This annual management's discussion and analysis ("**MD&A**") for Strikewell Energy Corp. is dated April 28, 2009 and was prepared by management based on information available as at April 28, 2009. It should be reviewed together with the audited consolidated financial statements for the year ended December 31, 2008 and the MD&A and audited consolidated financial statements for the year ended December 31, 2007 that 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 ("**Cdn $**") 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 forward-looking statements. Forward-looking statements are statements that relate to future events or to our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" 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.

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 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. We also own undeveloped mineral properties located in the Dawson Range of west-central Yukon.

Overall Performance

Yukon

Our Yukon properties are 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.

Garrington, Alberta

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 Energy Corp. Strikewell Capital Corp. owns producing petroleum and natural gas interests near Garrington, Alberta. Operations conducted on our properties are governed by operating agreements entered into between us and the other working interest owners in the properties including the working interest owner designated as operator responsible for operations conducted on our properties. We are presently a non-operator.

The ongoing economic crisis, which grew materially worse in the fourth quarter of 2008, 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, volatile but generally declining energy costs, slower economic activity, decreased consumer confidence and commodity prices, 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 low as they have been during the later part of 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 Annual Financial Information
The following table contains a summary of our financial results for the years ended December 31, 2008, 2007 and 2006.

(Cdn $)	**Year Ended December 31, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**
Total Revenues	1,510,869	1,455,089	1,777,110
Net Income (Loss)	(1,851,444)	(1,055,866)	(1,820,701)
Basic Net Income (Loss) per Share	(0.42)	(0.24)	(0.41)
Diluted Net Income (Loss) per Share	(0.42)	(0.24)	(0.41)
Total Assets	1,424,870	2,266,795	2,636,346
Total Long-term Financial Liabilities	7,310,049	5,712,165	6,107,021

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. Historically, commodity prices and hence the prices that we realize, are subject to variations arising from supply and demand fundamentals beyond our control. As our operations become profitable, we will be subject to taxes in the jurisdictions where we conduct our business.

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, judgements 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, judgements 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

<u>Twelve-month period ended December 31, 2008 compared to the twelve-month period ended December 31, 2007</u>

Net loss for the twelve-month period ended December 31, 2008 decreased to $1,851,444 compared to net loss of $1,055,866 for the same period in 2007. The increase in the net loss is primarily due to increased interest costs, and increased production and royalty, expenses. Revenues for the twelve-month period ended December 31, 2008 increased to $1,510,869 compared to $1,455,089 in the same period in 2007.

Direct expenses for the twelve-month period ended December 31, 2008 increased to $2,234,245 consisting of depletion of $1,307,034, $621,082 in production expenses and $306,129 in royalties. Direct expenses totaled $1,466,207 for the same period in 2007 consisting of depletion of $773,995, $418,317 in production expenses and $273,895 in royalties. Operating loss for the twelve-month period ended December 31, 2008 increased to $723,376 compared to operating loss of $11,118 for the same period in 2007. The increased loss is primarily due to the increase in depletion expense in 2008.

In February 2008, the Red Lodge 6-35-34-3W5 Gas Compressor at Garrington ceased operating due to a mechanical failure resulting in certain of our north Garrington area wells having been shut-in. Production from wells contributory to the Red Lodge 6-35-34-3W5 Gas Compressor resumed in August upon installation of a replacement compressor unit by the operator. During the third quarter in 2008, we participated in the drilling of one new well (0.25 net) at Garrington which was completed and tied in to production facilities at the end of the fourth quarter 2008. The completed zone in the wellbore has not produced to expectations and additional prospective zones in the wellbore are being considered for completion and development in 2009. Our share of costs to participate in any additional completions in the wellbore, should the work be performed, is expected to be approximately $125,000 to $150,000.

We held our Annual General Meeting on June 27, 2008 and all resolutions placed before the shareholders were approved. At the meeting, the shareholders approved the financial statements for the year ended December 31, 2007, elected the directors of the Company for the ensuing year, appointed Smythe Ratcliffe LLP, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting and approved the stock option plan.

Summary of Quarterly Results

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

(CDN $)	**2008**				**2007**			
Period Ended	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total Revenues	300,673	532,860	278,228	399,109	331,444	374,387	346,875	402,383
Net Income (Loss)	(925,415)	(332,724)	(274,527)	(318,778)	(1,015,886)	(25,030)	57,503	(72,454)
Basic Net Income (Loss) per Share	(0.42)	(0.08)	(0.07)	(0.07)	(0.24)	(0.01)	0.02	(0.02)
Diluted Net Income (Loss) per Share	(0.42)	(0.08)	(0.07)	(0.07)	(0.24)	(0.01)	0.02	(0.02)

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. Historically, natural gas prices are greatest in the fourth and first quarter periods when demand for heating fuels increases during the winter months. As our operations become profitable, we will be subject to taxes in the jurisdictions where we conduct our business.

Liquidity and Capital Resources

Cash and cash equivalents as at December 31, 2008 totaled $70,776 compared to $495,542 at December 31, 2007. As of December 31, 2008, we had a net working capital deficit of $553,429 compared to a net working capital deficit of $798,801 at December 31, 2007.

As at December 31, 2008, we had no long-term capital expenditure commitments. 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 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 current 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-annuallly. Both the Vendor Note and the Second Note are secured against all of the assets of our company.

At December 31, 2008, we had a cash balance of $70,776 to settle current liabilities of $902,938. We have monthly cash inflows from major oil and gas marketers. If required, we may need to obtain financing from shareholders and/or debt holders for sufficient working capital.

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. However, production volumes and the market price that we receive for the oil and gas that we produce and sell, determine our revenue from operations. As a consequence, our ablility to generate additional 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.

As a result of the global economic downturn, there is uncertainty in capital markets and as a result, we anticipate that we will have limited access to capital and an increased cost of capital.
We believe that the ongoing economic crisis decreased demand for natural gas and oil products, both domestically and abroad and negatively affected natural gas and oil prices. As a result, we anticipate that cash inflows generated by sale of our oil and gas will decrease. 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.

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 year ended December 31, 2008, aggregate amount of expenditures made to parties not at arm's length from our company amounted to a total of $276,000 comprising $24,000 paid to directors and officers of our company for their services, and a total of $252,000 paid to a private management company wholly-owned by John Hislop, a shareholder and debt holder of our company for management, administration, information services, accounting, rent, utilities and compliance services. The services are provided on a month-to-month basis and there was no formal written agreement during the fiscal year 2008. On January 1, 2009, we entered into a Management Services Agreement with the same private management company wholly-owned by Mr. Hislop and under this agreement, we will be provided with management, administration, compliance, accounting, and information services, as well as office space. This agreement is for an indefinite term and can be terminated by either party on one month's notice

Fourth Quarter

<u>Three-month period ended December 31, 2008 compared to the three-month period ended December 31, 2007</u>

Net loss for the three-month period ended December 31, 2008 decreased to $925,415 compared to net loss of $1,015,886 for the same period in 2007. Revenues for the three-month period ended December 31, 2008 decreased to $300,673 compared to $331,444 in the same period in 2007.

Direct expenses for the three-month period ended December 31, 2008 decreased to $917,929 consisting of depletion for the three-month period ended December 31, 2008 of $711,861, $115,271 in production expenses and $90,797 in royalties. Direct expenses totaled $696,903 for the same period in 2007 consisting of depletion of $535,606, $60,466 in production expenses and $100,831 in royalties.

Operating loss for the three-month period ended December 31, 2008 increased to $617,256 compared to operating loss of $365,459 for the same period in 2007. The increased loss is primarily due to the increase in depletion expenses.

Late in the fourth quarter in 2008, we participated in the completion and tie-in to production facilities of one new well (0.25 net). The completed zone in the wellbore has not produced to expectations and additional prospective zones in the wellbore are being considered for completion and development in 2009.

Proposed Transactions and Subsequent Events

On January 1, 2009, we entered into a Management Services Agreement with a private management company wholly-owned by John Hislop, a shareholder and debt holder of our company. Under this agreement, we are provided with management, administration, compliance, accounting, and information services, as well as office space. This agreement is for an indefinite term and can be terminated by either party on one month's notice.

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 2007 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.

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.

Financial Instruments and Other Instruments

On January 1, 2007, 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 3861, Financial Instruments – Disclosure and Presentation, and Section 3865, Hedges. 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 3861 - Financial Instruments - Disclosure and Presentation

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives, including derivatives embedded in non-financial contracts. Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. 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 3855 - Hedges

Section 3865 specifies the criteria for hedge accounting. We do not apply hedge accounting; the change in fair value of the hedge derivative is recognized in net income in the current period. We have not engaged in any hedge activity.

Changes in Accounting Policies including Initial Adoption

i) Financial Instruments – Disclosures (CICA Handbook Section 3862) and Financial Instruments – Presentation (CICA Handbook Section 3863): These new standards replace Financial Instruments – Disclosure and Presentation (Section 3861). This new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements. We have adopted the new standards for interim and annual periods effective January 1, 2008.

ii) Capital Disclosures (CICA Handbook Section 1535): This new standard requires companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. We have adopted the new standard for interim and annual periods effective January 1, 2008.

iii) Inventories (CICA Handbook Section 3031): In March 2007, the CICA issued the new Handbook Section 3031, "Inventories", which will replace 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 ("**LIFO**"), 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.

iv) General Standards on Financial Statements Presentation (CICA Handbook Section 1400): This amended standard includes the requirement to assess and disclose an entity's ability to continue as a going concern. The changes have been adopted for interim and annual financial statements effective January 1, 2008.

Future Accounting Changes

i) Goodwill and Intangible Assets (CICA Handbook Section 3062): Section 3064 replaces Handbook 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 will adopt the new standard for interim and annual periods beginning on or after January 1, 2009.

ii) International Financial Reporting Standards: In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada and the expected convergence with International Financial Reporting Standards ("IFRS") by the end of 2011. On February 13, 2008, the Canadian Accounting Standards Board confirmed 2011 as the official changeover date for publicly listed Canadian companies to start using IFRS. The transition will affect interim and annual financial statements relating to years beginning on or after January 1, 2011. The impact of the transition to IFRS on our consolidated financial statements has not yet been determined.

Staff education has already begun and will continue into mid 2009, at which time an analysis of the differences between Canadian GAAP and IFRS for the company will be made.

The transition plan is estimated to be completed by early fall of 2009 and will be presented to management and the audit committee at that time.

By late fall of 2009 differences in the initial asset and liability balances will be calculated and ready for insertion into the accounting records.

Beginning January 1, 2010 the company will be using both Canadian GAAP and IFRS in its accounting records – it will report in GAAP for the year ended December 31, 2010 and it will report 2010 in IFRS for comparative purposes for the year ended December 31, 2011.

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.

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. Additionally, the land upon which we hold leases may not have been surveyed, therefore, the precise area and location of such interests may be subject to challenge.

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. If this consulting company ceases to provide us with the services for which we have contracted, including the provision of accounting services and the services of some of our officers, our company could be harmed.

Conflicts of Interest: Some of our directors and 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, 2008 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 TSX Venture Exchange under the symbol SKK. We are classified as a Tier 2 issuer on the TSX Venture Exchange.

We have the following securities outstanding as at the date of this MD&A:

Class of Shares	Par Value	Number Authorized	Number Issued
Common	Nil	Unlimited	4,396,093
Class A Preference	Nil	Unlimited	Nil

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.