

KENARTHA OIL AND GAS COMPANY LIMITED

REVISED MANAGEMENT DISCUSSION and ANALYSIS FOR MARCH 31, 2007

Overview

Kenartha Oil and Gas Company Limited is a junior natural resource exploration and producer of natural gas in southern Ontario, Canada. The Company has in production three (3) natural gas wells in Arthur Township, Ontario, and is funding an exploration drilling program in search of natural gas in Norfolk-Haldimand County, Ontario to earn a 49% working interest in wells drilled.

The Company is investigating the participation in potential small hydro-electric (30 megawatts or less) generating projects in the country of Brazil.

The ability of the Company to continue as a going concern is depended on the Company's ability to raise future financing and the success of the exploration drilling in Norfolk-Haldimand County. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

This revised MD&A was prepared using information that is current as of December 18, 2007, unless otherwise stated.

Properties (wells) in Wellington Township

The Company has in production three (3) natural gas wells in Wellington Township, Ontario, in the vicinity of the town of Arthur located north of the city of Guelph, in southern Ontario (wells #2 & #3 started production in 1968, well #VII started production in 1980. During the year of April 01, 2006 to March 31, 2007 the wells produced a combined 657,400 cubic metres of saleable natural gas for a total revenue of \$183,950 and a gross profit of \$52,629. Wells #s 2 & 3 were in continuous production modes while well VII had intermittent production.

The Company has a sales agreement with Union Gas for the purchase of all its natural gas production of these properties. In the last half of 2006 Union Gas upgraded their Meter Station located at the Company's Compressor/Dehydrator Station.

The Company management continue to evaluate the possibility of locating future well sites to drill in the same vicinity.

Properties in Norfolk-Haldimand County

The Company negotiated and executed an agreement, dated December 31, 2004, obtaining an option to earn a 49% working interest in 16 shallow gas wells in the Norfolk-Haldimand County area in Southwestern Ontario. The Company to earn its interest must supply the funds to drill the wells in the year of 2005 and 2006. As of March 31, 2007 the sixteen (16) wells had been drilled, and all encountered commercial natural gas. As of March 31, 2006 none of the wells have been put into production and the project has been named NOG05-01.

March 17, 2005, the Company issued a non-brokered private Offering to raise \$2,000,000 for the drilling of such wells. The Offering consisted of 400 Units at a price of \$5,000 per Unit. Each unit consisting of 1,000 flow-through shares and a warrants to purchase a 0.06% net profit interest royalty in the wells drilled. The Offering closed December 31, 2005, fully subscribed and 374 warrants were exercised in mid 2006 for \$935,000.

In October, 2006, the Company again negotiated and executed a 2nd. agreement, dated October 02, 2006, obtaining an option to earn a 49% working interest in a further sixteen (16) additional shallow gas wells in the Norfolk-Haldimand County area in Southwestern Ontario. The Company to earn its interest must supply the the funds to drill the wells in the year of 2007 and 2008, and the project has been named NOG07-02. As of the end of March, 2007 two (2) wells had been drilled encountering commercial natural gas.

January 02, 2007, the Company issued a non-brokered private Offering to raise \$2,200,000 for the drilling of such wells. The Offering consisted of 400 Units at a price of \$5,500 per Unit. Each unit consisting of 1,000 flow-through shares and a warrants to purchase a 0.06% net profit interest royalty in the wells drilled. Each unit consisting of 1,000 flow-through shares and a warrants to purchase a 0.06% net profit interest royalty in the wells drilled.

The buyer for the natural gas, Union Gas, has agreed to establish two (2) Meter Stations, which will facilitate the delivery of production into relatively low pressure Union Gas pipelines.

The Company has in the two (2) above agreements a "Pay-Back" clause that entitles the Company to receive 100% of the net profits generated from the production to recapture all of the funds supplied to drill the wells, before any distribution is made to other interest holders. The Company has include in the warrants issued in the both Offerings that it will flow the Pay Back funds to the warrant purchasers an equivalent amount to their initial investment in the Units before their net profit interest royalty commences.

Events, risks or uncertainties that could materially affect the company's future performance are the natural gas sale prices, the natural gas aggregate rate of production and duration of the the wells operating.

Brazil small Hydro-Electric Generating Stations

In January, 2007, the Company commenced negotiations with a private group that holds site licenses complete with all required approvals and permits to construct two (2) such sites for an 8Megawatt and a 17.5megawatt plants. As of March 31, 2007, negotiations and confirmations continue and concurrently funding possibilities are under investigation for this venture.

Liquidity and Capital Resources

As of March 31, 2007, the Company had working capital of \$2,402,467 compared to \$1,052,951 as of March 31, 2006. The Company has used its working capital during the year primarily to fund the Norfolk-Haldimand county agreements and to support corporate administration and overheads.

During the year ended March 31,2007 the company completed two (2) private placements for gross proceeds of \$2,451,497.

The Company plans to do future private placements and encourage investors to exercise their warrants to continue to cover working capital requirements.

Financial Results of Operations

Summary of Quarterly Results

The following tables set out financial performance highlights for the last eight quarters and were prepared in accordance with Canadian GAAP.

	Fourth Quarter March 31, 2007	Third Quarter December 31, 2006	Second Quarter September 30, 2006	First Quarter June 30, 2006
Revenues	\$161,286	\$48,522	\$39,570	\$46,663
Expenses	226,795	82,395	47,823	24,114
Net income (loss)	(65,509)	(33,873)	(8,253)	22,549
Net income (loss) per share	\$(0.01)	\$(0.00)	\$(0.00)	\$0.00
Cash flow from (used in) operations	(498,718)	892,872	(365,120)	(161,315)
Cash, end of period	2,531,167	1,130,366	674,091	811,638
Assets	4,444,922	3,737,305	1,822,225	1,836,114
Liabilities	475,755	800,432	635,780	641,414
Shareholders' equity	3,969,167	2,936,873	1,186,455	1,194,700
Dividends	0	0	0	0

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	Fourth Quarter March 31, 2006	Third Quarter December 31, 2005	Second Quarter September 30, 2005	First Quarter June 30, 2005
Revenues	\$35,970	\$75,753	\$46,303	\$48,013
Expenses	(57,017)	31,505	48,123	32,293
Net income (loss)	92,987	44,248	(1,820)	15,720
Net income (loss) per share	\$0.02	\$0.00	\$(0.00)	\$0.00
Cash flow from (used in) operations	500,749	101,985	12,973	(8,500)
Cash, end of period	1,295,867	84,650	15,530	9,430
Assets	1,873,436	639,778	435,572	273,969
Liabilities	701,287	404,915	403,947	366,477
Shareholders' equity	1,172,149	234,863	31,625	(92,508)
Dividends	0	0	0	0

Summary of Annual Results

The following tables set out financial performance highlights for the last three fiscal years and were prepared in accordance with Canadian GAAP.

	Twelve Months Ended March 31, 2007	Twelve Months Ended March 31, 2006	Twelve Months Ended March 31, 2005
Revenues	\$296,041	\$206,039	\$204,126
Expenses	381,127	54,904	184,339
Net income (loss)	(85,086)	151,135	19,787
Net income (loss) per share	\$(0.01)	\$0.02	\$0.01
Cash flow from (used in) operations	(132,781)	607,207	19,522
Cash, end of period	2,531,167	1,295,867	16,785
Assets	4,444,922	1,873,436	157,763
Liabilities	475,755	701,287	265,989
Shareholders' equity	3,969,167	1,172,149	(108,226)
Dividends	0	0	0

Transactions with Related Parties

Related party transactions were in the normal course of operations and were measured at the exchange amounts and agreed between the parties.

The Company agreed for the calendar year of 2007 to compensate the directors and officers a combined amount of \$300,000 for their services.

The company utilizes services by related entities for office facilities and supplies, and project controls and equipment.

In January 31, 2007, the Company announced a special dividend to shareholders of record date April 30, 2007. The special dividend to be comprised of one (1) common treasury share for every ten (10) common shares owned by the holder at the record date of April 30, 2007.

Subsequent Events

In September 2007, the Company received notification from the Ontario Securities Commission that its continuous disclosure record is deficient and has not complied sufficiently with national Instrument 51-102 and thus requesting re-filings and correction of errors.

The Company's audited statements for the April 01, 2006 to March 31, 2007 period was not released by the Audit firm until November 2007. The delays were primarily related to obtaining confirmation and clarifications.

In October 2007, the Company concluded that the opportunities of small hydro-electric generating projects in Brazil had deteriorated and thus has cancelled pursuing these ventures.

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, 2007. 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.