Year End 2017: Management’s Discussion & Analysis

NEX: KLE.H

BASIS OF PRESENTATION

The following Management’s Discussion and Analysis (“**MD&A**”) of financial conditions and results of operations is current to November 30, 2017 and is management’s assessment of the operations and financial results together with future prospects of Kingsland Energy Corp. (“**KLE**” or the “**Corporation**”). The MD&A should be read in conjunction with the Corporation’s annual audited consolidated financial statements and the notes to the annual audited consolidated financial statements for the year ended November 30, 2017 (together the “**Financial Statements**”). All amounts reflected in this MD&A and the Corporation’s Financial Statements, are reported in Canadian dollars and in accordance with International Financial Reporting Standard (“**IFRS**”). The Corporation has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Terms used but not defined in this MD&A, shall bear the meaning as set out in Part 1 of National Instruments (“**NI**”) 51-101 *Standards of Disclosure for Oil and Gas Activities*, NI 51-102 *Continuous Disclosure Obligations* and NI 14-101 *Definitions* and accounting terms that are not defined herein, shall bear the meaning as described or used in IFRS applicable to publicly accountable enterprises.

This MD&A is dated March 28, 2018.

FORWARD-LOOKING STATEMENTS

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that may cause the Corporation’s actual results or outcomes to be materially different from those anticipated and discussed herein. In assessing forward-looking statements contained herein, readers are urged to read carefully all cautionary statements contained in this MD&A and accompanying Financial Statements and in those other filings with the Corporation’s Canadian regulatory authorities and to not put undue reliance on such forward-looking statements. Although Management believes that the expectations reflected in the forward-looking statements are reasonable, Management can’t guarantee future results, levels of activity, performance or achievements or other future events. Management is under no duty to update any of its forward-looking statements after the date of this MD&A, other than as required and governed by law.

BOE CONVERSION

Where amounts are expressed on a barrel of oil equivalent ("**BOE**") basis, natural gas volumes have been converted to BOE using a ratio of six thousand cubic feet ("**Mcf**") of natural gas to one barrel of oil equivalent (6Mcf:1bbl). This conversion ratio of 6:1 is based upon an industry standard energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. BOE figures may be misleading, particularly if used in isolation.

DESCRIPTION OF THE CORPORATION

Kingsland Energy Corp. ("**KEC**") was incorporated as 101142883 Saskatchewan Ltd. under the *Business Corporations Act* (Saskatchewan) on April 27, 2009. The Corporation commenced operations on February 23, 2010. On February 23, 2011 it was continued from Saskatchewan to the province of Alberta.

On December 19, 2011, KEC was amalgamated ("**Amalgamation**") to form a new corporation under the name of "Kingsland Energy Corp." ("**KLE**" or "**Corporation**"). KLE became a TSX Venture Tier 2 "Exploration" Oil and Gas Issuer (as defined in Exchange policies) and began trading under the symbol "KLE". The Corporation is a resident Saskatchewan oil corporation. On August 4, 2017 the Corporation's shares were transferred to the NEX Board of the Exchange ("**NEX**"), and accordingly its Tier classification changed to the NEX. It now trades under the symbol "KLE.H".

The Corporation is classified as a distribution corporation under the *Business Corporations Act* (Alberta), a reporting issuer for the purposes of the *Securities Act (*Alberta*)*, and is engaged in the business of oil and natural gas acquisition, exploration and development in Saskatchewan and Manitoba. The Corporation's head office is located at #002, 2305 Victoria Avenue, Regina, Saskatchewan, Canada. Additional information related to the Corporation is available for view on SEDAR at www.sedar.com.

2017 ACTIVITIES AND CONTINUED BUSINESS FOCUS

During the year ending November 30, 2017 (the "**Year**") the Corporation pursued several initiatives to procure long-term sustainability in a depressed commodity market environment. The Corporation has successfully reduced office administration and associated human resource cost as it pursues financing initiatives to reduce debt and fund growth initiatives.

On June 30, 2017, the Corporation settled a secured loan of $667,653for consideration of 631,250 shares of Kingsland Oil Corp. ("**KOC**") (pledged as security) and 800,000 KLE common shares, for a complete release of all amounts owing.

On July 31, 2017 the Corporation filed a notice of its intention to make a proposal to its creditors, and on August 30, 2017, the Corporation filed a proposal ("**Proposal**"), in terms whereof, if approved, the Corporation's creditors will receive common shares priced at $0.05 per common share in exchange for debt. Under the Proposal, the Corporation's secured creditor will compromise its debt, enter into a forbearance agreement for 2 years from the date of completion of the Proposal and participate in the share conversion on a portion of its debt. On September 21, 2017 a meeting of creditors was held, at which meeting the Proposal was accepted by 100% of the votes of disinterested creditors who proved their claims, representing 100% of the value of disinterested creditors' proven claims. On March 12, 2018, the Corporation obtained NEX approval of the shares for debt transaction pursuant to the terms of the Proposal. On March 14, 2018, the Proposal closed, as all the required legal and regulatory approvals were obtained, and 49,327,008 common shares were issued. The common shares issued are subject to a hold period under applicable regulatory and securities laws until July 15, 2018. The restructure significantly improves KLE's financial position, by decreasing Loan amounts, accounts payable accrual amounts, postponing interest on remaining debt and increasing the amount of outstanding common shares.

The Corporation is looking to pursue business development opportunities focused towards its wholly owned subsidiary EHR Enhanced Hydrocarbon Recovery Inc. ("**EHR**"). EHR was pursuing solvent technology to participate in low cost, enhanced oil recovery programs. EHR is evaluating a number of new energy technology business initiatives including consulting opportunities.

Financial information presented below has been adjusted to consider the impacts of the Proposal described above.

SELECTED ANNUAL INFORMATION

In thousands of Canadian Dollars (except earnings per share)	Year ending November 30, 2017	Year ending November 30, 2016	Year ending November 30, 2015
Total Revenues	**-**	**45,300**	**194,500**
Loss from operations	**(170,563)**	**(871,013)**	**(3,583,698)**
on a per-share and diluted per-share basis	**(0.002)**	**(0.01)**	**(0.05)**
Net Income (Loss) and Comprehensive Income (Loss)	**118,777**	**(1,334,016)**	**(3,790,493)**
on a per-share and diluted per-share basis	**0.001**	**(0.018)**	**(0.051)**
Total Assets	**409,650**	**950,298**	**2,023,000**
Total Non-Current Liabilities	**189,164**	**148,900**	**875,900**

SUMMARY OF CUMULATIVE QUARTERLY RESULTS

In Canadian Dollars (except earnings per share)	3 months ended Nov 30, 2017 (unaudited)	3 months ended Nov 30, 2016 (unaudited)	3 months ended Aug 31, 2017 (unaudited)	3 months ended Aug 31, 2016 (unaudited)	3 months ended May 31, 2017 (unaudited)	3 months ended May 31, 2016 (unaudited)	3 months ended Feb 28, 2017 (unaudited)	3 months ended Feb 29, 2016 (unaudited)
Total Revenues	-	(3,200)	-	10,000	-	5,500	-	33,000
Net Income(Loss)	125,919	(841,053)	112,861	(324,429)	(55,529)	(80,319)	(64,474)	(88,215)
Net income (Loss) on a per-share basis*	0.001	(0.011)	0.001	(0.004)	(0.001)	(0.001)	(0.001)	(0.001)
Total Assets	409,650	950,298	470,272	1,687,259	930,058	1,900,778	938,817	1,974,686
Long term Liabilities	189,164	148,900	148,900	875,900	148,900	875,900	148,900	875,900
Shareholder Equity	196,263	(2,428,937)	(2,396,079)	(1,587,884)	(2,548,940)	(1,263,455)	(2,493,411)	(1,183,136)
Cash Flow from operations	(30,049)	55,340	(61,695)	(12,705)	21,935	(39,844)	(42,473)	(10,391)

** from operations, in total and on a per-share and diluted per-share basis.*

Previous quarter results and commentary are available under the Corporation's profile on SEDAR at www.sedar.com and should be read in conjunction with the annual management's discussion and analysis and the annual audited consolidated financial statements associated with the specific year.

PROPOSAL

The financial information contained in the financial statements and in the commentary below are adjusted to consider the financial impacts of the Proposal first described above with NEX approval the issuance of shares for debt settlement occurring on March 12, 2018 and shares being issued on March 14, 2018.

REVENUE

Revenues for the Year were $Nil compared to $45,300 for the year ending November 30, 2016. Revenues for the prior year are associated with consulting services. Revenue from consulting services may occur from time to time as opportunities arise but are not an ongoing source of revenues. There are no revenues from oil and gas production for the Year. Revenues from oil and gas will not resume until the Corporation acquires existing production and realizes revenue from farm in opportunities.

General and Administrative Expense

General and administrative expense for the Year was $65,610 compared with $178,950 for the Year ending November 30, 2016. The decrease of $113,340 is attributable to reduction in rent, consulting expenses and everyday operating expenses.

Trustee Fees

Trustees' fees reflect the retainer and costs related to the application of the abovementioned Proposal to creditors on settlement of outstanding debentures and other payable amounts. Trustees' fees for the year were $24,598.

Depletion and amortization

Depletion and amortization for the Year was $26,951 ($152,581 – November 30, 2016). The decrease of $125,630 is due to the disposition and write-off of a number of equipment, intangibles and land development properties due to impairment in 2016.

Finance costs

Finance costs relate to interest accrued on debentures in accordance with the terms laid out in the Long-Term Liabilities discussion below. Finance costs for the Year were $101,686 ($173,265 - for the Year ending November 30, 2016).

Gain on settlement

Gain on settlement relates to the debt settlement agreement reached with a debtor with a secured interest in shares of the Corporation's investment as well as amounts realized through the Proposal to creditors and arising through the formal settlement procedures.

Gain from sale of assets

During the Year gain from sale of assets was $Nil compared with $4,096 for the Year ending November 30, 2016.

Net Income (Loss) and Comprehensive Income (Loss)

Net income (loss) and comprehensive income (loss) for the Year was $118,777 compared with a loss of $1,334,016 as at November 30, 2016. The change is attributable to reduction in rent, consulting expenses, everyday operating expenses write down and amortization of assets and a gain on settlement of debt.

Cash and cash Deposits

As at November 30, 2017 the Corporation had a cash balance of $1,294 as compared with cash balance of $245 at November 30, 2016.

Property and Equipment

Total property and equipment for the Year was $Nil versus $355 as at November 30, 2016. The change is attributable the amortization expense for the Year and impairment.

	Other Equipment	Total
Carrying amount November 30, 2017	-	-
Carrying amount November 30, 2016	$355	$355

INTANGIBLES

	Enhanced Oil Technology
Opening balance, November 30, 2016	$80,000
Amortization	(26,667)
Impairment	(53,333)
Closing balance, November 30, 2017	**$ -**

	Enhanced Oil Technology
Opening balance, November 30, 2015	$536,500
Amortization	(123,594)
Impairment	(332,906)
Closing balance, November 30, 2016	**$ 80,000**

Management performs an analysis of the carrying value of its intangible assets as laid out in Note 4 to the Financial Statements. Intangible assets were recognized on the acquisition of EHR. The value of these intangibles has been determined at the date of acquisition using valuation techniques.

The enhanced oil technology asset is being amortized over its useful life of amortization of $26,667 (November 30, 2016 - $123,594) and has been included in depreciation and amortization expense.

All the intangibles relate to EHR's CGU (Cash Generating Unit). At November 30, 2016, the Corporation tested EHR for impairment to determine the fair value.

As at November 30, 2017 the Corporation determined that the asset was impaired by $53,333 and accordingly reduced the carrying value of intangible assets through income.

Management determined at November 30, 2017 that there was no recoverable amount of intangible assets.

ASSETS

Total assets for the Year were $409,650 versus $950,298 as at November 30, 2016. The net decrease in assets is attributed to the amortization of property, equipment and intangibles, expiration of leases, and investments, used in settlement of a secured loan.

CURRENT LIABILITIES

As at November 30, 2017 current liabilities were $24,223 versus $3,230,335 as at November 30, 2016. The decrease is attributed to a decrease in current portion of long term debt caused by the settlement of a secured loan, unsecured loans and accounts payable and accrued liabilities as per the Proposal described previously.

LONG TERM LIABILITIES

	November 30, 2017	November 30, 2016
Long-term debentures matured ranging from September 2015 to May 2016, 2014 renegotiated long-term debentures matured in 2017, and 2015 renegotiated long-term debentures matured in 2016, 2017 and 2018. Lenders have the option to convert outstanding balance to common voting shares of the Corporation at a rate of 1.5 times the outstanding balance. Under the option, the lenders will be issued the maximum shares allowable under regulatory requirements, and any additional shares agreed upon may be issued by Kingsland Capital Management Inc. ("**KCM**"). The conversion feature as set out above is subject to regulatory approval and maybe amended, as required, to conform to any regulatory requirements. These loans have matured without conversion. Under the Proposal KLE proposed to convert the debt to shares (see below).	$ -	$ 1,970,547
Convertible debenture	-	658,049
Loan repayable by March 2020 and secured by corporate assets	144,764	-
	-	2,628,596
Current portion of long term debt	-	(2,524,096)
Balance	**$144,764**	**$ 104,500**

In July 2017, the Corporation made a Proposal to its lenders to settle the debt by converting the outstanding balance into shares of KLE at a per share price of $0.05 per share. A meeting of creditors was held, at which meeting the Proposal was accepted by all the creditors Interest related to these loans and included in accrued liabilities has been calculated to July 31, 2017 being the date that will be used for conversion. The postponement of interest commences on March 12, 2018 NEX approval. These debts and the related interest have been converted to shares as part of the Proposal and accordingly the balances have been adjusted.

On November 6, 2014, the Corporation issued a 2-year convertible debenture instrument for proceeds of $615,000, bearing interest at 3.5% per annum due at maturity and secured by shares in KOC. Interest of $81,991 on this loan has accumulated and has been added to the principal. The conversion feature allows the lender to convert the principal sum to common shares of the Corporation at any time prior to maturity at a price of $0.30 per common share. As the conversion amount is fixed, the debenture is considered a compound instrument. Accordingly, $29,338 being the difference between the estimated fair value at maturity of the debt instrument at a market adjusted discount factor to the original cash consideration received had been adjusted to contributed surplus. On June 30, 2017, the Corporation settled $667,653 of the secured loan for consideration of 631,250 shares of KOC (pledged as security) and 800,000 KLE common shares at a share price of $0.05 per share for a complete release of all amounts owing.

LIQUIDITY

The Corporation considers the cash flows from the underlying assets and future needs when assessing the need for additional capital, if any. Depending on future liquidity requirements, the Corporation may invest excess cash in short or long-term financial instruments.

KLE is a development stage company and has experienced operating losses and has a working capital of $21,995. Its ability to continue as a going concern depends on management's ability to identify additional cash flows from its investment, conversion of existing debenture and related interest to shares and renegotiation of terms or through operations. Subsequent to the Year, the Corporation completed the restructuring of its debt, significantly improving its working capital position. The Corporation is pursuing consulting work and expects to increase its consulting revenues over the next few years.

Management acknowledges that uncertainty remains over the ability of the Corporation to meet its funding requirements and re-negotiate the debt as it falls due. The Corporation's ability to operate is contingent on the successful completion of the conversion of debentures to shares as well as financing, capital, and consulting initiatives currently being pursued. On August 30, 2017, the Corporation filed a Proposal, in terms whereof, the Corporation's creditors will receive common shares priced at $0.05 per share in exchange for debt. Under the Proposal, the Corporation's secured creditor will compromise its debt, enter into a forbearance agreement for 2 years from the date of completion of the Proposal and participate in the share conversion on a portion of its debt. Subsequent to the Year, the provisions of the Proposal were implemented, the restructuring was completed, and the Corporation secured consulting work that it hopes to build on during the next year. The impact of the Proposal and subsequent NEX approval are reflected in these financials The Corporation is also pursuing additional capital initiatives. The Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities, should the Corporation be unable to continue as a going concern.

This MD&A to be read with the Financial Statements, have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

CAPITAL STOCK

Share capital:

Authorized:
An unlimited number of common shares
An unlimited number of preferred shares

	As at November 30, 2017		As at November 30, 2016	
Common Shares	**Number**	**Amount**	**Number**	**Amount**
Balance, beginning of period	74,732,228	$7,583,842	74,732,228	$7,583,842
Shares issued	800,000	40,000	-	-
Shares at November 30, 2017	75,532,228	$7,623,842	74,732,228	$7,583,842
Shares to be issued on NEX approval March 12, 2018 issued March 14, 2018	49,327,008	2,466,423	-	-
Issued at November 30, 2017 and pending	124,859,236	$10,090,265	74,732,228	$7,583,842

Common shares are voting, participating and are not currently subject to restrictions.

Shares issued\Exchanged:

On June 30, 2017 the Corporation issued 800,000 common shares as part of the debt settlement with a secured creditor. The common shares issued were subject to a hold period under applicable regulatory and securities laws until October 31, 2017.

Common shares approved for issuance by the NEX on March 12, 2018 were issued March 14 and are subject to a hold period under applicable regulatory and securities laws until July 15, 2018.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value:
Management believes the carrying value of cash, accounts receivable, and accounts payable approximate their fair value at year end due to their short-term nature.

RISKS & UNCERTAINTIES

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury.
Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive, but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

FINANCIAL RISK MANAGEMENT

FAIR VALUE
Management believes the carrying value of accounts receivable, and accounts payable and accrued liability approximate their fair value at Year end due to their short-term nature.

Management's risk management policies are typically performed as a part of the overall management of the Corporation's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Corporation is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Corporation has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Corporation, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

COMMODITY RISK
The Corporation is at risk to the volatility of oil and natural gas prices and markets. Financial performance and condition are substantially dependent on the prevailing prices of oil and natural gas which are unstable and subject to fluctuation. Fluctuations in oil or natural gas prices could have an adverse effect on operations and financial condition and the value and amount of its reserves. Prices for crude oil fluctuate in response to global and North American supply of and demand for oil, market performance and uncertainty and a variety of other factors which are outside the Corporation's control including, but not limited to, the world economy and OPEC's ability to adjust supply to world demand, government regulation, political stability and the availability of alternative fuel sources. In addition, the prices received by KLE for its oil are subject to differentials against such benchmarks as WTI and Edmonton Par, which can fluctuate substantially and result

in KLE realizing prices substantially below such benchmarks. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources.

Decreases in oil and natural gas prices realized will result in reduced net production revenue and may change the economics of producing from some wells, which could result in a reduction in the volume of KLE's reserves. Any further substantial declines in the prices of crude oil or natural gas could also result in delay or cancellation of existing or future drilling, development or construction programs or the curtailment of production. All of these factors could result in a material decrease in KLE net production revenue, cash flows and profitability causing a reduction in its oil and gas acquisition and development activities.

As at November 30, 2017 KLE does not have any producing properties.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The Corporation's main sources of liquidity are its operations and equity financing. The funds are primarily used to finance working capital and capital expenditure requirements.

The timing of cash outflows relating to the financial liabilities are outlined in the table below based on November 30, 2016:

November 30, 2017	< 1 year	1-2 years	2-4 years	Total
Accounts payable and accrued liabilities	$ 24,223	$ -	$ -	$ 24,223
Long term debt		-	144,764	144,764
Balance	**$ 24,223**	**-**	**$ 144,764**	**$ 168,987**

November 30, 2016	< 1 year	1-2 years	2-4 years	Total
Accounts payable and accrued liabilities	$451,679	$ -	$ -	$ 451,679
Short term debt	254,560	-	-	254,560
Long term debt	2,524,096	104,500	-	2,628,596
Balance	**$3,230,335**	**$104,500**	**$ -**	**$3,334,835**

CURRENCY RISK

Currency risk is that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Corporation has no significant transactions denominated in foreign currency and is not exposed to any material foreign currency risk aside from broad unquantifiable macro-economic factors arising from fluctuations in foreign exchange, which could result in Canadian products becoming more expensive to international purchasers.

INTEREST RATE RISK

Interest rate risk primarily is associated with interest fluctuations earned on the Corporation's cash and term deposits.

A 1% change in the prime interest rate would have a negligible impact on the Corporation's income.

CREDIT RISK

Credit risk is the risk of financial loss if counterparty to a financial transaction fails to meet its obligations. The Corporation attempts to reduce such exposure to its cash, and short-term deposits by only investing in low risk investments with Canadian Chartered Banks and taking advantage of government guarantees. The Corporation attempts to reduce its loss on amounts receivable by assessing the ability of the counterparties to

fulfill their obligation under contract prior to entering into the contracts and by the nature of customers the Corporation deals with.

The Corporation’s accounts receivable is $Nil, compared to $Nil at November 30, 2016.

RELATED PARTY TRANSACTIONS

The key management personnel of the Corporation consist of the executive officers, other senior managers and members of the board of directors. Key management personnel also include those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Compensation for the Year was $Nil (2016 - $39,483). As at November 30, 2017 Kilback Capital Management Inc. was owed $16,800 (2016 - $16,800).

KCM is considered a related party through key management. KCM supported the 3-year convertible debenture issuance. KCM held $60,000 of this debenture during 2017. KCM had accrued interest of $13,000. As of November 30, 2017, as part of the Proposal, all of the loan and related interest has been converted in to shares (2016 - $10,404).

Directors, directly and indirectly, held $162,500 of the 3-year convertible debenture. The directors had accrued interest of $28,645 (2016 - $22,962) and received interest payments of $Nil (2016 – $Nil) in cash consideration and rolled interest of $Nil (2016 - $Nil) into principal during the Year. As of November 30, 2017, as part of the Proposal, all of the loan and related interest has been converted in to shares (2016 - $10,404). Each director also is entitled to receive a fee of $500 for attending board meetings. The total fees paid to directors during the Year were $1,000 (2016 - $3,000).

HTC Purenergy Inc. (“**HTC**”) is considered a related party due to common directors and common management. The Corporation has secured a loan from HTC. The Corporation has consultancy revenues of $Nil (2016 - $8,300) to HTC.

These transactions are in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

OTHER DISCLOSURES

The Corporation has capitalized development costs relating to the Rising Bubble Test Apparatus acquired with EHR. The value on consolidation was determined to be $150,000 and the remaining balance was written off in the 2016 year.

Expensed research and development costs since the acquisition of EHR are $119,500 relating to ongoing research to validate and model application of blended solvents with CO_2 and water to efficiently enhance recovery from heavy oil pay zones. Research and development costs incurred by EHR prior to acquisition are not included in this amount, nor are costs incurred directly by EHR’s collaborative technology development research initiatives.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the MD&A and the Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the MD&A and the Financial Statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the year they become known.

Judgment is used mainly in determining whether a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in future years affected.

Use of estimates and judgement – Information about judgment, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are as follows:

Reserve estimates
Petroleum and natural gas assets are depleted on a unit of production basis at a rate calculated by reference to prove and probable reserves determined in accordance with NI 51-101 and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated using independent reservoir engineering reports and techniques and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrating with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Reserves estimates and data contained within reserve reports, although not reported as part of the Corporation's Financial Statements, can have a significant effect on net income, assets and liabilities as a result of their impact on depletion and depreciation, decommissioning liabilities, deferred taxes, asset impairments and accounting for business combinations. Independent reservoir engineers perform evaluations of the Corporation's oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flows, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

Impairment indicators and discount rate
For purposes of impairment testing, petroleum and natural gas assets are aggregated into CGU's, based on separately identifiable and largely independent cash inflows. The determination of the Corporation's CGU's is subject to judgment. The recoverable amounts of CGU's and individual assets have been determined based on the higher of the value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions, including the discount rate. It is reasonably possible that the commodity price assumptions may change, which may impact the estimated life of the field and economical reserves recoverable and may require a material adjustment to the carrying value of petroleum and natural gas assets. The Corporation monitors internal and external indicators of impairment relating to its assets.

Decommissioning costs
At the end of the operating life of the Corporation's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Corporation. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the amount expensed are impacted by estimates with respect to the costs and timing of decommissioning.

Technical feasibility and commercial viability of exploration and evaluation assets
The determination of technical feasibility and commercial viability, based on the presence of proved and probable reserves, results in the transfer of assets from exploration and evaluation assets to petroleum and natural gas assets. As discussed above, the estimate of proved and probable reserves is inherently complex and requires significant judgment. Thus, any material change to reserve estimates could affect the technical feasibility and commercial viability of the underlying assets.

Intangible assets
Intangible assets are also aggregated into CGU's based on separately identifiable and largely independent cash inflows and are subject to judgement. The identification of intangibles is subject to judgement. These calculations also require the use of estimates and assumptions, including the discount rate. The Corporation monitors internal and external indicators of impairment relating to its assets.

Provision
Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past obligating event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Identification and evaluation of provision is subject to judgment and estimates.

Utilization of tax losses
Due to current circumstances, there is no immediate expectation for utilization of losses. The Corporation is currently in a loss position and as such is accumulating tax losses and tax carry forward positions, but are unable to recognize or utilize them.

Contingencies
By their nature contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

SUBSEQUENT EVENTS

On July 31, 2017 the Corporation filed a notice of its intention to make a proposal to its creditors, and on August 30, 2017, the Corporation filed a Proposal, in terms whereof, if approved, the Corporation's creditors will receive common shares priced at $0.05 per common share in exchange for debt. Under the Proposal, the Corporation's secured creditor will compromise its debt, enter into a forbearance agreement for 2 years from the date of completion of the Proposal and participate in the share conversion on a portion of its debt. On September 21, 2017 a meeting of creditors was held, at which meeting the Proposal was accepted by 100% of the votes of disinterested creditors who proved their claims, representing 100% of the value of disinterested creditors' proven claims. On March 12, 2018, the Corporation obtained NEX approval of the shares for debt transaction pursuant to the terms of the Proposal. On March 14, 2018, the Proposal closed, as all the required legal and regulatory approvals were obtained, and 49,327,008 common shares were issued. The common shares issued are subject to a hold period under applicable regulatory and securities laws until July 15, 2018. The impacts of these transactions have been recorded in the current year with the relating shares approved March 12, 2018 shown separately. Consequently, as of November 30, 2017 amounts have been adjusted as follows:

- Long Term Debt decreased from $1,970,547 to $Nil.
- Accounts Payable and Accrued Liabilities decreased from $497,278 to $20,223.
- The Loan from HTC decreased from $379,927 to $144,764. The remaining balance continued to accrue interest at a rate of 6%.
- The total number of common shares will increase from 75,532,228 to 124,859,236.

FUTURE CHANGES IN ACCOUNTING POLICIES

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Corporation's Financial Statements, and that may have an impact on the disclosures and financial position of the Corporation, are disclosed below. The Corporation intends to adopt these standards and interpretations, if applicable, when they become effective.

Revenue from Contracts with Customers:
In May 2014, the International Accounting Standards Board ("**IASB**") issued IFRS 15 – *Revenue From*

Contracts With Customers, which establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 is effective for years beginning on or after January 1, 2018. The new standard is not expected to have any impact on the Financial Statements.

Financial Instruments: Recognition and Measurement:
In July 2014, IFRS 9, *Financial Instruments* was issued as a complete standard, including the requirements previously issued related to classification and measurement of financial assets and liabilities, and additional amendments to introduce a new expected loss impairment model for financial assets including credit losses. Retrospective application of this standard with certain exemptions is effective for fiscal years beginning on or after January 1, 2018, with earlier application permitted. The Corporation has not yet determined the impact of the IFRS on the Financial Statements. but is not expected to have an impact on the Financial Statements.

Leases:
In January 2016, the IASB issued IFRS 16, *Leases*, which replaces IAS 17, *Leases and related interpretations*. IFRS 16 eliminates the classification of leases as finance or operating and introduces a single lessee accounting model for recognition and measurement, which will require the recognition of assets and liabilities for most leases. IFRS 16 is effective for years beginning on or after January 1, 2019. The new standard does not have any impact on the Financial Statements.

Signed "Lionel Kambeitz"
LIONEL KAMBEITZ
Acting CEO and Director

Signed "Jeffrey Allison"
JEFFREY ALLISON
CFO and Director

KINGSLAND ENERGY CORP.

Management's Responsibility for Financial Statements

To the Shareholders of Kingsland Energy Corp. ("Corporation")

The annual audited consolidated financial statements ("**Financial Statements**") for the year ended November 30, 2017 ("Year") have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") in Canada. Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in management's discussion and analysis for the Year ("**MD&A**") and reflect the Corporation's business transactions and financial position.

Management is also responsible for the information disclosed in the MD&A including responsibility for the existence of appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded. Management has concluded that the Corporation's system of internal control over financial reporting was effective as at November 30, 2017.

The board of directors ("**Board**") annually appoints an audit committee which includes directors who are not employees of the Corporation. This committee meets with management and the shareholders' auditors to review significant accounting, reporting and internal control matters. The shareholders' auditors have unrestricted access to the audit committee. The audit committee reviews the interim and annual financial statements, the report of the shareholders' auditors, and the interim and annual management's discussion and analysis and has delegated authority to approve the interim filings and makes recommendations to the Board regarding annual filings.

Management has reviewed the filing of the Corporation's MD&A, Financial Statements, and attachments thereto. Based on our knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, with respect to the period covered by the annual filings. Based on our knowledge, having exercised reasonable diligence, the Financial Statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance, and cash flows of the Corporation, as of the date of and for the years presented in the annual filings.

Signed "Lionel Kambeitz"
LIONEL KAMBEITZ
Acting CEO and Director

Signed "Jeffrey Allison"
JEFFREY ALLISON
CFO and Director

KINGSLAND ENERGY CORP.

Board of Directors and Senior Officers of the Corporation
As at November 30, 2017

Directors and Officers:

Lionel Kambeitz: Director and acting CEO
Regina, Saskatchewan

Jeff Allison: Director and CFO
Regina, Saskatchewan

Murray Pierce: Director,
Brandon, Manitoba

Committees of the Board of Directors:

Audit Committee: Lionel Kambeitz, Murray Pierce and Jeffrey Allison

Compensation Committee: Murray Pierce and Lionel Kambeitz

Nominating Committee: Jeffrey Allison and Lionel Kambeitz

Shareholder Information

Common Shares issued and outstanding as of
November 30, 2017: 75,532,228
March 14, 2018, subsequent to NEX approval: 124,859,236

Head office and Investor relations address:
Kingsland Energy Corp.
#002 –2305 Victoria Ave.
Regina, Saskatchewan
S4P 0S7
Tel: (306) 359 3444
Fax: (306) 359-3456

Bank:
HSBC
Main Branch,
1847 Scarth St.
Regina, Saskatchewan

Auditors:
Calvista LLP Chartered Professional Accountants
Calgary, Alberta

Legal Counsel:
McDougall Gauley LLP
Barristers and Solicitors
Regina, Saskatchewan

Borden Ladner Gervais LLP,
Barristers and Solicitors,
Calgary, Alberta

Dividend policy:
No dividends have been paid on any shares of the Corporation since the date of inception, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.