32,063	32,153	31,539
Net loss	(340,676)	(540,556)	(318,626)	(422,166)
Loss per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.01)
Three months ended	December 31, 2014 - $	September 30, 2014 - $ -	June 30, 2014 - $ -	March 31, 2014 - $ -
Total assets	8,921,056	8,790,951	8,504,537	8,529,366
Exploration and evaluation assets	6,371,997	6,586,129	6,931,428	6,789,095
Property, plant and equipment	2,510,447	1,972,445	1,303,645	1,324,145
Working capital (deficiency)	(2,715,733)	(1,801,911)	(1,253,715)	(1,124,020)
Long term debt	3,021,671	2,968,387	2,916,043	2,865,174
Shareholders' equity	3,098,496	3,761,382	4,038,619	4,097,547
Revenues	72,415	80,432	69,860	69,384
Net Income (loss)	(336,775)	(286,001)	(340,913)	(314,185)
Earnings (loss) per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

In the year ended December 31, 2015, significant cash flows are as follows:

Operating activities used in cash outflows of $530,602 (2014 – ($675,336)) primarily as a result of increasing trade payables and accrued liabilities by $1,419,164 offset by expenditures on the land purchase commitment of $37,484.

Investing activities for the year required cash outflows of $176,514 (2014 - $1,042,806) relating to exploration and drilling costs in both years on wells and properties on the Verba Field in Mississippi and the Marble Falls prospect in Texas.

Financing activities provided cash flows of $705,145 (2014 - $1,596,611) including loans from shareholders of $317,009, and advances from related parties of $389,858. In the prior year, related parties advanced $859,741, share issuance proceeds of $88,850 were received from stock options and warrants exercised.

At December 31, 2015, the Company had a working capital deficiency of $8,186,258 and had an accumulated deficit of $69,253,328.

At December 31, 2015, the Company has a liability of $3,400,000 in secured convertible debentures. Interest of $206,794 is overdue and payable on these debentures, and the Company is currently in negotiations with the debenture holders to alter the payment terms. There can be no assurance that the negotiations will result in favorable new terms to the Company or any alteration in the terms.

In order to continue operations, fund its exploration and development, and provide adequate working capital for ongoing activities, the Company will need to successfully conclude negotiations on the secured debentures, and raise further funds through equity financing, third party financing and cost sharing arrangements. The Company continues to seek capital through various means including the issuance of equity, debt, or through working interest agreements.

There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company.

RELATED PARTY TRANSACTIONS

Related party balances

Amounts due to related parties consist of charges accrued for office administration, management fees and loans to the Company. These amounts are due to directors, officers, or companies controlled by directors or officers. These amounts are unsecured and are due on demand.

The following amounts are due to related parties[(1)]:

	December 31, 2015	December 31, 2014
Accrued payables to companies controlled by the CEO or CFO	$ 807,151	$ 402,533
Loans from a company controlled by the CEO with interest at 12% per annum, unsecured and payable on demand.	695,606	632,736
Total	$ 1,502,757	$ 1,035,269

[(1)] Joe DeVries is a Director, CEO and President, Richard Barnett is a Director, CFO and Secretary, and Richard Switzer and Jurgen Wolf are independent Directors.

Related party transactions

	Year Ended	
	December 31, 2015	December 31, 2014
Management fees incurred with companies controlled by the CEO or the CFO	$ 156,000	$ 156,000
Administration costs incurred with a company controlled by a director - capitalized to exploration and evaluation assets	-	12,000
General and administrative fees incurred with a company controlled by the CEO	156,000	147,000
	$ 312,000	$ 315,000

[(2)]This loan accrues interest at 1% per month and is payable on demand.

Key management personnel compensation

	Year Ended	
	December 31, 2015	December 31, 2014
Management fees	$ 156,000	$ 156,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

OTHER MATTERS

Shares outstanding

At December 31, 2015 and the current date, the Company had 31,978,809 shares outstanding.

Stock options

At December 31, 2015 and the current date, the Company has 942,500 stock options outstanding with a weighted average exercise price of $0.19. At December 31, 2015, the options had a weighted average remaining life of 0.77 years.

Warrants

At December 31, 2015, the Company has 488,740 warrants outstanding exercisable into one common share each with an exercise price of $0.35 per share with an average remaining contractual life of 0.53 years.

ACCOUNTING POLICIES

New accounting standards effective January 1, 2015

The mandatory adoption of the new and revised accounting standards and interpretations on January 1, 2015 had no significant impact on the Company's consolidated financial statements for the current or prior periods presented. See Note 3 of the financial statements for details on the new and revised standards.

FINANCIAL INSTRUMENTS, RISK MANAGEMENT, AND CAPITAL MANAGEMENT STRATEGY

Financial risk and capital management

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution, as determined by rating agencies. The Company's secondary exposure to risk is on accounts receivable. This risk is assessed as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and the continued cooperation of its creditors. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it conducts a significant portion of its business activities in US dollars. The assets, liabilities and expenses that are denominated in US Dollars will be affected by changes in the exchange rate between the Canadian dollar and the US Dollar. If the Canadian dollar changes by one percent against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of net loss of approximately $50,700.

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 Company is not currently exposed to significant interest rate risk as it does not hold any debt that bears interest at variable rates.

Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements. There have been no changes to the Company's capital management structure during the year ended December 31, 2015.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring oil and gas properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.