

PETROMIN RESOURCES LTD.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2007

The following is a discussion and analysis of the consolidated financial condition and operating results of Petromin Resources Ltd. (the "Company") for the six months ended March 31, 2007. The discussion should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the three months ended December 31, 2006 and the audited consolidated financial statements for the year ended September 30, 2006. The unaudited interim consolidated financial statements are prepared under Canadian generally accepted accounting principles and include the operating results of the Company and its subsidiaries.

Some of the statements set forth in this section are forward-looking statements relating to the Company's future operating results based on the information available to the Company as of February 28, 2007. These forward looking statements are subject to a variety of risks and uncertainties and other factors, but are not limited to, changes in government legislation and regulations, competition, foreign exchange rate, claims and litigation. The actual results may vary from the results anticipated in these statements.

THE COMPANY

The Company is a small oil and gas exploration and producing company with properties situated in the province of Alberta, Canada.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is presented in Note 2 of the consolidated financial statements for the year ended September 30, 2006. The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs, net of incentives, related to the exploration for and development of oil and gas reserves are capitalized in cost centers on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical costs, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, cost of production and gathering equipment and administrative charges directly related to acquisition, exploration and development activities. Proceeds from the disposal of oil and natural gas properties are applied against capitalized costs. Gains or losses are not recognized on disposals unless crediting the proceeds against costs would materially alter the rate of depletion. Exploration costs renounced due to flow-through share subscription agreements remain capitalized. However, for income tax purposes, the Company has no right to these expenses or the related depletion allowance. The amounts shown for oil and gas properties represent costs to date and are not intended to reflect present or future values.

The capitalized costs together with estimated future capital costs associated with the development of proven reserves are depleted and amortized using the unit-of-production method based on proven oil and natural gas reserves, before royalties, determined by Company and independent engineers. For purposes of the depletion and amortization calculations, oil and natural gas reserves are converted to a common unit of measure based upon their relative energy content.

In applying the full cost method, the Company performs a ceiling test which restricts capitalized costs less accumulated depletion and amortization from exceeding the estimated undiscounted value of future net revenues from proved oil and natural gas reserves less estimated future removal and site restoration costs, general and administrative expenses, financing costs and income taxes. In calculating the ceiling test, the year end prices of oil and natural gas are used and all costs are assumed to be constant.

The Company periodically reviews the cost associated with undeveloped properties to determine whether the costs will be recoverable. If the results of the review indicate impairment has occurred, the cost of the property or the amount of the impairment is added to the full cost pool.

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a

reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount of the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the cost of the related long-lived asset.

The Company uses the fair value-based methodology of accounting for all awards of stock options and direct awards of stock.

OVERVIEW

Frog Lake

The Company completed its' third oil well at its' Frog Lake Heavy Oil Project, increasing gross production to approximately 300 barrels of oil per day. The company retains various working interests in these wells ranging from 45-60%. Despite the drilling spacing unit, there will be one more location that can be drilled in the future.

Redwater

Six oil and natural gas wells have now been completed at no cost to the Company on its 320 acre block of land held in the Redwater area of central Alberta. A gross overriding royalty will be retained by the Company on three locations before payout with the option to convert to a 50% working interest in the 7-36-55-21 W4M well after payout and a 25% working interest in the 9-36-55-21 W4M well after payout. The Company retained a 25% working interest in the 8-36-55-21 W4M well. The three addition wells, which were also farmed out, the Company retains various working interest ranging from approximately 12.5% - 25% after payout. The combined production at Redwater has been at approximately 100 barrels of oil equivalent per day. Two more LSD spacing is available for further delineation of the pool. The operator is currently re-evaluating the prospects for further drilling activities.

Gilby

The Company's Gilby property in Alberta, which produces natural gas from the multi-zone gas discovery in the 11-35-39-28 W4M well, reached payout and the Company converted its' overriding royalty to a 16 2/3% working interest after payout. The well has been producing at approximately 500,000 cu.ft of gas per day.

Morningside

A second well located in the Morningside area of Alberta was drilled and completed at no cost to the Company. The 13-23-42-28 W4M well is a dual zone gas discovery producing at approximately 300,000 cu.ft per day and the second 6-23-42-28 W4M well is now on stream and also producing at approximately 300,000 cu.ft of gas per day. The Company retains a gross overriding royalty convertible to a 10% working interest after payout on the first well and a non-convertible GORR on the second well.

Calmar Prospect

The Company entered into a farm-out agreement in which the Company retains 20% of wellhead revenues on the earning well plus a 15% royalty on 80% of wellhead revenue until payout, converting to a 52% working interest after payout. The Company is currently evaluating the upper zone for dual completion potentials.

SUMMARY OF PROPERTIES

The Company has oil and gas properties in the Province of Alberta, Canada. The Company is the operator of the Frog Lake prospect which has three producing heavy oil wells. In addition, the Company has farmed out the Redwater North, Morningside, Calmar and Gilby properties. The Company receives income from all five properties.

OIL AND GAS PRODUCTION

For the six months ended March 31, 2007, the Company operated three producing oil wells which currently produce at approximately 300 barrels of oil per day. In addition, the Company received gross overriding royalties from five producing oil and gas wells as well as working interest revenues in five oil & gas wells.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations.

	Year Ended September 30, 2006	Year Ended September 30, 2005	Year Ended September 30, 2004
Total revenues	\$ 1,762,368	\$ 924,023	\$ 388,104
Loss	2,821,770	627,188	1,261,281
Basic and diluted loss per share	(0.07)	(0.02)	(0.05)
Total assets	2,219,999	1,631,129	1,533,880
Total long-term liabilities	17,410	11,905	31,759
Cash dividends	-	-	-

RESULTS OF OPERATIONS

For the six months period ended March 31, 2007, the Company recorded revenue of \$907,648. In addition, direct costs (operating expenses and royalties) totalled \$608,748. This compared to revenue of \$637,797 and direct costs of \$314,540 for the six months ended March 31, 2006. Depletion and amortization expense was \$82,145 for the six months period ended March 31, 2007 compared to \$137,606 for the six months period ended March 31, 2006.

The Company's administrative expenses decreased to \$845,944 for the six months ended March 31, 2007 from \$1,005,319 for the six months ended March 31, 2006. This is primarily attributable to an decrease of stock-based compensation of \$271,858, an increase of \$90,211 in consulting expenses, an increases in travel and promotion of \$109,575, an increase in office expenses of \$ 11,313 and a decrease of listings and transfer agent fees of \$4,024.

The Company incurred a loss of \$528,070 for the six months ended March 31, 2007 as compared to a loss of \$680,880 for the six months ended March 31, 2006.

SUMMARY OF QUARTERLY RESULTS

	<u>Revenue</u>	<u>Profit (Loss)</u>	<u>Share Basic and Diluted</u>
Fiscal 2005			
Third quarter	265,483	(276,562)	(.01)
Fourth quarter	380,360	186,359	-
Fiscal 2006			
First quarter	264,091	(330,076)	(.01)
Second quarter	373,706	(350,804)	(.01)
Third quarter	533,536	(953,827)	(.02)
Fourth quarter	591,035	(1,187,063)	(.04)
Fiscal 2007			
First quarter	420,171	(336,918)	(.01)
Second quarter	487,477	(202,436)	(.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash decreased from \$108,644 on December 31, 2006 to \$71,124 on March 31, 2007.

In addition to the company's loss for the quarter of \$202,436, accounts receivable increased by \$23,065, accounts payable increased by \$13,666 and accounts payable – related parties increased by \$195,456. This was offset by add back of depletion and amortization and stock-based compensation, resulting in net cash of \$26,955 used in operating activities.

At March 31, 2007 there were 4,823,310 options outstanding. The stock options expire on September 30, 2009, October 28, 2010, March 24, 2011, April 10, 2011, April 18, 2011, June 27, 2011 and October 2, 2011. Assuming that the stock options are exercised before they expire, the Company would receive gross proceeds of \$1,108,122.

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. To the extent that existing resources are insufficient to fund the Company's losses until profitability is reached, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay possible expansion plans or acquisitions.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the six months period ended March 31, 2007:

- a) Paid or accrued \$19,500 (2004 - \$19,500) in management fees to a director;
- b) Paid or accrued \$167,460 (2006 - \$149,840) in consulting fees to directors, officers and companies controlled by directors and officers;
- c) Paid or accrued \$1,650 (2005 - \$13,475) in interest on loans payable to directors and officers.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

OUTLOOK

The management is pleased to report the second quarter results are encouraging and shows good improvement in controlling the

loss. Revenue is higher due to continuous price improvement and stable production from existing properties. On the domestic side, a new well is being planned in Frog Lake. The drilling of this new well is to protect drainage from surrounding wells operated by other parties and also recover and accelerate oil production in Frog Lake.

Petromin is also actively seeking good International oil and gas prospects particularly in China and in Indonesia. Potential prospects will provide immediate cashflow to Petromin and offer potential CO₂ related EOR prospects, which will significantly increase its recoverable reserve when a proper CO₂ miscible flood is implemented. However, good properties are getting more and more difficult to locate due to the high acquisition price and stiff competition worldwide. Through proper network and connection, Petromin is currently reviewing some very potential properties, and if materialize, will report to our shareholders on a timely basis.

On the Enviro energy side, Petromin continues to make progress such as signing new agreement with Shanxi Energy Company in March/07 to secure Enviro-Energy project in the Shanxi province in China. The enviro-energy project in Shanxi will include CBM and ECBM exploration and development, clean coal power plant technology implementation, and other emission reduction measures. Preliminary investigation and evaluation of potential site selection are being carried out by Shanxi Energy Company.

Petromin believes a suitable site and project will be secured within the next 3 months. The project, if successful, will involve Petromin and/or other strategic partners from Canada and overseas joint venture with Shanxi Energy Company, local government and others in China to form a consortium in handling the project. Funding requirement will also be discussed among all the parties. Since this project is the first of its kind in integrated enviro-energy project and targeted in CO₂ reduction, both Chinese and International governmental departments will be closely monitoring the progress and will set a precedence for the future project of this kind in China.

Petromin also joined force with GreenHouse Gas Separation System Inc.(GGSSI), a private Alberta environmental service company that is specialized in CO₂ monitoring and capturing, in expanding business in CO₂ capturing and sequestration work worldwide. GGSSI has recently won a contract in Algeria in monitoring and testing CO₂ emission from Algeria's largest oil company, Sonatrach. The monitoring work will eventually lead to GGSSI and Petromin jointly submitting a CO₂ sequestration proposal to Sonatrach in implementing CO₂ related Enhanced Oil Recovery scheme in that region. The EOR process, which viewed as value added project, will be advantageous to Algeria since it will help the country to curb its CO₂ emission by capturing and storing it in its underground oil reservoir. At the same time, through proper CO₂ injection design, it can increase oil production. Petromin anticipates participation in the CO₂ sequestration work later this year in Algeria.

In the Middle East side, Petromin continue pursuing opportunities in Enhanced Oil Recovery in Kuwait and working closely with Kuwait Institute of Scientific Research in proposing a pilot CO₂ EOR design to Kuwait Oil Company (KOC). Through United oil Project group, Petromin will continue pursue further CO₂ related EOR opportunities in Middle East countries outside of Kuwait.

Overall, Petromin is pleased with the progress of their enviro-energy projects and the overwhelming acceptance by the general public and industries on these value-added projects. Petromin believes the market potential on worldwide enviro energy is enormous and poses tremendous opportunities for Petromin to play a leading role in the international stage.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on its website at www.petromin.ca and on the SEDAR website at www.sedar.com.