MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") is a review of Bruin's results and management's analysis of its financial performance for the three months ended December 31, 2014 and the period from incorporation at January 30, 2014 to December 31, 2014. It is dated May 5, 2015 and should be read in conjunction with the audited financial statements for the period ended December 31, 2014. The financial statements have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards ("IFRS"). All references to "Bruin" or "the Company" refer to Bruin Oil & Gas Inc.

NON-GAAP MEASURES

The MD&A contains the term funds flow from operations which should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. The reconciliation between cash flow from operating activities and funds flow from operations can be found in the statement of cash flows in the annual financial statements and is presented before the change in non-cash operating working capital. The Company reconciles funds flow from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS, as follows:

(Canadian $000)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Cash flow from operating activities	355	272
Changes in non – cash working capital	2,204	2,784
Funds flow from operations	**2,559**	**3,056**

The Company presents funds flow from operations per share whereby per share amounts are calculated consistent with the calculation of earnings per share. The MD&A contains other terms such as operating netbacks and corporate netbacks, which are not recognized measures under IFRS. Management believes these measures are useful supplemental information. Operating netback is the amount of revenues received on a per unit of production basis after the royalties, operating and transportation costs are deducted. Corporate netback is the amount of revenues received on a per unit of production basis after the royalties, operating, transportation, general and administration and financial income are deducted. Net available working capital represents current assets plus funds available under the equity line of credit less current liabilities and is used to assess efficiency, liquidity and the general financial strength of the Company. Readers are cautioned however, that these measures should not be construed as an alternative to other terms such as current and long-term debt or net earnings in accordance with IFRS as measures of performance. The Company's method of calculating these measures may differ from other companies, and accordingly, such measures may not be comparable to measures used by other companies.

DESCRIPTION OF THE COMPANY

Bruin is a growth oriented, private oil and gas company whose principal undertakings are to acquire and develop oil and natural gas assets primarily in Western Canada.The Company was incorporated in Alberta on January 30, 2014 under the name “1799380 Alberta Ltd.”. On June 16, 2014, the Company changed its name to “Bruin Oil & Gas Inc.”. As this is the Company’s first year of operations, no comparative numbers are presented.

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Highlights *(Canadian $000, except for per bbl and share amounts)*	**Three months ended** **31-Dec-14**	**Period ended** **31-Dec-14**
Petroleum and natural gas revenue	807	910
Funds from operations	355	272
Per basic and diluted shares	*0.05*	*0.05*
Net earnings (loss)	(4,577)	(4,745)
Per basic and diluted shares	*(0.64)*	*(0.88)*
Capital expenditures	10,249	12,612
Net available working capital *(1)*	26,924	26,924
Shareholder equity *(1)*	34,946	34,946
Common shares: *(000s)*		
Shares outstanding *(1)*	30,164	30,164
Weighted average shares outstanding	7,176	5,375

Operating Highlights		
Average daily production *(bbl per day)*	134	98
Netbacks *($ per bbl)*		
Operating		
Oil and gas revenue	65.31	67.19
Royalties	(6.08)	(6.22)
Operating expenses	(11.66)	(13.45)
Transportation expenses	(7.45)	(7.13)
Operating netback	40.12	40.39
General and administration	(24.60)	(34.40)
Financial income	1.61	1.85
Corporate netback	17.13	7.84
Wells drilled *(#)*		
Gross	13	16
Net	6.5	8
Success rate	100%	100%

(1) Includes the full draw available under the equity line of credit (net of fees).

PRODUCTION

Production *(bbl per day)*	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Average oil production	134	98
Exit oil production	199	199

For the three months ended December 31, 2014 production averaged 134 bbl per day with an exit rate of 199 bbl per day. In the quarter, Bruin drilled and completed 13 gross wells (6.5 net), which began commercial operations in the quarter.

For the period ended December 31, 2014 production averaged 98 bbl per day with an exit rate of 199 bbl per day. Bruin drilled and completed 16 gross wells (8 net) in the period ended December 31, 2014. In addition, the Company fulfilled the requirements of the Joint Venture Agreement, earning a 50% working interest and operatorship in the Fiske property.

REALIZED SALES PRICE AND REVENUE

(Canadian $000, except for per bbl amounts)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Average realized sales price – Oil *($ per bbl)*	65.31	67.19
Gross petroleum revenue	807	910

For the three months ended December 31, 2014, Bruin realized $807,000 of production sales at an average sales price of $65.31 per bbl.

For the period ended December 31, 2014, Bruin realized $910,000 of production sales at an average sales price of $67.19 per bbl.

The Company has not hedged against commodity market price risk.

ROYALTIES

(Canadian $000, except for per bbl amounts)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Royalty expense	75	84
Royalty expense as a % of revenue	9.29%	9.23%
$ per bbl	6.08	6.22

Royalties include Crown and gross overriding royalties. Royalty expense for the three months ended December 31, 2014 was $75,000 ($6.08 per bbl) and $84,000 ($6.22 per bbl) for the period ended December 31, 2014. Royalty expenses are expected to remain at this level reflecting the impact of the Saskatchewan Government's Crown royalty incentive program for new horizontal wells.

OPERATING EXPENSES

(Canadian $000, except for per bbl amounts)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Operating expense	144	182
$ per bbl	11.66	13.45

Operating expenses were $144,000 ($11.66 per bbl) for the three months ended December 31, 2014 and $182,000 ($13.45 per bbl) for the period ended December 31, 2014. Operating expenses on a per bbl basis are expected to moderate as additional wells are drilled and put on production.

TRANSPORTATION EXPENSES

(Canadian $000, except for per bbl amounts)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Transportation expense	90	97
$ per bbl	7.26	7.16

Transportation expense relate to the cost of transporting and hauling crude oil to the point of sale. Transportation expense for the three months ended December 31, 2014 was $90,000 ($7.26 per bbl) and $97,000 ($7.16 per bbl) for the period ended December 31, 2014.

NETBACKS

Operating and corporate netbacks are summarized in the table below:

	Three months ended 31-Dec-14	**Period ended 31-Dec-14**
Netbacks: *($ per bbl)*		
Operating		
Oil and gas sales	65.31	67.19
Royalties	(6.08)	(6.22)
Operating expenses	(11.66)	(13.45)
Transportation expenses	(7.45)	(7.13)
Operating netback	**40.12**	**40.39**
General and administration	(24.60)	(34.40)
Financial income	1.61	1.85
Corporate netback	**17.13**	**7.84**

The increase in the Corporate netback for the three month ended December 31, 2014 compared to the period ended December 31, 2014 is directly related to the higher number of wells drilled and placed on production in the last quarter of 2014.

GENERAL AND ADMINISTRATION ("G&A")

(Canadian $000, except for per bbl amounts)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Salaries and consulting fees	386	475
Professional fees	48	64
Office and rent costs	69	117
Other	83	108
General and administrative expense (gross)	586	764
Capitalized G&A and overhead recovery	(257)	(298)
General and administrative expense (net)	**329**	**466**
$ per bbl	**26.55**	**34.40**

General and administrative expenses (net) for the three months ended December 31, 2014 were $329,000 ($26.55 per bbl) and $466,000 ($34.40 per bbl) for the period ended December 31, 2014.

Capitalized G&A relates to the salaries, software costs and other indirect costs related to the development of oil and gas properties.

DEPRECIATION, DEPLETION AND AMORTIZATION

(Canadian $000)	**Three months ended 31-Dec-14**	**Period ended 31-Dec-14**
Depreciation, depletion and amortization	663	663
Impairment on oil and gas properties	3,991	3,991
	4,654	4,654

The Company began commercial production in the fourth quarter of 2014.

Depreciation, depletion and amortization ("DD&A") expenses both the three months and period ended December 31, 2014 were $663,000.

At December 31, 2014, management determined the Company's CGU had an indicator of impairment as a result of declining forward commodity prices for oil and gas and management assessed the Company's CGU (Fiske) for indicators of impairment. Accordingly, the Company tested the Fiske CGU for impairment. Management used a pre-tax discount rate to discount future cash flows at 10%.

The Corporation determined that the aggregate carrying value of the Fiske CGU was $4.0 million higher than the recoverable amount and therefore impairment was recorded. The decrease in recoverable amount was mainly related to changes in proved and probable reserve estimates as a result of the reduced commodity prices.

SHARE-BASED COMPENSATION

(Canadian $000)	Three months ended 31-Dec-14	Period ended 31-Dec-14
Share-based compensation	323	427
Capitalized share-based compensation	(50)	(68)
Share-based compensation expense	273	359

On August 14, 2014, 962,000 share options were granted by the Board of Directors to certain directors, employees and consultants of the Company at an exercise price of $1.00 per share under the Company's Stock Option Plan and 962,000 performance warrants were granted by the Board of Directors to certain directors, employees and consultants of the Company at a weighted average exercise price of $1.30 per share.

On December 17, 2014, 1,619,000 share options were granted by the Board of Directors to certain directors, employees and consultants of the Company at an exercise price of $1.60 per share under the Company's Stock Option Plan and 889,000 performance warrants were granted by the Board of Directors to certain directors, employees and consultants of the Company at a weighted average exercise price of $3.20 per share.

Share-based compensation ("SBC") is an estimate of the fair value of the share options and performance warrants granted by the Company using the Black-Scholes valuation methodology at the grant date. The Black-Scholes pricing model requires the Company to make assumptions including share volatility, a risk-free rate, and expected life of the options and performance warrants. SBC for the period ended December 31, 2014, was $359,000, using the graded vesting method. As at December 31, 2014, 2,581,000 share options and 1,851,000 performance warrants remain outstanding. There are no vested options or performance warrants at December 31, 2014.

CAPITAL EXPENDITURES

(Canadian $000)	Three months ended 31-Dec-14	Period ended 31-Dec-14
Drilling and completions	7,956	9,895
Facilities and well equipment	641	885
Geology and geophysical	172	347
Land acquisitions	1,470	1,470
Office equipment	9	15
Total capital expenditures	**10,248**	**12,612**

Capital expenditures for the three months ended December 31, 2014 were $10.2 million and $12.6 million for the period ended December 31, 2014.

In 2014, Bruin drilled 16 wells (8 net) and completed and tied-in 16 wells (8 net), which includes 1 well (0.5 net) previously drilled by the joint venture partner. Additionally, the Company recompleted 4 (2 net) wells on existing farmed-in locations.

In 2014, Bruin participated in the Saskatchewan Crown Land sale and acquired additional undeveloped land. A total of 10,720 gross acres (5,360 net) of undeveloped lands were acquired in the area of Fiske in West Central Saskatchewan. The table below details the Company's developed and undeveloped land holdings (in acres) as at December 31, 2014.

	Undeveloped		Developed		Total	
Land holding *(acres)*	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Saskatchewan – Fiske area	37,479	17,062	1,532	766	39,011	17,828

DECOMMISSIONING LIABILITY

At December 31, 2014, Bruin recorded a decommissioning liability of $597,000 for the future abandonment and reclamation of the Company's properties. The estimated decommissioning liability includes assumptions in respect of actual costs to abandon wells and reclaim the property the time frame in which such costs will be incurred as well as annual inflation factors in order to calculate the discounted total future liability. The Company estimates that its total undiscounted amount of cash flow required to settle its decommissioning liability is approximately $660,000 which will be incurred over the remaining life of the assets with the majority of costs to be incurred in approximately 15 years. The estimated future cash flows have been discounted using a risk-free rate of 2.22% and an inflation rate of 1.50%.

SHARE CAPITAL

Common shares	**Three months ended 31-Dec-14**		**Period ended 31-Dec-14**	
(Canadian $000, except share amounts)	**# Shares**	**$ Amount**	**# Shares**	**$ Amount**
Common shares				
Balance, beginning of period	10,723,030	10,371	-	-
Issuance of common shares	15,066,250	23,656	24,706,501	33,296
Issuance of flow-through common shares	-	-	1,082,779	1,083
Share issue costs	-	(1,378)	-	(1,730)
Balance, December 31, 2014	**25,789,280**	**32,649**	**25,789,280**	**32,649**

In 2014, the Company completed the following equity financings:

- In August 2014, the Company closed a private placement offering for 9.6 million common shares and 1.1 million flow through shares for gross proceeds of $10.9 million. In connection with the private placement, the Company paid transaction fees of $352,000 and recognized a flow through premium liability of $162,000.
- In October 2014, the Company closed a private placement offering for 750,000 and common shares for gross proceeds of $750,000.
- In December 2014, the Company closed a private placement offering for 14.3 million common shares for gross proceeds of $22.9 million. In connection with the private placement, the Company paid transaction fees of $1.2 million.

In December 2014, the Company issued 4.4 million series 1 special voting preferred shares and 4.4 million put–call options on the Company's common shares, for a nominal fee. The preferred shareholders do not participate in dividends of the Company. Each preferred share entitles the holder to one vote at meetings of the shareholders of the Company.

Each put–call may be exercised by either the Company or the preferred shareholder with 30 days' notice. If a put–call option is exercised by either party, the preferred shareholder will pay $1.60 and will receive a common share of the Company, and a series 1 special voting preferred share owned by the preferred shareholder will be canceled. If the put–call options have not been fully exercised by December 17, 2015, the outstanding put–call options will automatically be exercised on that date. The exercise price of $1.60 per share is subject to adjustment for certain events such as a stock split or a rights offering.

Once all of the put – call options are exercised, the Company will have received gross proceeds of $7 million and will have issued an additional 4.4 million common shares. All of the series 1 special voting preferred shares will have been canceled. In addition, transaction fees of $0.4 million will be payable once the put – call options are exercised.

The following table outlines the securities outstanding.

	For the three months and period ended 31-Dec-14			
Preferred shares and put–call options	**Preferred Shares**		**Put–Call Options**	
(Canadian $000, except share amounts)	**# Shares**	**$ Amount**	**# Shares**	**$ Amount**
Preferred shares				
Balance, January 30, 2014	-	-	-	-
Issuance of series 1 special voting preferred shares	4,375,000	-	-	-
Issuance of put – call options	-	-	4,375,000	-
Balance, December 31, 2014	**4,375,000**	**-**	**4,375,000**	**-**

CONTRACTUAL OBLIGATIONS

As at December 31, 2014, the Company has no significant commitments or contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Bruin does not have such off-balance sheet arrangements.

BUSINESS RISKS

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligation and liabilities as they fall due;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations and lender uncertainty;
- regulatory legislation and policies, including the fulfilment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ materially from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Company to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the oil and gas industry and prevailing economic conditions in the regions the Company operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Company believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements are as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

Forward-looking statements concerning expected operating and economic conditions are based upon prior year results as well as assumptions that increases in market activity and growth will be consistent with industry activity in Canada. Forward-looking statements concerning the availability of funding for future operations are based upon the assumption that the sources of funding which the Company has relied upon in the past will continue to be available to the Company on terms favorable to the Company and that future economic and operating conditions will not limit the Company's access to debt and equity markets. Forward-looking statements in respect of the costs anticipated being associated with the acquisition of oil and gas properties are based upon assumptions that future acquisition costs will not significantly increase from past acquisitions. Many of these factors, expectations and assumptions are based on management's knowledge and experience in the industry and on public disclosure of industry participants and analysts related to anticipated exploration and development programs, the effect of changes to regulatory, taxation and royalty regimes. The Company believes that the material factors, expectations and assumptions reflected in the forward-looking statements and information are reasonable; however, no assurances can be given that these factors, expectations and assumptions will prove to be correct.

Forward-looking statements involving significant risks and uncertainties should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in these forward-looking statements, including, but not limited to factors referred to and under the heading "Business Risks" and under the heading "Risk Factors" in the Company's annual information form. The Company cannot assure investors that actual results will be consistent with the forward-looking statements and readers are cautioned not to place undue reliance on them.

The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of the risk factors set forth below and elsewhere in this document; general economic conditions in Canada; changes in the level of capital expenditures, volatility in market prices for oil and natural gas, risks inherent in the Company's ability to acquire any economic interest in certain oil and gas assets and then to generate sufficient cash flow from operations to meet its current and future obligations, the Company's ability to access external sources of debt and equity capital, changes in legislation and the regulatory environment, including uncertainties with respect to uncertainties in weather and temperature affecting the duration of the oilfield drilling activities, competition, sourcing, pricing and availability of oil field services, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel, liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations, credit risk to which the Company is exposed in the conduct of its business, and changes to the royalty regimes applicable to entities.

Although forward-looking statements contained in this MD&A are based upon what the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are expressly qualified by this cautionary statement. Unless otherwise required by law, Bruin does not intend, or assume any obligation, to update these forward-looking statements.