The following management's discussion and analysis ("**MD&A**") for Strikewell Energy Corp. was prepared by management based on information available as at August 18, 2010. This MD&A should be reviewed together with the unaudited interim consolidated financial statements for the quarter ended June 30, 2010 and the MD&A and audited annual consolidated financial statements for the year ended December 31, 2009. The Company's quarterly unaudited interim consolidated financial statements and the year-end audited annual consolidated financial statements are filed on SEDAR and are available for review at www.sedar.com.

As used in this MD&A, the terms "we", "us", "our", "Strikewell" and "our Company" refer to Strikewell Energy Corp. and our subsidiary, Strikewell Capital Corp., unless the context clearly requires otherwise.

Unless otherwise noted, all dollar amounts are expressed in Canadian dollars ("**C$**" or "**$**") and any references to common shares are to common shares in the capital of Strikewell Energy Corp., unless the context clearly requires otherwise.

Barrels of oil equivalent ("**boe**") amounts have been calculated using a conversion rate of six thousand cubic feet ("**Mcf**") of natural gas per barrel ("**bbl**") of oil or natural gas liquids ("**6:1**"). A conversion ratio of six Mcf to one bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Boe disclosure may be misleading, particularly if used in isolation.

Forward-Looking Statements

This MD&A contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" with the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In some cases, you can identify forward-looking information by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", "opinions", "forecast", "projections" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including:

- the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing oil and natural gas, and market demand;
- the risks and uncertainties involving geology of oil and gas deposits;
- the uncertainty of reserves estimates;
- the uncertainty of estimates and projections relating to exploration, development and production costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- fluctuations in oil and gas prices, foreign currency exchange rates and interest rates;
- health, safety and environmental risks;
- uncertainties as to the availability and cost of financing;
- general economic conditions;
- the effect of acts of, or actions against, international terrorism;

- the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; and

- the risks enumerated in the section of this MD&A entitled "Risk Factors", beginning on page 11.

These risks may cause our actual results or the actual results in our industry, or our levels of activity, performance or achievement, to be materially different from any projected future results, levels of activity, performance or achievements that are expressed or implied in these forward-looking statements.

This MD&A contains forward looking information, which may include, but are not limited to statements with respect to the financial and operating performance of the Company and its subsidiaries, its oil and gas projects, cost of production, estimate of initial capital, sustaining capital, operating and exploration expenditures, governmental regulation of the oil and gas industry, consents and permits under applicable oil and gas legislation, environmental risks, title disputes or claims, investment objectives and strategies, the business model of the Company, the business goals and strategies, licenses and regulatory issues, operational systems of the Company, competitive advantages, sales and marketing strategies and plans for the Company, business prospects and opportunities, dependence on personnel, timing and receipt of approvals, costs and timing of development of new projects and requirements for additional capital.

These forward-looking statements were based on the estimates and opinions of our management at the time they were made. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Readers of this MD&A are cautioned not to rely on these forward-looking statements. Except as required by applicable law, we do not intend to update any of the forward-looking statements in this MD&A to conform these statements to actual results.

Description of Business

We are a reporting issuer in the Provinces of British Columbia and Alberta and our common shares are listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "SKK".

We are in the oil and gas business. We own producing petroleum and natural gas interests near Garrington, Alberta, through our wholly-owned subsidiary Strikewell Capital Corp.

Overall Performance

Garrington, Alberta:

On November 10, 2009, the Company closed the sale of substantially all of its Garrington area oil and gas assets. Total consideration paid to the Company included $2.15 million in cash and receipt of a 10% ownership interest valued at $450,000 in a producing Garrington area oil well with 640 acres of related oil and gas petroleum rights. The effective date of the sale transaction was September 1, 2009.

Yukon:

In July 2010, following the closing of the debt set-off and property transfer agreement, further disclosed on page 6 under "Proposed Transactions and Subsequent Events, the Company transferred 100% ownership of its Yukon properties. The Yukon properties were located in central Yukon, 66 km west of Carmacks and 220 km northwest of Whitehorse, and comprise contiguous quartz mining leases and quartz mineral claims encompassing roughly 1,130 hectares (2,785 acres).

We changed our business focus to the oil and gas sector in 2006. Expenditures on our Yukon properties have been limited to minimum annual property maintenance obligations required to maintain mineral claims in good standing. We have not generated any income from our Yukon properties.

Ongoing global economic instability has had a significant negative impact on virtually every segment of the world economy due to many factors including the effects of the subprime lending and general credit market crises, the European debt crisis, volatile energy costs, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions, increased unemployment and liquidity concerns. Natural gas and oil prices respond to consumer and industrial demand and accordingly the general current economic conditions with resultant decreased demand for natural gas and oil products, both domestically and abroad, have had a negative effect on natural gas and oil prices. When prices are relatively low as they have been during the period covered by this MD&A, it is less profitable to drill and financing for drilling operations is more difficult to obtain. Our business, financial condition and results of operations will likely be materially and adversely affected by this trend. We cannot predict the timing or duration of the current economic slowdown or the timing or strength of a subsequent economic recovery, worldwide or in our industry, and cannot predict the extent to which the current economic slowdown will impact our business. However, the uncertainty regarding the financial markets and worldwide political and economic climates are expected to affect the demand for natural gas and oil during the coming months. This will likely have a negative impact on our business, financial condition and results of operations.

Selected Quarterly Financial Information

The following table contains a summary of our financial results for the three-month and six-month periods ended June 30, 2010 and 2009:

	Three Months Ended		**Six Months Ended**	
(C$)	**June 30, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Total Revenues	26,371	144,029	57,542	361,072
Net Income (Loss)	(251,413)	(290,749)	(511,459)	(686,364)
Basic Net Income (Loss) per Share	(0.03)	(0.08)	(0.06)	(0.16)
Diluted Net Income (Loss) per Share	(0.03)	(0.07)	(0.06)	(0.16)
Total Assets	866,381	1,227,794	866,381	1,227,794
Total Long-term Financial Liabilities	6,815,542	7,628,260	6,815,542	7,628,260

Our revenue performance and the income that we realize varies from period to period in relation to the number of wells that we have in production, our production volumes and the prices that we receive for our commodities from time to time. The number of successfully developed wells turned to sales, if any, varies from quarter to quarter. We have not developed any new wells during the quarter. Historically, commodity prices and hence the prices that we realize, are subject to variations arising from supply and demand fundamentals beyond our control.

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("**GAAP**"). Application of GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the revenues and expenses reported during the period. Changes in these estimates, judgments and assumptions will occur as a result of future events, and accordingly, actual results could differ from amounts estimated. Our reporting currency is Canadian dollars.

Results of Operations

Six-month period ended June 30, 2010 compared to the six-month period ended June 30, 2009:

Our net loss for the six-month period ended June 30, 2010 decreased to a loss of $511,459 compared to a net loss of $686,364 for the same period in 2009. The decrease in the net loss is primarily due to the decrease in direct expenses as a result of the sale of certain of our Garrington assets effective September 1, 2009 and the resultant elimination of Garrington property related revenues and expenses. Revenues for the six-month period ended June 30, 2010 decreased to $57,542 compared to $361,072 for the same period in 2009.

Direct expenses for the six-month period ended June 30, 2010 decreased to $15,722 consisting of a net recovery of $5,581 in production expenses, $17,553 in royalties, and non-cash depletion expenses totaling $3,750. In comparison, for the same period in 2009, direct expenses totaled $518,897 consisting of depletion of $110,512, $331,293 in production expenses and $77,092 in royalties. Operating income for the six-month period ended June 30, 2010 was $41,820 compared to an operating loss of $157,826 for the same period in 2009.

Summary of Quarterly Results

The following table presents selected unaudited consolidated financial information for the last eight quarters:

(C$)	2010		2009				2008	
Period Ended	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Total Revenues	26,371	31,171	49,204	132,079	144,029	217,043	300,673	532,860
Net Income (Loss)	(251,413)	(260,046)	1,644,353	(449,847)	(290,749)	(395,615)	(925,415)	(332,724)
Basic Net Income (Loss) per Share	(0.03)	(0.03)	0.31	(0.10)	(0.07)	(0.09)	(0.21)	(0.08)
Diluted Net Income (Loss) per Share	(0.03)	(0.03)	0.31	(0.10)	(0.07)	(0.09)	(0.21)	(0.08)

Our revenue performance and the income that we realize varies from period to period in relation to the number of wells that we have in production, our production volumes and the prices that we receive for our commodities from time to time. The number of successfully developed wells turned to sales, if any, varies from quarter to quarter. We have not developed any new wells during the quarter. Historically, natural gas prices are greatest in the fourth and first quarter periods when demand for heating fuels increases during the winter months.

Liquidity and Capital Resources

Cash and cash equivalents as at June 30, 2010 totaled $296,407 compared to $123,054 at June 30, 2009. As of June 30, 2010, we had a net working capital of $119,081 compared to a net working capital deficit of $718,819 at June 30, 2009.

As at June 30, 2010, we had no long-term capital expenditure commitments. During the six-month period ended June 30, 2010, the Company applied $777,152 towards the principal owing on certain of its its long-term liabilities. Our long-term liabilities are the two promissory notes, as described below, a loan and the asset retirement obligation.

On January 20, 2006, we closed a transaction to acquire all of the issued and outstanding shares of Strikewell Capital Corp. The transaction was effective as of January 1, 2006 and Strikewell Capital Corp. is now a wholly-owned subsidiary of Strikewell. The purchase price for the shares of Strikewell Capital Corp. was $2,886,399.78 paid by us by the issuance to Mr. John R. Hislop (the "**Vendor**") of 2,000,000 voting common shares in the capital of our Company at an issue price equal to $0.40 for a total consideration of $800,000 and the issuance of a promissory note (the "**Vendor Note**") payable to the Vendor in the principal amount of $2,086,399.78.

In addition, we assumed the payment obligations under debt owed by Strikewell Capital Corp. to the Vendor in the amount of $628,895.16, which was added to the principal owing under the Vendor Note. As part of the transaction, we also restructured $1,832,149.19 of debt owed by us to a company (the "**Vendor Company**") owned by the Vendor by entering into a second promissory note (the "**Second Note**") on the same payment terms as the Vendor Note. The Second Note is payable by us to the Vendor Company and replaces the previous payment obligations under the debt owed by us to the Vendor Company. In addition, we assumed the payment obligations under debt owed by Strikewell Capital Corp. to the Vendor Company in the amount of $1,984,705.06, which was added to the principal owing under the Second Note. The principal owing under the Vendor Note and the Second Vendor Note is due for repayment on the ninth anniversary of issuance of the Notes and bears interest at 2% for years one and two, 3% for years three and four, 4% for year five and 15% for years six through eight, compounded and payable semi-annually. Both the Vendor Note and the Second Note are secured against all of the assets of our Company.

In July 2010, Strikewell and the Vendor Company retired and set off $1,200,000 of the debt owing to the Vendor Company by assigning and transferring 100% the Yukon properties to the Vendor Company or its nominee.

At June 30, 2010, we had a cash balance of $296,407 and current accounts receivable of $114,945 to settle current liabilities of $292,271. We have monthly cash inflows from the sale of our share oil and gas products produced. Our objective is to meet our operating and capital requirements by a combination of cash flow from current and future well production, and re-investment of current capital. Production volumes and the market price that we realize for the oil and gas that we produce and sell, determine our revenue from operations and consequently our ablility to generate capital from operations is substantially dependent on the price of oil and natural gas. Future cash flows and the continued availability of capital from operations are subject to a number of uncertainties, such as production rates, the price of oil and gas, and the results of our drilling programs.

We have no assurance that additional funding will be available for the exploration and development of future projects. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delays or indefinite postponement of further exploration and development of any projects with the possible loss of such properties. There can be no assurance that we will be able to engage in such financings in light of factors such as the market demand for our securities, the state of financial markets generally and other relevant factors. If such a method of financing is employed by our Company, it will result in increased dilution to the existing shareholders each time a financing involving equity is conducted.

Off-Balance Sheet and Other Financial Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

We do not have any commitments under oil and gas forward sales contracts or other types of hedging arrangements which might expose us to commodity price or production volume risks.

We do not have in place any off-balance sheet financing type arrangements.

Transactions with Related Parties

For the six-months ended June 30, 2010, the Company paid $9,000 to directors and officers of our Company for their services.

On January 1, 2009, the Company entered into a Management Services Agreement **("MSA")** with a private management company wholly-owned by John R, Hislop, a shareholder and debt holder of the Company. Under the MSA, the management company is to assist the Company in providing management, administration, compliance, accounting, and information services, as well as provide office space and utilities for our Company. The MSA shall continue on a month to month basis until terminated by either one of the parties. Pursuant to the MSA a monthly administrative fee of $20,600 plus any out of pocket expenses and specialized management expenses incurred is payable to the management company monthly during 2010. A total of $123,600 was paid to the private management company for administration fees incurred for the quarter ended June 30, 2010.

Second Quarter

Three-month period ended June 30, 2010 compared to the three-month period ended June 30, 2009:

Our net loss for the three-month period ended June 30, 2010 decreased to a loss of $251,413 compared to net loss of $290,749 for the same period in 2009. The decrease in the net loss is primarily due to the decrease in direct expenses as a result of the sale of certain of our Garrington assets effective September 1, 2009 and the resultant elimination of Garrington property related revenues and expenses. Revenues for the three-month period ended June 30, 2010 decreased to $26,371 compared to $144,029 for the same period in 2009.

Direct expenses for the three-month period ended June 30, 2010 decreased to a credit of $4,387 consisting of a credit of $12,763 in production expenses, $6,501 in royalties, and non-cash depletion expenses totaling $1,875. In comparison, for the same period in 2009, direct expenses totaled $145,686 consisting of depletion of $2,520, $105,326 in production expenses and $37,840 in royalties Operating income for the three-month period ended June 30, 2010 increased to $30,758 compared to operating loss of $1,657 for the same period in 2009.

In May 2010, the Company entered into a debt set-off and property transfer agreement with the Vendor Company described in detail below under "Proposed Transactions and Subsequent Events"

The Company held its annual general and special meeting on June 22, 2010 and all resolutions placed before the shareholders were voted in favour.

Proposed Transactions and Subsequent Events

In July 2010 following TSXV and shareholder approval, the Company completed the debt set-off and property transfer transaction with the Vendor Company and the Company's debt owing to the Vendor Company has been reduced by $1,200,000 in exchange for the transfer of 100% ownership of the Company's mineral property interests located in the Yukon Territory. The Company no longer owns any property interests located in the Yukon Territory. Additional information regarding the debt set-off and property transfer transaction can be found in the Company's information circular dated May 18, 2010. A copy of the information circular has been filed on SEDAR and can be viewed at www.sedar.com.

In July 2010, the Company entered into a Revised Management Services Agreement ("**Revised MSA**") with a private management company wholly-owned by John R, Hislop, a shareholder and debt holder of the Company superseding the MSA entered into January 1, 2009. Pursuant to the Revised MSA effective August 1, 2010 a monthly administrative fee of $10,000 plus any out of pocket expenses and specialized management expenses incurred shall be paid to the management company. Under the Revised MSA, the management company is to assist the Company in providing management, administration, compliance, accounting, and information services, as well as provide office space and utilities for our Company. The Revised MSA shall continue on a month to month basis until terminated by either one of the parties.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Our management routinely makes judgments and estimates about the effects of matters that are inherently uncertain. As the number of variables and assumptions affecting the probable future resolution of the uncertainties increase, these judgments become even more subjective and complex. We have identified certain accounting policies that are the most important to the portrayal of our current financial condition and results of operations.

The key elements and assumptions that we have made under these principles and their impact on the amounts reported in the consolidated financial statements remain substantially unchanged from those described in our 2009 audited consolidated financial statements.

Please refer to Note 2 of our consolidated financial statements for our Significant Accounting Policies.

Significant Accounting Policies

The significant accounting policies used by our Company are disclosed in the notes to our annual audited consolidated financial statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The following discussion outlines such accounting policies and is included in the MD&A to aid the reader in assessing the significant accounting policies and practices of our Company and the likelihood of materially different results being reported. Our management reviews its estimates regularly.

The following significant accounting policies outline the major policies involving critical estimates:

Proved Oil and Gas Reserves:

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. The estimated quantities of proved crude oil, natural gas and natural gas liquids are derived from geological and engineering data that demonstrate with reasonable certainty the amounts that can be recovered in future years from known reservoirs under existing economic and operating conditions. Reserves are considered proved if they can be produced economically as demonstrated by either actual production or conclusive formation tests. The oil and gas reserve estimates are made using all available geological and reservoir data as well as historical production data. Estimates are reviewed and revised as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in our plans. The effects of changes in proved oil and gas reserves on the financial position of our Company are described under the headings "Depletion Expense" and "Impairment of Long Lived Assets".

Depletion Expense:

We use the full cost method of accounting for exploration and development activities. In accordance with this method of accounting, all costs associated with exploration and development, are capitalized whether successful or not. The aggregate of net capitalized costs and estimated future development costs, less estimated salvage values, is amortized using the units-of-production method based upon proved oil and gas reserves. With all other factors remaining constant, an increase in estimated proved oil and gas reserves would result in a corresponding reduction in depletion expense. With all other factors remaining constant, a decrease in estimated future development costs would result in a corresponding reduction in depletion expense.

Impairment of Long Lived Assets:

We are required to review the carrying value of all property, plant and equipment including the carrying value of oil and gas assets, for potential impairment. The carrying value of our petroleum and natural gas properties must not exceed their fair value. The fair value is equal to the estimated future cash flows from proved and probable reserves using future price forecasts and costs discounted at a risk-free rate.

If impairment is indicated, the amount by which the carrying value exceeds the estimated fair value of the long lived asset is charged to income.

Asset Retirement Obligations:

Asset retirement obligations are initially measured at fair value when they are incurred, which is the discounted future value of the estimated liability. This requires an estimate to be made of the future costs of retiring the asset at the point in time the asset is acquired.

Income Tax Accounting:

The determination of our income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

Stock-Based Compensation:

We adopted Section 3870, *Stock-Based Compensation and Other Stock-Based Payments* using the fair value method. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of our common shares and an expected life of the options. The fair value of direct awards of stocks is determined by the quoted market price of our stock.

Legal, Environmental Remediation and Other Contingent Matters:

We are required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be estimated. When the loss is determined, it is charged to earnings. Our management must continually monitor known and potential contingent matters and make appropriate provisions by charges to earnings when warranted by circumstance.

Financial Instruments and Other Instruments

We adopted the Canadian Institute of Chartered Accountants ("**CICA**") Handbook Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments – Recognition and Measurement,* Section 3862, *Financial Instruments – Disclosure*, Section 3863, *Financial Instruments - Presentation*, Section 1535, *Capital Disclosures*, Section 3031, *Inventories* and

Section 1400, *General Standards on Financial Statements*. These new accounting standards provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. These new standards were adopted on a prospective basis and, accordingly, the comparative amounts for prior periods have not been restated.

i) Section 1530 – Comprehensive Income:

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. Other comprehensive income represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources and includes the tax effected amount of unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation gains or losses arising from self-sustaining foreign operations, and changes in the fair value of the effective portion of cash flow hedging instruments.

(ii) Section 3251 – Equity:

Section 3251 replaces Section 3250, *Surplus* and describes standards for the presentation of equity and changes in equity for reporting periods as a result of the application of Section 1530, *Comprehensive Income*.

(iii) Section 3855 – Financial Instruments - Recognition and Measurement:

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives, including derivatives embedded in non-financial contracts. Under Section 3855, financial instruments must be classified into one of five categories and, depending on the category, will either be measured at amortized cost or fair value on the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost. Held-for-trading financial assets and liabilities and available-for-sale financial assets are measured on the balance sheet at fair value. Changes in fair value of held-for-trading financial assets and liabilities are recognized in earnings while changes in fair value of available-for-sale financial assets are recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in earnings.

Derivative financial instruments are classified as held-for-trading and are recorded on the balance sheet at fair value unless exempted as a normal purchase and sale arrangement. Derivatives embedded in non-derivative host contracts are recorded separately from the host contract when their economic characteristics and risks are not clearly and closely related to those of the host contract, the terms of the embedded derivatives are the same as those of a freestanding derivative and the combined contract is not held-for-trading or designated at fair value.

We have classified our cash and cash equivalents as held-for-trading measured at fair value, accounts receivable as loans and receivables measured at amortized cost, accounts payable and accrued liabilities as other financial liabilities measured at amortized cost and long-term debt as other financial liabilities measured at amortized cost.

iv) Section 3862 – Financial Instruments – Disclosure* and *Section 3863 – Financial Instrument Presentation

These sections revise and enhance the disclosure and presentation requirements for financial instruments (they replace Section 3861, *Financial Instruments – Disclosure and Presentation*). The significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments and how these risks are managed are emphasized.

(v) Section 1535 – Capital Disclosures:

This section requires additional disclosures of:

- an entity's objectives, policies and processes for managing capital;
- quantitative data about what the entity regards as capital;
- whether the entity has complied with any capital requirements; and
- if it has not complied, the consequences of such non-compliance.

(vi)Section 3031 – Inventories:

In March 2007, the CICA issued the new Handbook Section 3031, Inventories, which replaced Section 3030, Inventories. The new Section mentions that inventories shall be measured at the lower of cost and the net realizable value. It provides guidelines on determining cost, prohibiting going forward the use of the last-in, first-out method, and requires the reversal of a previous write-down when the value of inventories increases. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Implementation of Section 3031 had no impact on our financial statements.

(vii) Section 1400 – General Standards on Financial Statements:

This section requires management to assess and disclose an entity's ability to continue as a going concern.

Changes in Accounting Policies Including Initial Adoption

Financial instruments: The Company has adopted CICA Section 3862, Financial Instruments – Disclosures, which requires additional disclosures about fair value and liquidity risk. The amendments introduce a ''fair value hierarchy'' for disclosures which intends to provide information to financial statement users about the relative reliability of fair value measurements.

Credit risk and the fair value of financial assets and financial liabilties: On January 20, 2009, the Emerging Issues Committee of the Canadian Accounting Standards Board ("**AcSB**") issued EIC Abstract 173, Credit Risk and Fair Value of Financial Assets and Financial Liabilities, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The Company takes into consideration such credit risks in determining the fair value of its financial assets and financial liabilities. This change did not have a material impact on the Company's financial statements in 2009.

Section 3064, Goodwill and Intangible Assets: Section 3064, *Goodwill and Intangible Assets* replaces Section 3062, *Goodwill and Intangible Assets* and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. We have adopted the new standard for interim and annual periods effective January 1, 2009. Implementation of Section 3064 had no impact on our financial statements.

Future Accounting Changes

The Company has assessed new and revised accounting pronouncements that have been issued that are not yet effective and determined that the following may affect the financial disclosures and results of operations of the Company:

Business Combinations:

In January 2009, the CICA issued Section 1582, *Business Combinations,* which requires that all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. The Company has not yet adopted this standard.

Consolidations and Non-Controlling Interest:

In January 2009, the CICA issued Section 1601, *Consolidations*, and Section 1602, *Non-Controlling Interests*. Section 1601 establishes standards for preparing consolidated financial statements and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has not yet adopted these standards.

International Financial Reporting Standards:

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("**IFRS**") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The first unaudited interim financial statements under IFRS will be for the quarter ending March 31, 2011, with comparative financial information for the quarter ending March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ending December 31, 2010. The Company anticipates a significant increase in disclosures resulting from the adoption of IFRS and is identifying and assessing the impact of this change in valuation and additional disclosure requirements, as well as implementing systems changes that will be necessary to compile the required disclosures.

Risk Factors

Reliance on Operators: We are not the operator of any of our oil and gas properties. We depend on the operators for the timing of activities related to such properties and are largely unable to direct or control the activities of the operators. Because we are not the operators of our projects, we cannot control our potential costs. In addition, any decision about whether our properties contain commercially feasible oil and gas deposits and whether these should be brought into production will be made by the operator with little, if any, input from our Company. There is a substantial likelihood that these decisions will be made without consideration of our Company and our financial position. In many cases, a decision to advance a property will require that the owners of the operating interests contribute capital. If such a decision is made at a time when we do not have capital available to satisfy a capital call, our interest in a property could be diluted or lost. If this happens, there is a substantial likelihood that our business would be adversely affected.

Exploration, Development and Production Risks: Oil and natural gas exploration involves a high degree of risk and there is no assurance that exploration expenditures will result in the discovery of oil or natural gas in commercially exploitable quantities.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

In addition, oil and gas operations are subject to inherent risks, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, sour gas releases, fires, spills, power outages, labour disruptions, inability to obtain suitable or adequate machinery, equipment or labour. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial conditions.

Insurance: Our involvement in the exploration for, and development of, oil and gas properties may result in our Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although we may obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, we may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce our funds available. The occurrence of a significant event that we are not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on our financial position, results of operations or prospects.

Prices, Markets and Marketing of Crude Oil and Natural Gas: Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in world oil prices and natural gas prices, leading to a reduction in the volume of our oil and gas reserves. We might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in our future net production revenue, causing a reduction in our oil and gas acquisition and development activities.

In addition to establishing markets for our oil and natural gas, we must also successfully market our oil and natural gas to prospective buyers. The marketability and price of oil and natural gas which may be acquired or discovered by our Company will be affected by numerous factors beyond our control. We will be affected by the differential between the price paid by refiners for light quality oil and the grades of any oil we produced. Our ability to market our natural gas may depend upon our ability to acquire space on pipelines which deliver natural gas to commercial markets. We will also likely be affected by deliverability uncertainties related to the proximity of our reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulations relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. We have limited direct experience in the marketing of oil and natural gas.

Property Defects: Title reports are not title insurance and they do not act as a guarantee of title. Our properties may be subject to prior unregistered agreements, native land claims or transfers which have not been recorded or detected through title research or which have been asserted since the date the research was completed.

Environmental Risks: All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions, federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases of emissions of various substances produced in association with oil and gas operations.

Environmental legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of regulatory authorities. Compliance can require significant expenditures and non-compliance can result in the imposition of significant fines and penalties. Environmental laws could materially increase the costs of exploration, development or production.

Reserve Replacement: Our future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on our Company successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves we may have at any particular time and the production therefrom will decline over time as existing reserves are exploited. A future increase in our reserves will depend not only on our ability to develop any properties we may have from time to time, but also on our ability to select and acquire suitable producing properties or prospects. There can be no assurance that our future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Need to Manage Growth: We could experience rapid growth in production, revenues, personnel, complexity of administration and in other areas. There can be no assurance that we will be able to manage the impact that future growth could place on our administrative infrastructure, systems, and controls. If we are unable to manage future growth effectively, our business, operating results and financial condition may be materially and adversely affected.

Reliance on Key Personnel/Employees: Our management personnel are provided by a consulting company wholly owned by one of our shareholders. The Company does not have any Key Personnel or Key Employees nor does the Company carry Key Person insurance.

Conflicts of Interest: A director and certain of our officers work for a consulting company wholly owned by one of our shareholders. This consulting company provides management services to our Company and to other companies in which its sole shareholder has an interest. These other companies are engaged in business similar to our business and all of them will compete with us in the search for additional business opportunities. Situations may arise where our directors or officers will have a duty to our Company and to another company in respect of the same subject matter. In the event of a conflict of interest, our business could be harmed in any number of ways, including the loss of an opportunity to a competitor.

Permits and Licenses: Our operations may require permits and licenses from various governmental authorities. There can be no assurance that we will be able to obtain all necessary permits and licenses. If we require a permit or license that we cannot obtain, we could be forced to scale back or curtail our activities and our business could be harmed.

Substantial Capital Requirements and Liquidity: We anticipate that we will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. We may have limited ability to secure the capital necessary to undertake or complete these activities. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available to our Company, that it will be on terms acceptable to us. If we cannot raise capital when we need it, our business could fail.

Availability of Drilling Equipment and Access Restrictions: Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to our Company and may delay exploration and development activities.

Risks Relating to the Industry

The oil and gas industry is subject to extensive controls and regulations imposed by various levels of government. Outlined below are some of the more significant aspects of the legislation, regulations and agreements governing the oil and gas industry. All current legislation is a matter of public record and we are unable to predict what additional legislation or amendments may be enacted.

Potential Profitability of Oil and Gas Ventures Depends upon Factors Beyond our Control: The potential profitability of oil and gas properties is dependent upon many factors that are beyond our control. For instance, world prices and markets for oil and gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls, or any combination of these and other factors, and respond to changes in domestic, international, political, social, and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. These changes and events may materially affect our financial performance.

A productive well may become uneconomic or unmarketable in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or gas from the well. The marketability of oil and gas that we may acquire or discover could be affected by numerous factors beyond our control. These factors include the proximity and capacity of pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production, adverse weather conditions and environmental protection. The extent of these factors cannot be accurately predicted and the combination of these factors may result in our Company not receiving an adequate return on invested capital.

Competitiveness of the Oil and Gas Industry: We compete for reserve acquisitions, exploration leases, licenses and concessions and skilled industry personnel with other oil and gas companies, many of which have significantly greater technical, financial and operational resources and personnel. Our competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. Our competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than our Company.

Certain of our natural gas customers and potential customers may themselves be exploring for oil and natural gas, and the results of these exploration efforts could affect our ability to sell or supply oil and gas to these customers in the future. Our ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependant upon developing and maintaining close working relationships with our industry partners and joint operators and our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Fluctuating Price and Demand: The marketability of natural resources that we may acquire or discover may be affected by numerous factors beyond our control. These factors include market fluctuations in oil and gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and natural gas and environmental protection regulations. The impact of these factors cannot be accurately predicted, but the combination of these factors could have an adverse impact on our business.

Government Regulation/Administrative Practice: There is no assurance that the laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in Canada or any other applicable jurisdiction will not be changed, applied or interpreted in a manner which will fundamentally alter our ability to develop, operate, export or market our products. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on our Company. Any or all of these situations may have a negative impact on our ability to operate and make a profit.

Uncertainty of Estimates of Reserves

Under applicable regulatory requirements, we will be required to identify and disclose any proved oil and gas reserves, estimated quantities of crude oil, natural gas and natural gas liquids. This geological and engineering data demonstrates with reasonable certainty the estimated quantities of crude oil, natural gas and natural gas liquids, which will be recoverable in future years from known reservoirs under existing economic and operating conditions. However, the process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir, and as a result, such estimates are inherently imprecise. Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from our estimations from year to year. Any significant variance in the assumptions could materially affect the estimated quantities and present values of reserves. For example, a material drop in oil and gas prices, or a material increase in applicable taxes, will require management to reassess whether known reservoirs can continue to be reasonably judged as economically productive from one year to the next. In addition, the reserves may be subject to downward or upward revisions based upon production history, results of future exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our Company's control. Actual production, revenues, taxes, development expenditures and operating expenses with respect to the reserves will likely vary from the estimates presented herein, and such variances may be material.

Declining Reserves

In general, production rates from oil and gas properties decline as reserves are depleted. The decline rates depend on reservoir characteristics and vary from steep declines to the relatively slow declines characteristic of long-lived fields in other regions. Should one or more of the above risks materialize or should our underlying assumptions prove incorrect, our actual results may materially differ from our current expectations. Therefore, in evaluating forward-looking statements, readers should specifically consider the various factors that could cause our actual results to materially differ from such forward-looking statements.

Reserves Data and Other Oil and Gas Information

Our independently prepared reserves assessment and evaluation of our oil and gas properties effective December 31, 2009 have been prepared in accordance with mandated National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities of Canadian Securities Administrators. A summary of our reports is available on SEDAR at www.sedar.com.

Outstanding Share Data

Our common shares are listed for trading on the TSXV under the symbol "SKK". We are classified as a Tier 2 issuer on the TSXV.

We had the following securities outstanding as at June 30, 2010 and as of the date of this MD&A:

Class of Shares	Par Value	Number Authorized	Number Issued
Common	Nil	Unlimited	8,626,862
Class A Preference	Nil	Unlimited	Nil

As of June 30, 2010 and as of the date of this MD&A, there are no options, warrants or convertible securities outstanding and no common shares held in escrow.

Additional Information

Additional information relating to our Company is available on SEDAR at www.sedar.com. We also maintain a web site at www.strikewellenergy.com.