



PetroFrontier

Management's Discussion & Analysis

June 30, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

PetroFrontier Corp. (the "Corporation") is a public company, which has been engaged in the business of petroleum exploration in Northern Territory, Australia. The Corporation has a fiscal year end of December 31.

This Management's Discussion & Analysis ("MD&A") is a review of the Corporation's performance, financial condition and future prospects for the period ended June 30, 2015. This MD&A complements and supplements the financial statements of the Corporation, and should be read in conjunction with the accompanying financial statements and the related notes for the years ended December 31, 2014 and 2013 and the interim financial statements for the three and six months ended June 30, 2015 and 2014 of the Corporation. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars, which are also generally accepted accounting principles ("GAAP") for publically accountable enterprises in Canada.

The Corporation's Audit Committee has reviewed and approved the consolidated financial statements and MD&A, both of which are effective August 26, 2015.

Forward-Looking Statements

Certain statements contained in this document, including Management's assessment of the Corporation's future plans and operations, may constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "plan" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation, or industry results, to differ materially from those expressed or implied by such forward-looking statements. The Corporation believes the expectations reflected in these forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this document should not be unduly relied upon. These statements speak only as of the date of this document.

Corporate Overview

The Corporation was incorporated as Australia Energy Corp. ("AEC") on February 6, 2009. AEC amalgamated with Pendulum Capital Corporation ("Pendulum") on December 31, 2010 to form the Corporation. The Corporation has been engaged in the business of petroleum exploration in Australia, through its two wholly owned Australian subsidiaries, PetroFrontier (Australia) Pty Ltd (formerly called Georgina Basin Energy Pty Ltd) and Texalta (Australia) Pty Ltd (collectively "PetroFrontier (Australia)"). When used herein, the term "Corporation" also refers to PetroFrontier (Australia) on a consolidated basis.

On March 2, 2015, the Corporation announced that it had retained GMP Securities L.P. as the Corporation's exclusive financial advisor to assist in identifying and evaluating a wide range of options for the Corporation. A resulting transaction could include a merger or other business combination of the Corporation with another entity, a recapitalization, a purchase of assets, a joint venture, a farm-in or the sale of the Corporation as a whole. This process is still ongoing.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Overview of Consolidated Financial Results

The following selected financial data is derived from the unaudited and audited consolidated financial statements of the Corporation and reference should be made to such unaudited and audited financial statements.

	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Net loss	238,852	238,222	38,835	41,172,637
Per common share (basic and diluted)	0.00	0.00	0.00	0.52
Cash flow from operating activities	(176,306)	(344,069)	(562,627)	(580,659)
Working capital	9,918,384	10,165,984	10,213,703	10,405,923
Total assets	9,998,429	10,258,193	10,622,129	11,229,697
Shareholders' equity	9,918,384	10,165,984	10,213,703	10,405,923

	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net loss	626,254	450,814	526,458	1,483,345
Per common share (basic and diluted)	0.01	0.01	0.01	0.02
Cash flow from operating activities	(375,323)	(242,432)	(3,424,578)	1,839,341
Working capital	6,569,003	7,197,095	7,506,121	8,165,835
Total assets	53,602,604	54,753,802	52,869,964	55,617,100
Shareholders' equity	52,949,820	54,325,568	51,869,964	52,366,483

The Corporation is in the exploration phase and therefore there are currently no oil and natural gas producing properties from which to generate revenues. The Corporation's net loss for the periods was generated primarily from impairment expense (non-cash), share-based compensation expense (non-cash) and G&A expenses including salaries, office costs, and travel costs.

The source of the majority of the Corporation's working capital was from the private placement financings that closed in September 2012 for gross proceeds of \$10,000,000 and the Research & Development tax incentives received during 2014 from the Australian Taxation Office totaling \$4,449,718 plus accrued interest totaling \$153,462 (Australian Dollars). Prior to September 2012, the source of the Corporation's working capital was from the private placement financing that closed in December 2010 for gross proceeds of \$58,500,000.

Cash

As at June 30, 2015, cash and cash equivalents totaled \$9,923,443 as compared to \$10,438,097 as at December 31, 2014, respectively. The decrease in cash and cash equivalents relates to the payment of accounts payable and accrued liabilities outstanding as at December 31, 2014 and general and administrative costs incurred during the first and second quarters of 2015. The following table summarizes the Corporation's cash and cash equivalents:

	June 30, 2015	December 31, 2014
	(\$)	(\$)
Cash at bank and on hand	9,923,443	10,438,097
Cash	9,923,443	10,438,097

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Financial Instruments

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-terms to maturity.

Marketable securities are classified as level 1 within the fair value hierarchy and are recorded on the Corporation's statement of financial position at the fair value on the reporting date.

Accounts Receivable

Accounts receivable decreased from \$140,357 at December 31, 2014 to \$46,357 at June 30, 2015. The majority of the accounts receivable outstanding at December 31, 2014 and June 30, 2015 related to Australian investment tax credits and Canadian GST on the Corporation's qualifying expenditures. The decrease in accounts receivable from December 31, 2014 to June 30, 2015 relates predominantly to the receipt of Canadian GST. The following tables summarize the Corporation's accounts receivable:

	June 30, 2015	December 31, 2014
	(\$)	(\$)
Trade receivables	46,357	140,357
Allowance for doubtful accounts	-	-
Accounts receivable	46,357	140,357

Prepaid Expenses and Deposits

Prepaid expenses and deposits decreased from \$43,675 at December 31, 2014 to \$28,629 at June 30, 2015. All of the amounts recorded as prepaid expenses and deposits relates to prepaid insurance and rent.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as at June 30, 2015 totaled \$80,045 as compared to \$408,426 as at December 31, 2014. The decrease in accounts payable at the end of the current quarter was due to the payment of outstanding accounts payable and accrued liabilities as at December 31, 2014 and lower general and administrative expenditures incurred during the first and second quarters of 2015 in comparison to the fourth quarter of 2014. The following tables summarize the Corporation's accounts payable and accrued liabilities:

	June 30, 2015	December 31, 2014
Accrued liabilities	20,000	80,180
Trade payables	60,045	328,246
	80,045	408,426

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

General and Administrative Expense

General and administrative expense for the three and six months ended June 30, 2015 totaled \$270,218 and \$522,365 as compared to \$556,761 and \$959,486 for the same periods in 2014. General and administrative expense were higher during the first and second quarters of 2014 in comparison to the first and second quarters of 2015 due to substantial legal costs that were incurred by the Corporation in Australia relating to a joint venture dispute initiated by Baraka Energy & Resources Ltd. ("Baraka"), which was eventually resolved to the Corporation's satisfaction.

Share-Based Compensation

Share-based compensation expense for the three and six months ended June 30, 2015 totaled \$(9,209) and \$11,543 as compared to \$73,523 and \$151,951 for the three and six months ended June 30, 2014. The substantial decrease in share-based compensation expense pertains to the fact that less options were vesting during the current quarter in comparison to the same quarter in the prior year and the fact that 4,566,666 options were outstanding in comparison to 6,935,000, respectively. In addition, the resignation of two directors during the current quarter resulted in the reversing of previously recorded share-based compensation expense for options that had previously been granted, but had not yet vested.

Finance income

Finance income for the three and six months ended June 30, 2015 totaled \$22,157 and \$56,834 as compared to \$20,999 and \$50,984 for the three and six months ended June 30, 2014. Overall, the finance income was as expected by management given the levels of cash on hand during the respective years.

Net Loss

The Corporation recorded a net loss for the three and six months ended June 30, 2015 of \$238,852 and \$477,074 as compared to a net loss of \$626,254 and \$1,077,068 for the three and six months ended June 30, 2014. As the Corporation is in the exploration phase, there are currently no oil and natural gas producing properties from which to generate revenues. The Corporation's net loss for the period was generated primarily from general and administrative expenses including salaries, office costs, and travel costs and share-based compensation expense (non-cash). The net loss per share (basic and diluted) for the three and six months ended June 30, 2015 was \$0.00 and \$0.01 per share as compared to \$0.01 and \$0.01 per share for the three and six months ended June 30, 2014.

Comprehensive Loss

The Corporation recorded a comprehensive loss for the three and six months ended June 30, 2015 of \$238,391 and \$306,862 as compared to a loss of \$1,449,271 for the three months ended June 30, 2014 and earnings of \$1,579,542 for the six months ended June 30, 2014. The difference between net loss from operations and comprehensive loss is comprised entirely of other comprehensive income relating to the revaluation of the Corporation's assets and liabilities in accordance with the Corporation's accounting policy on foreign exchange gains and losses.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Common share information

Weighted average outstanding common shares

	Six months ended June 30, 2015	Six months ended June 30, 2014
Basic and diluted⁽¹⁾	79,600,768	79,600,768

⁽¹⁾ As the Corporation has losses for all periods referenced above, no addition is made to the basic weighted average number of common shares when calculating diluted weighted average number of common shares as the diluted per common share amounts are anti-dilutive.

Liquidity and capital resources

The diluted number of common shares outstanding at June 30, 2015 and 2014 were as follows:

	June 30, 2015	June 30, 2014
Common shares	79,600,768	79,600,768
Warrants	-	15,384,615
Options	4,566,666	6,935,000
Total common shares (diluted)	84,167,434	101,920,383

As at the date of this MD&A, the diluted number of Common Shares outstanding remained unchanged.

As at June 30, 2015, the Corporation had \$9,923,443 in cash and cash equivalents. The source of the Corporation's net working capital of \$9,998,429 was a result of the private placement funds received in September 2012 and the Research & Development tax incentives received during 2014 from the Australian Taxation Office totaling \$4,449,718 plus accrued interest totaling \$153,462 (Australian Dollars).

With current working capital on hand, the Corporation expects to have adequate funding to provide for general operations and to meet all of the Corporation's future commitments for a period of at least 12 months.

The Corporation has 4,566,666 stock options issued and outstanding as at June 30, 2015 at strike prices ranging from \$0.18 to \$3.05. However, all of these potentially dilutive securities were out-of-the-money at June 30, 2015 and at the date of this MD&A.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Material Contracts, Commitments and Contingencies

Exploration Permits

On May 20, 2015, Exploration Permits 103 and 104 expired and were relinquished to the Northern Territory Government of Australia. The Corporation is currently awaiting confirmation from the Northern Territory Government that this expiry and relinquishment has been satisfied.

On June 13, 2015, Exploration Permit 128 expired. The Corporation's joint venture partner Baraka has applied for its extension and both the Corporation and Statoil Australia Theta BV ("Statoil") have agreed to permit Baraka to apply for this extension in accordance with the governing Joint Operating Agreement ("JOA"). Should Baraka be successful in negotiating an extension of Exploration Permit 128 with the Northern Territory Government, the Corporation's respective working interest will be transferred and assigned to Baraka in accordance with the JOA.

Exploration Permit 127 is scheduled to expire on December 13, 2015. The Corporation and Statoil have agreed to permit Baraka to apply for this extension in accordance with the governing JOA. Should Baraka be successful in negotiating an extension of Exploration Permit 127 with the Northern Territory Government, the Corporation's respective working interest will be transferred and assigned to Baraka in accordance with the JOA.

Office lease

As at June 30, 2015, the Corporation had the following office lease commitments:

	Total	2015	2016	2017
	(\$)	(\$)	(\$)	(\$)
Office lease	112,356	34,961	71,157	6,238

During the three and six months ended June 30, 2015, the Corporation expensed \$23,366 and \$38,406 relating to operating leases it maintained throughout the period (June 30, 2014 - \$17,481 and \$36,211).

Litigation

During the year ended December 31, 2014, Macquarie Capital Markets Canada Ltd. filed a Statement of Defence and Counterclaim against the Corporation in response to a Statement of Claim filed by the Corporation against Macquarie in the Court of Queen's Bench of Alberta. The Corporation will vigorously proceed with its lawsuit against Macquarie and its defence of the Counterclaim.

Off Balance Sheet Arrangements

The Corporation had no guarantees or off-balance sheet arrangements except for certain lease agreements that were entered into in the normal course of operations. All leases are treated as operating leases whereby the lease payments are included in operating expenses or general and administrative expenses depending on the nature of the lease. No asset or liability value has been assigned to these leases on the balance sheet as at June 30, 2015. The total future obligation from these operating leases is described above in the section "Material Contracts, Commitments and Contingencies".

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Accounting Estimates

Management of the Corporation is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the consolidated financial statements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. The following are significant accounting estimates:

- In regard to stock-based compensation the Corporation has estimated the volatility, expected life and risk-free interest rates of the stock-based compensation.
- The carrying value of petroleum and natural gas properties is limited to the future expected cash flows from the properties. If it is determined that carrying values of petroleum and natural gas properties cannot be recovered from future cash flows, the asset is written down to its estimated fair value via a charge to earnings.
- The determination of the Corporation's income and other tax liabilities and assets requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Disclosure Controls and Procedures

Management has designed disclosure controls and procedures to provide a reasonable level of assurance that material information relating to the Corporation is made known to the Chief Executive Officer and the Chief Financial Officer by others within the Corporation, particularly during the period in which the annual and interim filings of the Corporation are being prepared, in an accurate and timely manner in order for the Corporation to comply with its disclosure and financial reporting obligations. Consistent with the concept of reasonable assurance, the Corporation recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Corporation's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. While management of the Corporation has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Corporation's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated. No changes were made to the Corporation's internal control over financial reporting during the three and six months ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Business Risks and Uncertainties

The Corporation's business is subject to risks inherent in oil and natural gas exploration and development operations. In addition, there are risks associated with the Corporation's current and future operations in the foreign jurisdictions in which it operates. The Corporation has identified certain risks pertinent to its business including: exploration and reserve risks, drilling and operating risks, changes to regulatory requirements, costs and availability of materials and services, capital markets and the requirement for additional capital, loss of or changes to joint venture or related agreements, economic and sovereign risks, reliance on joint venture partners, market risk, volatility of future oil and natural gas prices and foreign currency risk.

Limited Operating and Earnings History

The Corporation has no earnings history. The Corporation's future business plans are likely to require significant expenditure, particularly capital expenditure, in its oil and gas establishment phase. Any future profitability from the Corporation's business will be dependent upon the successful acquisition of new lands, and there can be no assurance that the Corporation will achieve profitability in the future. There are no known quantities of oil or natural gas reserves on the Corporation's existing properties.

Investment Risks

Revenues, other than interest on unused funds, may not occur for some time, if at all. The timing and extent of these is variable and uncertain and accordingly the Corporation is unable to predict when, if at all, profitability will be achieved. An investment in the Common Shares is highly speculative and should only be made by persons who can afford a significant or total loss of their investment.

History of Losses

The Corporation has historically incurred losses from operations. As at June 30, 2015, the Corporation had a cumulative deficit of \$121,772,851. There can be no assurance that the Corporation will achieve profitability in the future. In addition, should the Corporation be unable to continue as a going concern, realization of assets and settlement of liabilities other than in the normal course of business may be at amounts significantly different from those in the financial statements.

Cash Flow

The cash flow used in operations before changes in non-cash working capital of the Corporation for the three and six months ended June 30, 2015 were \$270,218 and \$522,365 as compared to \$556,761 and \$959,206 for the same periods in 2014. The Corporation has a history of negative cash flow from operations and the inability of the Corporation to generate positive operating cash inflow in the future could have a material adverse impact on its business, operations and prospects.

Competition

Oil and gas exploration is intensely competitive in all phases and involves a high degree of risk. The Corporation competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Currently the Corporation is insulated from competition on the lands which it currently holds due to the nature of the

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

proprietary exploration rights granted by the governing bodies under the various licenses and permits, however the Corporation may face competition on surrounding lands if it seeks to increase its land position to acquire other prospective leads. The Corporation may also face competition from competitors on lands which it currently holds a license or permit for in the event that, as a condition of the license or permit, it is required to partially relinquish certain of the lands. In this circumstance, if the Corporation elects to re-apply for such permits or licenses, there are no assurances that the Corporation will be successful. The Corporation's ability to add reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Competition may also be presented by alternate fuel sources.

Operational Dependence

In the future, the Corporation may enter into operations in which it is not the operator. As such, the Corporation may have limited ability to exercise influence over the operation of such assets or their associated costs, which could adversely affect the Corporation's financial performance. Therefore, the Corporation's return on the assets operated by others will depend upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Reliance on Key Personnel

The Corporation's success will depend in large measure on the performance of the Board and other key personnel. The loss of services of such individuals could have a material adverse affect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Assessments of Value of Acquisitions

Acquisitions of oil and natural gas issuers and oil and natural gas assets are typically based on engineering and economic assessments made by independent engineers and the Corporation's own assessments. These assessments will include a series of assumptions regarding such factors as recoverability and marketability of oil and gas, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Corporation's control. In particular, the prices of, and markets for, oil and natural gas products may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower than anticipated production and reserves. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm that the Corporation may use for its year-end reserve evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the Corporation. Any such instance may offset the return on and value of the Common Shares.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Estimate of Fair Market Value

There are numerous uncertainties inherent in an estimate of fair market value including many factors beyond the Corporation's control. The valuations herein represent estimates only. In general, estimates are based upon a number of variable factors and assumptions, such as engineering and geophysical information pertaining to hydrocarbon potential, current material contracts of the Corporation, production history of competitors on similar land positions, access to lands, availability, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies, and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and are only attempts to define the degree of speculation involved.

Third Party Credit Risk

The Corporation may be exposed to third party credit risk through its contractual arrangements with future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures could have a material adverse effect on the Corporation and its cash flow from operations.

Management of Growth

In the future, the Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Insurance

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 in personal injury. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Prior to conducting any operations, the Corporation will obtain insurance in accordance with industry standards to address certain of these risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not be insurable in all circumstances or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

Corporate Matters

The Corporation does not anticipate the payment of any dividends on the Common Shares for the foreseeable future. Certain directors and officers of the Corporation are also directors and officers of other oil and natural gas companies involved in natural resource exploration and development, and

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

conflicts of interest may arise between their duties as directors and officers of the Corporation and as directors and officers of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as applicable under the Alberta Business Corporations Act.

Title to Properties

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation. To the extent title defects do exist, it is possible the Corporation may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

Additional Funding Requirements

The Corporation may require additional financing from time to time in order to carry out its oil and natural gas exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to have limited ability to expend the capital necessary to undertake or complete future exploration programs, forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly.

Currency

From time to time the Corporation may exchange Canadian currency to Australian currency and vice versa; however, the Corporation will not benefit from the fluctuating exchange rates of the Australian dollar in comparison to the Canadian dollar after the currency exchange.

Dilution

The Corporation may make future acquisitions or enter into financing or other transactions involving the issuance of securities of the Corporation, which may be dilutive to existing shareholders.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and the potential for increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Statutory provisions require petroleum tenement lands to be protected and rehabilitated to ensure that environmental damage is avoidable or minimal where authorized. These provisions may require approvals and consents to be obtained before certain lands may be accessed and explored. In addition, each state and territory government may impose a wide range of obligations on tenement holders to ensure that petroleum operations comply with various environmental standards and requirements.

No assurance can be given that environmental laws will not result in a curtailment of future production (if any) or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

Changes in Legislation

Legislation and regulations continue to be introduced by government and government agencies concerning the security of industrial facilities, including oil and natural gas facilities. The Corporation's operations may be subject to such laws and regulations. Presently, it is not possible to accurately estimate the costs the Corporation could incur to comply with any such laws or regulations, but such expenditures could be substantial.

Income Taxes

The Corporation will file all required income tax returns and believes that it will be in full compliance with the provisions of the Tax Act and all other applicable tax legislation. However, such returns are subject to reassessment by applicable taxation authorities. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Integrity of Disclosure

The Corporation's management maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

The Board is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the audited consolidated financial statements. The Board approves the annual audited consolidated financial statements and MD&A on the recommendation of the Audit Committee. The Board has delegated the approval of the condensed consolidated interim financial statements and MD&A to the Audit Committee.

The Corporation has approved and distributed to all staff a series of policy papers that include Code of Business Conduct and Ethics, Whistle Blower Policy and Procedures, Insider Trading and Reporting Guidelines, Disclosure Policy and Board Control System. Terms of References define Audit Committee and Compensation and Governance Committees. The Corporation has a defined Board Mandate. All consultant contracts are current and approved by independent members of the Board.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

PetroFrontier Corp.

June 30, 2015

Additional Information

Additional information on the Corporation can be accessed at www.sedar.com or from the Corporation's website at www.petrofrontier.com or by contacting the Corporation at PetroFrontier Corp., Suite 520, 1011 – 1st Street S.W., Calgary, Alberta T2R 1J2.