The following information, prepared as of December 19, 2016, should be read in conjunction with the condensed interim consolidated financial statements of Claren Energy Corp. (formerly Terra Nova Energy Ltd.) (the "Company" or "Claren") for the three months ended October 31, 2016, together with the audited consolidated financial statements of the Company for the year ended July 31, 2016 and the accompanying management's Discussion and Analysis (the "Annual MD&A") for that fiscal year. The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars ($) or Australian dollars (A$) unless otherwise indicated.

Forward-looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A, and in particular, the "Outlook" section contains forward-looking statements. These forward-looking statements include without limitation: statements about the Company's exploration plans and outlook; interpretations and discussion of seismic, drilling and well testing results and financing obligations with regard to future exploration of the petroleum exploration licences or properties owned by, or, under option to the Company. As such, all forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of seismic, drilling or well testing results may also be considered a forward-looking statement as such information constitutes a prediction of what hydrocarbons might be found to be present if and when hydrocarbons are discovered and recovered in economic quantity.

It is important to note that unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of December 19, 2016. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Such risks and other factors include, among others, risks related to the integration of acquisitions or new discoveries, if any; risks related to operations; actual results of current exploration activities; actual results of current reclamation activities, if any; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of hydrocarbons; accidents, labour disputes and other risks of the oil and gas exploration industry; delays in obtaining governmental approvals or financing or in the completion of wells or integration with hydrocarbon collection infrastructure, as well as those factors discussed in the section entitled "Risk Factors" appearing elsewhere herein. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize; and subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see **Risks and Uncertainties**.

General

Claren Energy Corp. (formerly "Terra Nova Energy Ltd.") was incorporated under the Canada Business Corporations Act and continued under the laws of Alberta effective August 20, 2012. Effective October 31, 2016, the Company was continued under the laws of British Columbia. On October 28, 2016, shareholders of the Company approved the change of the Company's name from Terra Nova Energy Ltd. to Claren Energy Corp. Effective November 14, 2016, the Company consolidated its common shares on the basis of one new common share for every four old common shares issued and outstanding at that time. All references to share and per share amounts in this document have been retroactively restated to reflect the share consolidation. The Company's principal business is the acquisition and exploration of petroleum and natural gas properties. The Company's shares trade on the TSX Venture Exchange (the "TSX-V") under the symbol "CEN" and the OTCQX marketplace under the symbol "CNENF". The Company's corporate head office is located at Suite 880, 580 Hornby Street, Vancouver, British Columbia, Canada.

Highlights

1. On September 1, 2016, the Company announced that it had entered into a Farmout Agreement with Zeta Petroleum (Romania) S.R.L. ("Zeta") to acquire up to an eighty percent (80%) participating interest in the Bobocu License, onshore Romania.

2. On September 28, 2016, the Company announced that it had entered into an agreement with Perseville Investing Inc. to acquire a 30.8330% Working Interest in PELs 112 and 444, and a 1.47% gross overriding royalty interest on the PELs. In consideration for the purchased interest, Claren agreed to issue to Perseville 10,000,000 common shares of the Company. On October 28, 2016, the transaction was approved by the shareholders at the annual general and special meeting. The transaction closed on November 10, 2016 and the common shares were issued to Perseville. Perseville is controlled by Carlo Civelli. Mr. Civelli is the father of Nico Civelli, who is a member of Claren's board of directors. The issuance of the Shares to Perseville is considered to be a related party transaction subject to TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101.

3. Effective November 14, 2016, the Company changed its name from Terra Nova Energy Ltd. to Claren Energy Corp. and consolidated its common shares on the basis of one new common share for every four old common shares issued and outstanding at that time. As of the date of consolidation, the Company had 127,533,785 pre-consolidation common shares issued and outstanding. After the share consolidation, the Company had 31,883,476 post-consolidation common shares issued and outstanding. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

4. On November 30, 2016, the Company announced a proposed non-brokered private placement financing of up to 25,000,000 units at a price of $0.08 per unit for gross proceeds of up to $2,000,000. Each unit will be comprised of one common share and one share purchase warrant entitling the holder thereof to purchase one additional common share at $0.15 per share for a period of two years from closing. Proceeds of the offering will be used to carry out Claren's Phase 2 Work Program on the Bobocu License, onshore Romania, and for working capital purposes.

   On December 6, 2016, the Company closed the first tranche of the private placement by issuing a total of 9,950,000 units at a price of $0.08 per unit for gross proceeds of $796,000. Insiders purchased 8,287,500 units.

   On December 16, 2016, the Company closed the second tranche of the private placement by issuing a total of 15,096,500 units at a price of $0.08 per unit for gross proceeds of $1,207,720.

   In connection with the private placement, the Company issued 990,255 finders' warrants on the same terms as the warrants included in the units. In addition, the Company paid cash finders' fees of $79,220.

5. On December 12, 2016, Claren announced that drilling operations commenced on the Bobocu 310 side-track well. Refer to the Exploration and Evaluation Interests section below for details on the drilling operations.

Management Changes

On September 7, 2016, Mr. Mark Lawson was appointed to the Company's Board of Directors. Mr. Lawson was recently the President and a director of a private, emerging markets focused upstream oil and gas company that acquired an indirect interest in the Aje Field, offshore Nigeria. This field was a former Chevron oil, gas and condensate discovery which has subsequently achieved production of first oil as of May, 2016.

Mr. Lawson previously worked as an investment banker with Morgan Stanley in New York where he was involved in the execution of over $6 billion worth of mergers and acquisitions, $8 billion worth of debt offerings and $500 million of equity financings. Mr. Lawson was also previously a Director of selected listed companies in the energy and mining sectors.

He received his Bachelor of Arts in Statistical Sciences from The University of Western Ontario, and his MBA from The Richard Ivey School of Business, The University of Western Ontario.

Exploration and Evaluation Interests

Romania

On September 1, 2016, the Company announced that it had entered into a Farmout Agreement (the "Bobocu Agreement") with Zeta Petroleum (Romania) S.R.L. ("Zeta") to acquire up to an eighty percent (80%) participating interest in the Bobocu License, onshore Romania.

Claren is entitled to acquire an initial forty percent (40%) participating interest in the Bobocu Production License upon: (1) the drilling of one commitment side-track entering of an existing well on the License; and (2) cash payments total US$1,040,000, of which 40% of the cash payment will be paid on certain milestone events and 60% of the cash payments will be paid out of Claren's entitlement to future production.

Claren may acquire an additional forty percent (40%) participating interest in the Bobocu Production License by drilling one additional exploration well to a total depth of 2,800 meters and making an additional cash payment total US$1,040,000, of which 50% of the cash payment will be paid on certain milestone events and 50% of the cash payments will be paid out of Claren's entitlement to future production.

On December 12, 2016, Claren announced that drilling operations commenced on the Bobocu 310 side-track well ("B310-ST"). B310-ST is being drilled within the onshore Bobocu gas field, comprised of 25km^2 (6,200 acres), situated in the foreland basin of the Carpathians approximately 150 km NE of Bucharest. The field was discovered by Romgaz in 1966, and produced from 1977 to June 1995, and again from December 2000 until November 2001. Romgaz is the largest natural gas producer and main supplier of natural gas in Romania.

Historical production at Bobocu was a cumulative 33 Bcf from 12 wells, comprised of natural gas that is 99.4% methane. Geologically the field is comprised of Miocene and Pliocene sands with good porosity and permeability. In conjunction with the current drilling operations, Claren plans to apply modern, internationally adopted completion techniques not previously utilized at Bobocu.

B310-ST is targeting the Corcova reservoir. The well is planned to reach a total vertical depth ("TVD") of 2,828 meters consisting of a sidetrack operation exiting an original wellbore. The drilling operation is expected to take approximately 20 days to complete, and is targeting three Upper Miocene sandstone reservoirs located between 2,526 meters to 2,712 meters TVD. B310-ST will step out horizontally 600 meters from the existing Bobocu 310 well in order to penetrate the three targets in the given interval.

Key Bobocu Highlights:

- Total production to date has been 33 Bcf (9.3 Bcm) from 15 wells.
- A total of 31 wells have been drilled in the area and gas has been produced from 14 Upper Miocene sandstone reservoirs located from 2,500 meters to 2,700 meters in depth.
- The field was discovered and developed solely on 2D seismic data. Claren's partner has acquired 75 km^2 of 3D over the field, which data has been reprocessed and reinterpreted by Claren.
- Robust Project Economics: Gas prices for gas produced in Romania are regulated by the Regulatory Authority for Energy ("ANRE"). The current average monthly regulated price for domestically produced gas is RON 60 per MWh or approximately US$ 4.00 to US$ 4.50 per mmcf.
- Proximity to Key Infrastructure: The Bobocu Gas Field has a 10 inch pipeline connecting to the high-pressure national grid.
- Near term monetization of potential gas reserves as early as 2017.

Australia

The Company has an interest in petroleum and natural gas rights on certain on-shore Australian Petroleum Exploration Licenses ("PEL"), known as PEL's 112 and 444. As at October 31, 2016 and July 31, 2016, the Company owned a 30.8330% working interest in PEL's 112 and 444. Perseville Investing Inc. ("Perseville) owned a 25.6664% working interest in the PEL's and Holloman Energy Corporation ("Holloman") had the remaining 48.5003% working interest. The joint venture co-venturers are subject to the 2006 Joint Operating Agreement (the "JOA") which governs the PEL 112 and PEL 444 joint ventures (the "JVs"). Claren serves as operator of the JVs.

PEL's 112 and 444 comprise approximately 1,086 km^2 and 1,166 km^2 respectively. These properties are located on the Western flank of the Cooper-Eromanga Basin in the northeastern sector of the state of South Australia (the "Exploration and Evaluation Interests" or "E&E Interests").

On November 10, 2016, the Company acquired an additional 30.8330% interest in PEL's 444 and 112 from Perseville, and a 1.47% gross overriding royalty interest on the PELs. In consideration for the purchased interest, the Company issued to Perseville 10,000,000 common shares. The common shares closed at a price of $0.14 per share on the date the shares were issued. After closing of the transaction, the working interest in PEL's 444 and 112 is 48.5003% for Holloman and 51.4997% for Claren.

Perseville is a related party of Claren as it is a private company controlled by a shareholder of Claren, who is also a family member of a Director and Officer of the Company.

PEL 112 is in good standing until January 10, 2019. The PEL 444 license is in good standing until January 11, 2021.

Claren now has a majority working interest in two licenses proximal to established hydrocarbon systems, with minimal holding costs. This also affords the Company the flexibility to evaluate strategic alternatives to share its financial and technical risks with potential partners on the exploration of these assets, while focusing our near term resources on the lower risk redevelopment of the Bobocu field, onshore Romania.

Exploration Activities

Romania

The terms of the Bobocu Agreement call for the Company to drill one commitment side-track entering of an existing well on the Bobocu License, onshore Romania. The drilling of this well commenced in December 2016.

Australia

There is no one year work commitment under PEL 444 and the license expires on January 11, 2021. The minimum one year work commitment under PEL 112 is to carry out geological and geophysical studies and the license term expires on January 10, 2019. The Company plans on focusing on the Bobocu License while completing geological and geophysical studies on PEL 112.

Quarterly Information

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being October 31, 2016.

	Three Months Ended ($)			
	October 31, 2016	**July 31, 2016**	**April 30, 2016**	**January 31, 2016**
Total Revenues			-	-
(Loss) Income	(205,490)	(2,214,873)	3,711	(740,514)
(Loss) Income Per Share (basic and diluted)(1)	(0.01)	(0.10)	0.00	(0.03)
Exploration and evaluation interest expenditures	3,835	(126,789)	(51,903)	456,967
Working capital	1,419,770	1,607,421	1,536,644	1,620,401
Total Assets	2,522,947	2,669,004	4,705,449	4,873,322

	Three Months Ended ($)			
	October 31, 2015	**July 31, 2015**	**April 30, 2015**	**January 31, 2015**
Total Revenues	-	-	-	-
Loss	(167,132)	(385,350)	(134,529)	(165,687)
Loss Per Share (basic and diluted)(1)	(0.01)	(0.02)	(0.01)	(0.00)
Exploration and evaluation interest expenditures	15,344	52,828	185,085	165,823
Working capital (deficiency)	2,149,726	2,313,400	2,650,896	(26,149)
Total Assets	5,424,006	5,686,322	6,045,551	6,376,765

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

During the three months ended July 31, 2016, the Company wrote-down E&E assets and recorded an impairment charge of $2,130,759. During the three months ended April 30, 2016, the Company received a credit from Senex as the Baikal 1 drilling costs came in under budget. This led to a reversal of a previously recorded write-down of E&E assets of $114,981 and accordingly, resulted in the income for the period. The increase in loss recorded during the three months ended January 31, 2016 was due to recording a write-down of E&E assets of $625,647 representing the Company's share of the Baikal 1 drilling costs. The increase in loss recorded during the three months ended July 31, 2015 was primarily due to the costs relating to the Annual General Shareholders' Meeting (the "AGM"). The increase in working capital during the three months ended April 30, 2015 was due to the receiving $2,813,574 from the sale of a 5.1666% working interest in each of PEL 112 and 444.

Results of Operations

Three months ended October 31, 2016
The Company recorded a loss of $205,490 ($0.01 per share) for the three months ended October 31, 2016 as compared to a loss of $167,132 ($0.01 per share) for the three months ended October 31, 2015. The approximate $38,000 increase in the loss for the three months ended October 31, 2016 as compared

to the three months ended October 31, 2015 is due primarily due to an increase in travel and related expenses.

Details of changes in certain expense items over the periods are as follows:

Audit and accounting fees of $39,818 (2015 - $42,711) include fees for general accounting services and accruals for audit fees. The fees decreased in the current period due to a decrease in activity, offset by an increase in tax expenses in Australia.

Filing and transfer agent fees of $21,357 (2015 - $11,172) include fees paid to the Company's transfer agent and fees paid to the TSX Venture Exchange and the OTCQX marketplace.

Legal fees of $26,759 (2015 - $12,588) in the current period are for general business matters. The increase in the current period was due to the completion of the Bobocu Agreement.

Management and consulting fees of $69,813 (2015 - $59,717) include fees paid to the CEO, Henry Aldorf, a Director and certain consultants. The increase during the current period was due to a consultant assisting with the acquisition of the Bobocu License.

Office and miscellaneous expenses of $14,904 (2015 - $14,922) includes expenses such as rent, insurance, bank fees, interest, and office management.

Overhead charged to exploration of $nil (2015 - $11,101) are overhead expenses charged to the joint ventures in accordance with the terms of the JOA.

Shareholder communications of $3,451 (2015 - $902) includes costs associated with marketing and promoting the Company to current and potential shareholders.

Travel and related expenses of $28,554 (2015 - $nil) includes executive travel to and from Romania and other travel within Canada.

Financing Activities and Capital Expenditures

During the three months ended October 31, 2016, the Company did not complete any financing activities.

Subsequent to October 31, 2016, on December 6, 2016, the Company closed the first tranche of a non-brokered private placement by issuing 9,950,000 units at a price of $0.08 per unit for gross proceeds of $796,000. Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at $0.15 per share for a period of two years from the date of issuance.

On December 16, 2016, the Company closed the second tranche of a non-brokered private placement by issuing 15,096,500 units at a price of $0.08 per unit for gross proceeds of $1,207,720.

In connection with the private placement, the Company issued 990,255 finders' warrants on the same terms as the warrants included in the units. In addition, the Company paid cash finders' fees of $79,220.

The capital expenditures of the Company during the three months ended October 31, 2016 amounted to cash spent of $4,628. This represents the Company's share of PEL 112 and PEL 444 JV expenditures. Subsequent to October 31, 2016, the Company advanced $457,710 to Zeta in order to commence drilling of the first side-track entering of an existing well on the Bobocu Production License.

Liquidity and Capital Resources

The Company's operations consumed approximately $205,000 of cash (before working capital items) for the three months ended October 31, 2016. An additional approximate $5,000 of expenditures were spent on the oil and gas interests. The cash requirement was fulfilled from cash on hand at the beginning of the period.

The Company's aggregate operating, investing and financing activities during the three months ended October 31, 2016 resulted in a net decrease of $206,578 in its cash balance of $1,822,205 at July 31, 2016 to $1,615,627 at October 31, 2016.

The Company is well capitalized to fund its share of a future exploration program but may have to resort to additional financing if the partners decide to deepen the side track well to intercept an additional gas bearing sand. The Company will also require additional funds in order to acquire an 80% percent interest in the Bobocu License. Subsequent to October 31, 2016, the Company obtained additional funds by completing the first tranche of a private placement, raising gross proceeds of $796,000, and the second tranche of a private placement, raising gross proceeds of $1,207,720. The funds will be used on the Bobocu License and for general working capital.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. At October 31, 2016, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business. At October 31, 2016, the Company had working capital of $1,419,770. The Company will need additional financing to continue to develop its oil and gas exploration and evaluation assets and to continue its operations. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management believes that the use of the going concern assumption is appropriate for the financial statements. Management believes that the Company will be able to obtain additional financing, through the issuance of either shares or debt to fund continuing operations and exploration and development activities. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Transactions with Related Parties

During the three months ended October 31, 2016 and 2015, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or were significant shareholders of:

	2016	**2015**
	$	**$**
Non-audit accounting fees[1]	16,301	19,200
Legal fees (corporate secretary)[2]	2,990	1,438
Management fees[3]	40,000	39,950
Office and miscellaneous fees	3,894	5,000
Exploration and evaluation interests - consulting fees[4]	-	11,056
	63,185	76,644

(1) Includes fees billed by a company owned by a director, Rob McMorran.
(2) Includes corporate secretary fees billed by a company owned by a director, Rob McMorran.

(3) Includes fees billed by the CEO, Henry Aldorf, and fees billed by a company controlled by a Director, Mark Lawson.
(4) Includes the Company's share of fees billed by a company owned by the VP of Exploration, Chas Lane.

At October 31, 2016, accounts payable and accrued liabilities included $129,242 (July 31, 2016 - $153,524) of amounts owing to directors and officers of the Company and/or companies they control or of which they were significant shareholders. The amounts owing include amounts related to expenditures charged to the Company and for reimbursements of expenditures paid for on behalf of the Company. The amounts owing are unsecured, non-interest bearing and due on demand.

Key management includes the Chief Executive Officer, the Chief Financial Officer, the VP of Exploration and the directors of the Company. Compensation paid or payable to key management for services during the period amounted to $51,400 (2015 - $67,756). In addition, key management received share-based payments of $nil (2015 - $6,034).

Perseville is a related party of Claren as it is a private company controlled by a shareholder of Claren, who is also a family member of a Director and Officer of the Company. Certain transactions with Perseville are disclosed elsewhere in this MD&A.

Financial Instruments

Classification of Financial Instruments
The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company designated its cash and receivables as loans, which are measured at amortized cost. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign Exchange Risk
Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. A portion of the Company's financial assets and liabilities are denominated in Australian dollars. The Company monitors this exposure, but has no hedge positions.

The Company had exposure to Australian dollars as follows:

	October 31, 2016 A$	**July 31, 2016 A$**
Cash	741,031	751,620
Accounts payable and accrued liabilities	(13,702)	(5,978)
Net exposure to Australian dollars	727,329	745,642

At October 31, 2016, a 1% change in the value to the Australian dollar as compared to the Canadian dollar would result in a change in other comprehensive loss and equity attributable to shareholders of approximately A$7,000.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is primarily held with a financial institution.

Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Except to the extent that the balance of cash is earning interest, the Company has no financial instruments that could otherwise be exposed to interest rate risk.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions on the due date. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained.

Outstanding Share Data

a) Authorized Capital:

Unlimited common shares, without par value

b) Issued and outstanding:

56,929,976 common shares as at December 19, 2016

Effective November 14, 2016, the Company consolidated its common shares on the basis of one new common share for every four old common shares issued and outstanding at that time. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

c) Outstanding options and warrants as at December 19, 2016:

Security	Number	Exercise Price ($)	Expiry date
Stock Options	325,000	0.72	July 18, 2018
Stock Options	1,081,000	0.72	October 31, 2019
Stock Options	175,000	0.72	October 2, 2020
Stock Options	175,000	1.20	May 16, 2022
Warrants	10,644,960	0.15	December 6, 2018
Warrants	15,391,795	0.15	December 16, 2018

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended October 31, 2016 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Risks and Uncertainties

Certain risks are faced by the Company which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development projects. The availability of equity capital to junior oil and gas companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These factors are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity will fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All of the Company's oil and gas properties are in the exploration stage and without known reserves. Exploration, development and production of oil and gas involves substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its oil and gas interests from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

The Company has taken all reasonable steps to attempt to ensure that proper title to its oil and gas properties have been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such oil and gas properties will not be challenged or impugned. The Company's oil and gas property interests may be subject to disputes, prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects. In particular, Holloman has disputed the Company's ownership of a 5.8333% working interest in PEL 444 notwithstanding the fact that the Company was transferred such interest pursuant to a Deed of Assignment and Assumption dated February 15, 2014. Although the Company maintains that it is the legal and beneficial owner of such interest, there is no assurance that it will be successful in defending its title to such interest.

Outlook

The Company has commenced the drilling of one commitment side-track entering of an existing well on the Bobocu Production License. The drilling is anticipated to be completed in late December 2016. The Company is looking forward to working with its partner Zeta Petroleum to develop the Bobocu License in Romania. The Company anticipates near term monetization of potential gas reserves as early as 2017.

In addition to the recent Farmin Agreement to acquire an interest in the Bobocu License, the Company has secured the rights to explore more than 2,250 km² of PEL 112 and PEL 444 located on the Western Flank of the Cooper-Eromanga Basin in South Australia. The Company has a 51.4997% interest in the PELs. PEL 112 is in good standing until January 10, 2019. The PEL 444 license is in good standing until January 11, 2021. The Company intends to use information gathered from the Baikal 1 dry hole and the recent seismic data exchange with Senex in order to update the exploration model prior to finalizing the next course of action. The Company has the necessary finances to continue to fund its share of a future exploration program.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.