



MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2008

Greentree Gas & Oil Ltd. ("Greentree" or the "Company") is a Canadian energy company engaged in the business of exploration, development and production of crude oil and natural gas in southwestern Ontario. Its common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol "GGO".

The following Management's Discussion and Analysis ("MD&A") was prepared as of May 30, 2008 and should be read in conjunction with the unaudited consolidated financial statements for the three-month period ended March 31, 2008 together with the notes thereto, and the MD&A and audited consolidated financial statements for the year ended December 31, 2007. The Company's interim financial statements were prepared by management and, were not reviewed by Greentree's external auditors.

All data is presented in Canadian dollars. Natural gas volumes have been converted to equivalent barrels of oil ("boe") using an industry accepted conversion ratio of six thousand cubic feet ("mcf ") to one barrel of oil equivalent (boe).

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual events or results to differ from those anticipated. These risks include, but are not limited to, operational risk in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; and commodity price and exchange rate fluctuation and uncertainties.

NON-GAAP MEASURES

Included in the MD&A are references to the term "cash flow". This term is not defined by Generally Accepted Accounting Principles ("GAAP") in Canada and consequently is referred to as a non-GAAP measure.

Cash flow refers to oil and gas sales revenue less royalties, and less operating expenses. It does not include other income or any of the other company expenses that are used to calculate net income. Reported amounts may not be comparable to similarly titled measures reported by other companies. Cash flow should not be considered an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with Canadian GAAP.

CORPORATE PERFORMANCE

Greentree reported a loss of \$219,993 (\$0.00 per share) for the three months ended March 31, 2008 compared to a loss of \$314,595 (\$0.01 per share) for the same period in 2007. The reduction in losses for the current quarter compared to the losses for the same period in 2007 are attributed to strengthening commodity prices for both oil and natural gas together with lower general and administration and, depletion expenses.

Oil and gas revenues less royalties, increased to \$443,387 for the three months ended March 31, 2008 compared to \$387,868 for the same period in 2007. The overall increase is a direct result of higher oil production and commodity prices compared to 2007.

General and Administrative expenses decreased to \$162,588 for the three months ended March 31, 2008 from \$234,057 for the same period in 2007. The decrease is largely due to reductions in stock-based compensation and personnel costs.

Operating costs during the three months ended March 31, 2008 increased marginally to \$215,022 compared to \$203,537 for the same period in 2007. The increase continues to be a result of an ongoing and extensive repairs and maintenance program to improve production efficiencies and address regulatory standards.

PRODUCTION, REVENUES AND ROYALTIES

Production/Revenue Summary	Three months ended March 31					
	2008		2007		% Change	
	Units	BOE	Units	BOE	Units	BOE
PRODUCTION:						
Natural Gas (mcf)	42,654	7,109	46,729	7,788	(9%)	(9%)
Crude Oil (M ³)	204	1,283	108	677	90%	90%
BOE Total		8,392		8,465		(1%)
REVENUE:	(\$000's)	\$/BOE	(\$000's)	\$/BOE	(\$000's)	\$/BOE
Natural Gas	377.3	53.07	394.7	50.68	(4%)	5%
Oil	121.1	94.39	42.5	62.78	185%	50%
Gross Sales	498.4	59.39	437.2	51.65	14%	15%
Royalties	57.4	6.84	51.6	6.10	11%	12%
Net sales	441.0	52.55	385.6	45.55	14%	15%
Operating Costs	215.0	25.62	203.5	24.04	6%	6%
Field Level Income	226.0	26.93	182.1	21.51	24%	25%

Natural Gas:

Natural gas production declined to 42,654 mcf in Q1-2008 as compared to 46,729 mcf in Q1-2007. The decline in production for the quarter represents the natural and anticipated decline curve.

Natural gas sales in Q1-2008 were down 4% to \$377,330 as compared to Q1-2007 sales of \$394,689. The Company received an average price of \$8.85/mcf for its natural gas in Q1-2008, compared to \$8.45/mcf in Q1-2007.

Crude Oil:

Crude oil production increased 90% to 1,283 bbls in Q1-2008 as compared to 677 bbls in Q1-2007. This large increase was attributable to increases in Greentree's net production from the Rodney South Unit and improved production from Rodney Unit 3. Crude oil sales increased to \$121,124 in Q1-2008 from \$42,496 in Q1-2007. The average price/bbl in Q1-2008 was \$94.39 compared to \$62.78 during Q1-2007.

As of January 1, 2008 Wavefront Energy and Environmental Services (Wavefront) commenced earning 70% of the net production and revenues from the Rodney South Unit and the production volumes and revenues reported from the Rodney South Unit, represent Greentree's 30% interest.

Royalties:

Royalties include both freehold and gross overriding payments. Royalties for Q1-2008 were up approximately 11% as compared to Q1-2007 reflecting the increase in production revenues.

	Three months ended March 31					
	2008		2007		% Change	
	(\$000's)	\$/BOE	(\$000's)	\$/BOE	Costs	\$/BOE
Gas	41.5	5.84	46.2	5.93	(10%)	(2%)
Oil	15.9	12.40	5.4	7.98	194%	55%
Total	57.4	6.84	51.6	6.10	11%	12%

PRODUCTION EXPENSES:

Operating expenses in Q1-2008 increased \$11,485 compared to the same period in 2007. The increase continues to be a result of an extensive repairs and maintenance program to improve production efficiencies and address regulatory standards.

	Three months ended March 31					
	2008		2007		% Change	
	(\$000's)	\$/BOE	(\$000's)	\$/BOE	Costs	\$/BOE
Operating Expenses	215.0	25.62	203.5	24.04	6%	6%

GENERAL & ADMINISTRATIVE EXPENSES:

General and Administrative expenses decreased to \$162,588 for the three months ended March 31, 2008 from \$234,057 for the same period in 2007. The decrease is largely due to reductions in stock-based compensation and personnel costs.

DEPLETION & DEPRECIATION EXPENSES:

Depletion and depreciation expenses in Q1-2008 decreased to \$261,697 as compared to \$280,057 for Q1-2007. The decrease compared to the same period in 2007 resulted from similar depletion rates being applied to a lower net book value. Accretion expenses increased due to the Company's adjustment to estimated future abandonment costs that were recognized in December 2007.

	Three months ended March 31					
	2008		2007		% Change	
	(\$000's)	\$/BOE	(\$000's)	\$/BOE	Costs	\$/BOE
Depletion & Depreciation	261.7	31.18	280.1	33.09	(7%)	(6%)
Accretion - ARO	21.9	2.61	9.0	1.06	143%	146%
Total	283.6	33.79	289.1	34.15	(2%)	(1%)

CAPITAL EXPENDITURES & PROJECTS:

The Company invested \$44,773 in property, plant and equipment during Q1-2008, as compared to \$114,211 during Q1-2007. Capital expenditures incurred during the quarter consisted primarily of geological expenditures (\$33,000), lease and other land costs (\$9,000) and, facilities (2,000).

RODNEY SOUTH PROJECT

The "Pilot Phase" of the Rodney South project with Wavefront Energy and Environmental Services Inc. ("Wavefront") which commenced in September of 2006 has been completed and the injection system was equipped with eight Wavefront "Powerwave" tools. Under the terms of the Wavefront/Greentree Agreement announced February 2, 2006 Wavefront is providing up to \$2.25 million in capital expenditures related to the first phase of development. In consideration of Wavefront's capital investment it shall earn a 70% interest in net earnings from overall production in Rodney South until payout of Wavefront's initial \$2.25 million capital investment. Subsequent to payout, cash flow from operations will be allotted 50% to each of Wavefront and Greentree. Wavefront began earning 70% of the net production and earnings effective January 1, 2008.

The Company has reported that the Wavefront "Powerwave" installations are now fully operational with early water injection results being very encouraging versus non-Powerwave injection data. Production data from the unit has indicated that production has increased incrementally over the first quarter of 2008, with additional gains also reported for April.

RODNEY UNIT 3 INFILL DRILL PROGRAM

The Company is in the process of completing a six-well infill drill development program within the Rodney Unit 3 pool. The first well is expected to be online in June and a second well shortly thereafter. Greentree is also replacing key production lines in anticipation of additional wells being drilled in 2008. Rodney Unit 3, which is 100% operated by Greentree is part of the Rodney pool which is also comprised of Units 1 and 2, which were recently operated by Primewest Energy Trust (currently being purchased by Abu Dhabi National Energy Company). The Rodney pool (Units 1, 2 & 3) has produced approximately 10.6 million barrels (MMBO) of light oil to date. Rodney Units 1 and 2 have produced approximately 8.6 MMBO and Rodney Unit 3 has produced 2.0 MMBO to date.

Rodney Units 1 & 2 were developed with a relatively efficient 5-spot and line drive water-flood program as compared to a much less efficient peripheral design, which was implemented in Unit 3. In addition to developing the Unit 3 portion of the Rodney pool with an inefficient water-flood design, significant portions of the pool were left undeveloped. Published engineering reports on Rodney Units 1 & 2 indicated initial oil-in-place reserves of 18.75 MMBO of which 8.6 MMBO have been recovered to date. The recovery factor based on these numbers is approximately 46%. Conversely Rodney Unit 3 has produced approximately 2 MMBO from an estimated initial oil-in-place of 7 MMBO (Greentree internal estimates) or a 28% recovery factor. Using modern injection technologies, design and exploiting the undeveloped areas within Unit 3, Greentree estimates that an additional 1 to 1.5 MMBO may be recoverable from the unit.

NORFOLK COUNTY PROPERTIES

Greentree's natural gas production in Norfolk has remained relatively stable as compared to 2007, without the benefit of any additional infill drilling or significant production upgrades. With the recent upturn in natural gas prices to the \$12 per mcf range, the Company is commencing a field workover program on its existing wells which will also include the use of an innovative down-hole technique to optimize production. Given the number of producing wells in the project area, and the lack of workover work completed over the past number of years, this program is expected to generate some significant returns. Greentree has maintained a portfolio of leases with the potential to drill over 12 new exploration and development locations.

TILBURY WEST PROSPECT

In 2007, Greentree drilled, cased, completed and conducted an acid fracture stimulation on GGOL#71. On subsequent swab production testing, the well initially indicated to have the potential to produce approximately 25 bbls/d. The well was placed on production and after several months is producing approximately 2 bbls/d of 42 API light oil. The Company believes that with a sand fracture treatment the well may be capable of producing in the 50 to 100 bbl/d range, which is consistent with analogous wells in the region of GGOL#71. Depending on the availability of capital, Greentree plans to conduct the stimulation treatment in 2008.

HALDIMAND COUNTY "DEEP GAS" PROSPECT

Greentree completed the drilling of GGOL#67, a deep wildcat exploration well in late December of 2006. The well encountered 4.2 meters of dolomitized limestone and a gas show in the Ordovician Gull River formation. The Gull River interval was subsequently evaluated with a drill stem test. The down-hole logs indicated dolomite porosity in the 6 to 11% range with relatively high cross-plotted resistivity, which is indicative of the presence of hydrocarbons. The Company has maintained the well as a capped potential gas producer pending additional evaluation. In addition to the natural gas potential in the Gull River formation, Greentree has identified shallow "tight gas" potential in an 18 meter section of sandstone in the Silurian Thorold and Grimsby formations.

Potential has also been indicated in the Ordovician "Blue Mountain-Collingwood formations for "shale gas". A significant shale gas discovery was recently reported by Forest Oil in the Quebec St. Lawrence Lowlands in the Ordovician "Utica" shale, which is geologically equivalent to the Blue Mountain-Collingwood formations of Ontario. Greentree is currently in the process of renegotiating its existing operating agreement with United States Steel (U.S. Steel), which is the owner of the 6,500-acre property. U.S. Steel's, Lake Erie steel facility is located on the property and uses a very significant amount of natural gas in the steel making process. The plan is to proceed with additional evaluation of the property.

ASSET RETIREMENT OBLIGATIONS:

The undiscounted amount of expected cash flows required to settle the asset retirement obligations is estimated at \$1,816,720 (2007 - \$1,400,182) which has been discounted using a credit-adjusted risk-free rate of 8.5% and includes a 2.0% inflation factor. The following table summarizes the Company's liability for the period ended March 31, 2008:

	2008
Asset retirement obligations, beginning of the period	955,220
Liabilities incurred	(2,242)
Accretion expense	21,888
Asset retirement obligations, end of the period	974,866

Costs attributable to these commitments and contingencies are expected to occur over an extended period of time and are to be funded from the Company's cash provided by operating activities and resources at the time of retirement and removal.

LIQUIDITY AND CAPITAL RESOURCES:

On January 16, 2008, Greentree revised its bank credit facility. The loan facility provides Greentree with a \$2,250,000 revolving reducing demand loan bearing interest payable monthly at the bank's prime lending rate plus 2.00%. Presently, the bank's prime lending rate is 4.75%. Commencing February 1, 2008 the credit facility reduces at the rate of \$50,000 per month. The Company's operating facility agreement requires that the Company meet certain covenants including one relating to working capital ratio. As at March 31, 2008, the Company is in violation of the working capital ratio covenant. The bank has not provided a continuing waiver of the non-compliance.

The loan is collateralized by a \$10 million debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges on the Company's major producing petroleum and natural gas reserves at the request of the lender, a general assignment of book debts, insurance assignment showing the lender as first loss payee, an assignment of revenues and monies under material contracts, and a guarantee from Southwest Petroleum Explorations Inc., supported by debenture security.

As at March 31, 2008, \$2,064,090 of funds had been drawn against the aggregate credit facility of \$2,150,000. The available credit was approximately \$86,000. The bank has not waived its right to demand repayment of the outstanding principal balance and consequently the entire balance has been shown as a current liability.

On April 10, 2008, the Company closed the first tranche of a Private Placement Offering initially announced on February 26, 2008. The closing consisted of 1,524,999 units at a price of \$0.12 per unit for aggregate proceeds of \$183,000. Each unit consists of one (1) flow-through common share and one-half (1/2) of one common share purchase warrant ("Warrant"). Each whole Warrant issued entitles the holder to purchase one common share of the Company at a price of \$0.15 at any time until October 9, 2009. All the securities issued pursuant to the first tranche of the private placement are subject to a four (4) month hold period expiring August 11, 2008.

Finder's fees of \$12,810 (7% of the gross proceeds of the Offering) are payable in cash to Howco Ventures Inc. and 45,750 common shares were issued to Howco Ventures Inc. (representing 3% of the number of Units sold).

On May 22, 2008, the Company closed the second tranche of a Private Placement Offering initially announced on February 26, 2008. The second closing consisted of 720,000 units at a price of \$0.12 per unit for aggregate gross proceeds of \$86,000. The first and second closing aggregated \$269,000. Each Unit consists of one (1) flow-through common share and one-half (1/2) of one common share purchase warrant ("Warrant"). Each whole Warrant issued in the second tranche entitles the holder to purchase one common share of Greentree at a price of \$0.15 at any time until November 20, 2009. All the securities issued pursuant to the private placement are subject to a four (4) month hold period – for the second tranche, the hold period expires September 22, 2008.

Greentree agreed to pay finder fees of \$8,640 in cash (representing 10% cash of the gross proceeds of the Offering) and, subject to regulatory approval 67,000 broker compensation warrants (representing 10% of the number of Units sold). Each broker's warrant entitles the holder to purchase one Greentree common share at a price of \$0.12 at any time on or before November 20, 2009.

RELATED PARTY TRANSACTIONS:

During the three months ended March 31, 2008, the following transactions occurred in the normal course of business between the Company and a law firm of which a partner is a director and shareholder of the Company.

	March 31, 2008	March 31, 2007
	(\$)	(\$)
<i>Transactions during the period:</i>		
Balance due to related party, beginning of period	104,924	117,820
Administrative expenses incurred	25,020	3,155
Common shares for debt settlement		(80,000)
Due to related party	75,578	40,975

During the three months ended March 31, 2008, the following transactions occurred in the normal course of business between the Company and non-management directors of the Company.

<i>Transactions during the period:</i>	March 31, 2008	March 31, 2007
	(\$)	(\$)
Directors' fees due to non-management directors	-	20,500
Directors' fees recorded:	6,000	30,750
Due to non-management directors	6,000	51,250

These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties. The balances are included in accounts payable and accrued liabilities in the consolidated balance sheets.

CRITICAL ACCOUNTING ESTIMATES:

Critical accounting estimates require Management to make assumptions regarding matters that are highly uncertain at the time the estimate is made and have a material impact on the financial condition of the Company.

Reserves:

The Company's natural gas and oil reserves were evaluated and reported on by the independent petroleum engineering and geological consulting firm of Paddock Lindstrom & Associates Ltd., which evaluated the Company's reserves as at December 31, 2007. The estimation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Company expects that its estimates of reserves will change with updated information from the results of future drilling, testing or production levels. Such revisions could be upwards or downwards. Reserve estimates have a material impact on depletion and depreciation expense, asset retirement costs and impairment expense, which could possibly have a material impact on consolidated net income.

Depletion:

Capitalized costs and estimated future expenditures to develop proved reserves, including abandonment costs, are depleted based on the proportion of estimated proved oil and natural gas reserves produced during the year compared to total proved reserves. Investments in unproved properties and major development projects are not depleted until proved reserves associated with the projects can be determined or until impairment occurs. If it is determined that properties are impaired, the amount of the impairment is added to the capitalized costs to be depleted.

Impairment:

In applying the full cost method of accounting, the Company periodically calculates a ceiling, or limitation on the amount that petroleum and natural gas properties may be carried for on the balance sheet. Impairment exists if the undiscounted future net cash flows from proved reserves at future commodity prices plus the cost of undeveloped properties is less than the carrying value of the capitalized costs. If impairment is found to exist, the impaired properties are written down to their fair value. The fair value of the assets is calculated based on future net cash flows from proved plus probable reserves, discounted at a 10% rate using future commodity prices, plus the cost of undeveloped properties. Impairment may result in a material loss for a particular period; however, future depletion and depreciation expense would be reduced. Assumptions about reserves and future prices are required to calculate future net cash flows. The assumptions made to estimate reserves have been previously discussed. There is significant uncertainty regarding forecasting future commodity prices due to economic and political uncertainty. Future prices are derived from a consensus of price forecasts among recognized reserve evaluators. Estimates of future cash flows assume

a long-term price forecast and current operating costs per boe plus an inflation factor. It is difficult to determine and assess the impact of a decrease in proved reserves on impairment. The relationship between reserve estimates and the estimated undiscounted cash flows, and the nature of the impairment test, is complex.

Asset Retirement Obligations:

The Company is required to remove production equipment, batteries, pipelines, gas plants and restore land at the end of natural gas and oil operations. The Company estimates these costs in accordance with existing laws, contracts and other policies. These obligations are initially measured at fair value, which is the discounted future value of the liability. These costs are also capitalized as part of the cost of the related assets and amortized over the useful life of the assets.

An annual increase to the liability will be recorded to recognize the passage of time and the impending settlement of the obligation. The liability will be impacted by any changes in the assumptions used in the asset retirement obligation calculation. Adjustments to the estimate will be recorded as an expense on the consolidated statements of earnings.

The asset retirement obligation calculations were derived from typical industry experience and practices. The deemed asset retirement obligation liability for wells and facilities is the sum of the calculated abandonment and reclamation liabilities adjusted for designated status as active, inactive, abandoned, or problem site.

Estimating future asset removal costs is difficult and requires Management to make estimates and judgments because most of the removal obligations are many years in the future and contracts and regulations often have vague descriptions of what constitutes removal. Asset removal technologies and costs are constantly changing, as well as regulatory, political, environmental, safety and public relations considerations. As a result, it is not possible to provide a reasonable analysis of the impact that changes in removal costs would have on the asset retirement obligation.

OPERATIONAL AND FINANCIAL CONDITIONS AND RISKS:

Greentree's operations are subject to risks normally associated with the natural gas and oil industry. Oil and natural gas exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Greentree cannot provide any assurances that commercial quantities of natural gas and crude oil will be discovered by the Company. The marketability of natural gas and crude oil acquired or discovered will be affected by numerous factors beyond the control of the Company. These factors include reservoir characteristics, the proximity and capacity of oil and natural gas pipelines, processing equipment and government regulation.

The Company is exposed to financial risks including interest rate risk on its operating facility, and commodity prices and expenditure costs shifting due to changes in market conditions. Commodity prices are driven by supply, demand and market forces outside the Company's influence. Greentree's ability to raise additional capital will depend upon a number of factors, such as general economic and market conditions that are beyond its control.

QUARTERLY INFORMATION:

Quarterly Data (unaudited)	2008			
	1 st	2 nd	3 rd	4 th
Gas and oil revenues	498,454			
Normalized earnings before interest, taxes, depreciation and amortization (EBITDA) ¹	120,099			
Basic & diluted earnings (loss) per share	-			
Cash flow	47,662			
Operating netback per boe ²	26.93			
Operating and G&A netback per boe ³	14.03			
Production (boe/d)	93			

Quarterly Data (unaudited)	2007			
	1 st	2 nd	3 rd	4 th
Gas and oil revenues	437,185	494,427	451,165	385,730
Normalized earnings before interest, taxes, depreciation & amortization (EBITDA) ¹	(49,726)	131,904	88,420	69,704
Basic & diluted earnings (loss) per share	(0.01)	0.00	(0.01)	0.00
Cash flow	(38,321)	52,972	1,804	(32,987)
Operating netback per boe ²	21.51	27.24	20.89	17.30
Operating and G&A netback per boe ³	5.61	13.54	10.33	6.66
Production (boe/d)	94	98	102	89

1. Normalized EBITDA eliminates the effect of unusual, irregular or non-recurring items.
2. Operating netback is calculated as oil and gas revenues less royalties and normalized operating expenses.
3. Operating and G&A netback is calculated as oil and gas revenues less royalties, less normalized operating expenses, and normalized general and administrative expenses.

FUTURE OUTLOOK:

The Company expects to add both low risk oil and natural gas production in the upcoming months in a market of premium oil and natural gas prices. Natural gas and oil prices are currently up approximately 40% over the first quarter 2008 average and with potential additional production from Greentree's oil and natural gas properties, the Company's cash flow is expected to continue to improve. Given current market conditions with a high premium placed on crude oil and with price levels approaching \$100 per barrel, Greentree will remain highly focused on light oil opportunities in the corporate portfolio. In particular Greentree will move forward with the development and exploitation of two shallow oil projects in the Rodney area and the exploration of a new shallow oil prospect.

RESPONSIBILITY FOR FINANCIAL STATEMENTS:

The accompanying consolidated financial statements for Greentree Gas & Oil Ltd. have been prepared by Management in accordance with Canadian GAAP consistently applied. The most significant of these accounting principles have been set out in the statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, Management is satisfied that these consolidated financial statements have been fairly presented.