Date prepared: May 18, 2017

This management discussion and analysis (the "MDA") covers the operations of Petrichor Energy Inc. (the "Company") for the period ended March 31, 2017. 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 condensed consolidated interim financial statements for the three months ended March 31, 2017 and the audited financial statements for the year ended December 31, 2016.

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 1,662 barrels per month, with approximately 238 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 (Young, Jack, Archer and Clay Counties) 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 Company is in the process of permitting and drilling locations for vertical and horizontal wells in the Marble Falls Prospect.

RESULTS OF OPERATIONS

In the three months ended March 31, 2017, revenues were $25,134 (2016 - $23,904), operating costs were $43,189 (2016 - $25,150), and depletion was $10,000 (2016 - $10,000). For the period ended March 31, 2017, the net loss was $301,248 (2016 - $363,544). See the table below for explanations of the most significant variances.

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

COMPARISON OF RESULTS OF OPERATIONS

Significant variances between the three months ended March 31, 2017 and 2016 are detailed as follows:

	2017 - $ -	2016 - $ -
Operating Costs	43,189	25,150
During last fiscal year, operatorship of the Verba wells was transferred to a new operator. Since the transfer, the operator has expended significant resources on repairs and maintenance which have been charged to operations causing the increased charges for the period.		
Interest and finance fees	211,764	285,786
The decrease in the current period is mainly due to the decrease in costs incurred for accretion (non-cash) of the convertible debenture in the prior period, where there is no comparable charge in the current period.		
General and administrative	56,923	61,038
The decrease in the current period is a result of the decrease in the utilization of services in the current period.		

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, 2016 - $ -	Year Ended December 31, 2015 - $ -	Year Ended December 31, 2014 - $ --
Total assets	10,177,359	9,840,022	8,921,056
Property, plant and equipment	2,929,283	2,867,859	2,510,447
Exploration and evaluation assets	7,066,239	6,958,387	6,371,997
Working capital (deficiency)	(9,896,923)	(8,186,258)	(2,715,733)
Long-term debt	-	-	3,021,671
Shareholders' equity	49,221	1,592,048	3,098,496
Revenues	43,933	121,516	292,091
Comprehensive loss	(1,706,750)	(1,622,024)	(1,277,874)
Loss per share – basic and diluted	(0.05)	(0.05)	(0.04)

Year ended December 31, 2016:

In the year ended December 31, 2016, the Company's total assets increased to $10,177,359 (2015 – $9,840,022) while total liabilities increased to $10,128,138 (2015 - $8,247,974). Revenue decreased to $43,933 (2015 - $121,516), and many other items changed as explained previously. The comprehensive loss increased to $1,706,750 (2015 - $1,622,024). The primary reasons for the increased loss in 2016 compared to 2015 were the decrease in gross profit to $94,726 loss (2015 - $23,284 profit) and impairment of property, plant and equipment in the prior year of $nil (2015 - $67,514) offset by gain on settlement due to shareholders of $nil (2015 - $127,072).

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, 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.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information compiled from the quarterly unaudited financial statements for eight quarters ending March 31, 2017.

Three months ended	March 31, 2017 - $ -	December 31, 2016 - $ -	September 30, 2016 - $ -	June 30, 2016 - $ -
Total assets	10,109,207	10,177,359	10,002,765	9,947,505
Exploration and evaluation assets	7,142,204	7,066,239	7,057,691	7,020,527
Property, plant and equipment	2,920,326	2,929,283	2,910,869	2,901,165
Working capital (deficiency)	(10,264,820)	(9,896,923)	(9,382,255)	(8,977,390)
Long term debt	49,737	49,378	48,987	48,638
Shareholders' equity (deficiency)	(252,027)	49,221	537,318	895,664
Revenues	(25,134)	(20,641)	20,400	20,270
Net loss	(301,248)	(652,020)	(358,345)	(332,840)
Loss per share - basic and diluted	(0.01)	(0.02)	(0.01)	(0.01)
Three months ended	March 31, 2016 - $ -	December 31, 2015 - $ -	September 30, 2015 - $ -	June 30, 2015 - $ -
Total assets	9,888,155	9,840,022	9,792,594	9,537,991
Exploration and evaluation assets	6,989,439	6,958,387	6,926,209	6,631,110
Property, plant and equipment	2,888,236	2,867,859	2,857,190	2,851,163
Working capital (deficiency)	(8,600,882)	(8,186,258)	(7,784,566)	(3,949,599)
Long term debt	48,289	47,940	47,591	3,176,555
Shareholders' equity (deficiency)	1,228,504	1,592,048	1,951,242	2,356,119
Revenues	23,904	25,761	32,063	32,153
Net loss	(363,545)	(340,676)	(540,556)	(318,626)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.02)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

In the three months ended March 31, 2017, significant cash flows are as follows:

Operating activities provided cash flows of $43,764 (2016 – $81,769 outflow) was primarily a result of the receipt of funds for subscriptions receivable $100,500 (2016 - $nil), and increasing trade payables and accrued liabilities in 2017 by $267,967 (2016 – $464,567) offset by normal expenditures.

Investing activities for the period required cash outflows of $143,629 (2016 - $80,207) relating to expenditures on equipment and exploration and drilling costs, wells and properties on the Marble Falls prospect in Texas, payment against the balance of the land purchase commitment, with smaller expenditures in the Verba Field in Mississippi.

Financing activities provided cash flows of $38,178 (2016 - $nil) from funds advances from related parties.

At March 31, 2017, the Company had a working capital deficiency of $10,264,820 and had an accumulated deficit of $71,261,326.

On December 16, 2016 the Company announced a private placement for gross proceeds of up to $500,000 and on December 30, 2016, the Company closed the first tranche of its private placement for gross proceeds of $165,500 by issuing 3,310,000 common shares at a price of $0.05 per share. $100,500 in subscriptions were receivable at December 31, 2016 and were subsequently received.

On September 26, 2016, the Company's secured debenture for $3,400,000 matured and has not been paid. Interest of $414,706 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

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:

	March 31, 2017	December 31, 2016
Accrued payables to companies controlled by the CEO or CFO	$ 1,328,112	$ 1,217,381
Loans from a company controlled by the CEO with interest at 12% per annum, unsecured and payable on demand.	685,157	757,710
Total	$ 2,013,269	$ 1,975,091

Related party transactions

	Three Months Ended	
	March 31, 2017	March 31, 2016
Management fees incurred with companies controlled by the CEO or the CFO	$ 39,000	$ 39,000
Interest costs at 12% per annum on unsecured loans advanced to the Company by a company controlled by the CEO	19,922	20,423
General and administrative fees incurred with a company controlled by the CEO	39,000	39,000
	$ 97,922	$ 98,423

Key management personnel compensation

	Three Months Ended	
	March 31, 2017	March 31, 2016
Management fees	$ 39,000	$ 39,000

OFF-BALANCE SHEET ARRANGEMENTS

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

OTHER MATTERS

Shares outstanding

At March 31, 2017 and the current date, the Company had 35,288,809 shares outstanding.

Stock options

At March 31, 2017 and the current date, the Company has no stock options outstanding. During the year ended December 31, 2016, 942,500 stock options priced at $0.185 expired unexercised.

Warrants

At March 31, 2017, the Company had no warrants outstanding. During the year ended December 31, 2016, 488,740 warrants expired unexercised.

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 $35,500.

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 three months ended March 31, 2017.

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.