

KENARTHA OIL AND GAS COMPANY LIMITED

MANAGEMENT DISCUSSION & ANALYSIS FOR MARCH 31, 2004

The Company has three (3) natural gas wells in Arthur Township, Ontario, in the vicinity of the town of Arthur located north of the city of Guelph, in southern Ontario. The Company has a sales agreement with Union Gas for all of its natural gas production.

During the year of April 01, 2003 to March 31, 2004 only two (2) of the wells were in the production mode producing a combined 255,890 cubic metres of saleable natural gas, while the 3rd well was in a suspended mode. Recurring compressor problems throughout a period of four (4) months reduced production which has since been corrected.

Management are reviewing the previous drill logs of the existing three (3) wells to determine bring the 3rd well back into production and the possibility of locating future wells sites on its existing leases.