

KENARTHA OIL AND GAS COMPANY LIMITED

MANAGEMENT DISCUSSION ANALYSIS FOR MARCH 31, 2006

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, 2005 to March 31, 2006 the wells produced a combined 492,000 cubic metres of saleable natural gas. Two (2) of the wells were in continuous production mode, while the 3rd well was in intermittent production. The compressor was rebuilt during the month of March, 2006 and the field was shut down for the full month and put back into production April 01, 2006. Management continue to evaluate the possibility of locating future wells sites on its existing leases.

The Company negotiated and executed an agreement, dated December 31, 2004, obtaining an option to earn-in a 49% interest in 16 shallow gas wells in the Norfolk-Haldimand County area in Southwestern Ontario. The Company to earn its interest must supply the drilling funds in the year of 2005 and 2006.

March 17, 2005, the Company issued a non-brokered private Offering Memorandum for Units consisting of 400,000 flow-through shares and 400 warrants to raise a maximum of \$2,000,000 for the drilling of such wells. This Offering was fully subscribed and closed December 31, 2005. The Company, as a condition contained within the warrants, has an obligation to supply the Offering subscribers the measured flow rates of the individual first six (6) wells, and such warrants expire 40 days thereafter if not exercised. The 400 warrants if fully subscribed will raise \$1,000,000. The warrant upon exercise grants the subscriber a fixed cash payment from 100% of the net profits generated from sold production of the wells drilled and thereafter a net profit interest royalty in the wells drilled.

At the end of March, 2006 the drillers had completed the first four (4) wells with indicated natural gas bearing intervals in all wells. Drilling is continuing on the project (designated as NOG05-01).

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is generated and reported to senior

management, including the Chief Executive Officer (CEO) and Chief financial Officer (CFO), as appropriate to permit timely decisions and to permit timely and accurate public disclosure.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2006. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under applicable Canadian Securities Legislation is recorded, processed, summarized and reported within the time limits specified in such rules.

Additional Information

Additional information can be found on Sedar at www.Sedar.com.

Source of Funds

The company relies on sales of natural gas, advances or loans from shareholders, offering of flow-through shares and private placements, to fund exploration costs and working capital.

Shares Issued and Structure

The reported financials contain the information on the issued shares and type of shares.