

KENARTHA OIL AND GAS COMPANY LIMITED

MANAGEMENT DISCUSSION and ANALYSIS MARCH 31, 2008

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 Wellington Township, Ontario. The Company is funding exploration drilling programs in search of natural gas in Norfolk-Haldimand County, Ontario to earn a 49% working interest in wells drilled, and seven (7) such wells are in preliminary production mode of natural gas as of the end of March, 2008.

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 MD&A was prepared using information that is current as of July 29, 2008, 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 1969, well #VII started production in 1981. During the year of April 01, 2007 to March 31, 2008 the wells produced a combined 682,734 cubic metres of saleable natural gas for a total revenue of \$188,376 and a gross profit of \$56,807. 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 up-graded 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, referred to as Project NOG05-01, obtaining an option to earn a 49% working interest in sixteen (16) shallow gas wells in the Norfolk-Haldimand County area in Southwestern Ontario. The Company to earn its interest has to supply the funds to drill the wells. The Company has 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.

March 17, 2005, the Company issued a non-brokered private Offering to raise \$2,000,000 for the drilling of fifteen (15) 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 warrant exercised at a payment price of \$2,500. The warrant consisting of receive one hundred (100%) percent of the net profits generated up to a lump sum equivalent of \$5,000 and thereafter retaining 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.

As of March 31, 2007 the sixteen (16) wells had been drilled, and all encountered commercial natural gas. As of March 31, 2008 seven (7) wells had been put onstream producing an aggregate of 560,618 cubic metres of saleable natural gas resulting in net \$82,571 payback funds to Kenartha. In the month of May, 2008 the payback funds were distributed to the exercised warrant holders as per the Offering documents.

In October, 2006, the Company again negotiated and executed a 2nd. agreement, dated October 02, 2006, referred to as Project NOG07-02, 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 funds to drill the wells. The Company has 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.

January 02, 2007, the Company issued a non-brokered private Offering to raise \$2,200,000 for the drilling of fifteen (15) 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 warrant exercised at a payment price of \$2,500. The warrant consisting of receive one hundred (100%) percent of the net profits generated up to a lump sum equivalent of \$5,005 and thereafter retaining a 0.06% net profit interest royalty in the wells drilled. The Offering closed December 31, 2007, and the Company only received subscriptions that were finalized for 17 Units totalling \$93,500 from five investors. As of March 31, 2008 no warrants have been exercised.

The Company elected to proceed on Project NOG07-02 utilizing its working capital and the subscription funds to drill six (6) wells. As of March 31, 2008 all six wells have been drilled and all encountered commercial natural gas.

The buyer for the natural gas, Union Gas, established its 1st. Meter Station, which receives delivery of the seven producing wells. As of March 31, 2008 Union Gas has yet to complete their 2nd. Meter Station. It is the Company's plan to connect five (5) additional wells into the 2nd. Meter Station by the end of July, 2008 and connect three (3) more wells by the end of August, 2008 into the 1st. Meter Station.

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 wells operating.

Liquidity and Capital Resources

As of March 31, 2008, the Company had working capital of \$1,566,935 compared to \$2,402,467 as of March 31, 2007. 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.

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, 2008	Third Quarter December 31, 2007	Second Quarter September 30, 2007	First Quarter June 30, 2007
Revenues	\$154,393	\$29,517	\$49,000	\$62,520
Expenses	659,535	34,025	34,747	31,460
Net income (loss)	(505,142)	(4,508)	14,253	31,060
Net income (loss) per share	\$(0.01)	\$0.00	\$0.00	\$0.00
Cash flow from (used in) operations	(626,117)	8,195	(209,044)	(430,876)
Cash, end of period	573,609	1,099,943	1,727,656	1,925,176
Assets	4,069,909	4,447,017	4,451,525	4,490,272
Liabilities	489,579	437,045	437,045	490,045
Shareholders' equity	3,580,330	4,009,972	4,014,480	4,000,227
Dividends	0	0	0	0

	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	1,831,451	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

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, 2008	Twelve Months Ended March 31, 2007	Twelve Months Ended March 31, 2006
Revenues	\$295,430	\$296,041	\$206,039
Expenses	759,767	381,127	54,904
Net income (loss)	(464,337)	(85,086)	151,135
Net income (loss) per share	\$(0.01)	\$(0.01)	\$0.02
Cash flow from (used in) operations	(835,093)	(132,781)	607,207
Cash, end of period	573,609	2,531,167	1,295,867
Assets	4,069,909	4,444,922	1,873,436
Liabilities	489,579	475,755	701,287
Shareholders' equity	3,580,330	3,969,167	1,172,149
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.

During the current fiscal year the Company issued a special dividend to shareholders of record date April 30, 2007. The special dividend 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 May 2008, the company accepted the resignation of its auditing firm, Hilborn, Ellis and Grant and appointed Harris & Partners as its new audit firm.

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, 2008. 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.