GREENTREE GAS & OIL LTD.

May 29, 2009

Management's Discussion and Analysis

Greentree Gas & Oil Ltd. ("Greentree" or the "Company") is a Canadian-based oil and natural gas company whose common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol "GGO".

The Company's business is the acquisition, exploration, development and operation of oil and gas properties. During 2008 it conducted its activities in the province of Ontario, Canada.

The following Management's Discussion and Analysis (MD&A) was prepared May 29, 2009 and should be read in conjunction with the unaudited consolidated financial statements for the three-month period ended March 31, 2009 together with the notes thereto and the MD&A and audited consolidated financial statements for the year ended December 31, 2008. The reader should be aware that historical results are not necessarily indicative of future performance. The Company's interim financial statements were prepared by management and, were not reviewed by Greentree's external auditors. Additional information relating to Greentree can be found at www.sedar.com and www.greentreegas.on.ca

This MD&A contains certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward looking statements may be identified, without limitation, by the use of such words as "anticipates", "expects", "intends", "plans", "predicts", "projects", "believes" or words or phrases of similar meaning. In addition, any statement that may be made concerning future performance, strategies or prospects and possible future corporate activities are also forward-looking statements. Forward-looking statements are based on the Company's expectations and are subject to a number of risks and uncertainties that could materially affect the results. Actual results achieved during the forward-looking period may differ materially from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the ability to produce and transport crude oil and natural gas to markets; the results of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the imprecision of reserve estimates; the ability of suppliers to meet commitments; actions by government authorities including increases in taxes; decisions or approvals of administrative tribunals; change in environmental and other regulations; risks associated with oil and natural gas operations; impact of weather in areas of operation and production; and other factors, many of which are beyond the control of Greentree Gas & Oil Ltd.. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements or information whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

The financial data contained herein is presented in Canadian dollars and has been prepared in accordance with Canadian Accepted Accounting Principles ("GAAP"). In conformity with Canadian Securities Administrators National Instrument 51-101, natural gas volumes have been converted to equivalent barrels of oil ("boe") using a conversion ratio of six thousand cubic feet ("Mcf") to one boe. Readers are cautioned that boes may be misleading, particularly if used in isolation.

NON-GAAP MEASURES

The Company uses certain measures of financial reporting in the MD&A that are commonly used as benchmarks within the oil and natural gas production industry. They are widely accepted measures of performance and value within the industry, and are used by investors and analysts to compare and evaluate oil and natural gas exploration and producing entities.

These measures and their underlying calculations are not defined by Generally Accepted Accounting Principles (“GAAP”) in Canada and consequently are referred to as non-GAAP measures. These measures may not be comparable to a similarly titled measure of another entity. When these measures are used the reader should give them careful consideration.

Included in the MD&A are references to the following non-GAAP terms:

> *Funds flow from operations,* which is determined before changes in non-cash working capital is used as a key measure of performance and liquidity.
>
> *Field level 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.
>
> *Operating netback* is a benchmark used in the crude oil and natural gas industry to measure the BOE contribution of oil and natural gas sales subsequent to the deduction of royalties, operating and transportation costs.

OVERALL PERFORMANCE

For the three months ended March 31, 2009, the Company had a net loss of $331,787 compared to a loss of $219,993 for the same period in 2008. As a result of recurring losses over the Company’s history, the Company had a deficit of $12.79 million as at March 31, 2009 and had a net working capital deficiency of $2.50 million at that date. The loss of $331,787 also was a contributing factor in the Company experiencing negative funds flow from operations of $81,007 compared to positive funds flow from operations in the same period in 2008 of $47,662. This decrease in cash flow from operations was largely due to decreased revenues that were impaired by much lower commodity prices for oil and natural gas compared to the same period in 2008.

The going concern assumption that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations will be dependent upon the ability of the Company to raise additional financing to complete various low risk production opportunities and, to achieve profitable operations sufficient to meet all its obligations.

Bank indebtedness at March 31, 2009 increased to $1,724,357 from $1,429,274 at December 31, 2008. The increase of $295,083 was anticipated as the Company fulfilled a large percentage of its flow-through commitments with the ongoing completion of the new oil wells in the Unit #3 area. Presently, the Company’s operating facility agreement requires that the Company meet certain covenants including one relating to an adjusted working capital ratio. As at March 31, 2009, the Company is in violation of the adjusted working capital ratio covenant and the bank has not provided a continuing waiver of the non-compliance.

On June 27, 2008, the Company and the Canada Revenue Agency agreed to an instalment repayment of not less than $15,000 per month towards arrears commencing in July 2008. During the nine months ended March 31, 2009, all payments were made in accordance with this agreement. This arrangement will remain in effect throughout 2009 subject to a periodic review scheduled for December 2009. In April 2009, the Canada Revenue Agency agreed to a reduced monthly instalment of $5,000 per month for a three month period ending June 30, 2009.

Funds raised in private placements during 2008 allowed the Company to complete a drilling program of 10 development wells in the Rodney Unit #3 pool and one unsuccessful exploration well in the Company's Rodney North prospect. New oil production was realized in the fourth quarter of 2008 from two new producers placed online. Additional new production is expected in Q2-2009 from two wells placed online late in Q1-2009, the remaining six new oil producers are anticipated to be on-stream by the end of the 2nd quarter. Production proceeds from the new wells are expected to contribute towards achieving profitable operations.

RESULTS OF OPERATIONS

The Company averaged 88 boe (barrels of oil equivalent) sold per day for the period compared to 92 boe per day for the same period in 2008 and 94 boe per day in Q4-2008. The decline was the result of a 4% drop in natural gas production due to expected field declines, together with a 13% decrease in oil production. The decrease in oil production compared to the same period in 2008 is a result of two factors. During the 1st quarter of 2008, approximately 300-350 barrels of oil produced in late November and December of 2007 was shipped late and sold in January of 2008, which positively skewed the production volumes for Q1-2008. In addition the Company's Rodney Unit 3 and Rodney South Unit were down due to freeze-up of the respective oil separation units for a total period of twenty-two days per pool due to an extreme and prolonged cold snap. Two new wells were tied-in to the production infrastructure of Rodney Unit 3 in the first quarter of 2009; GGOL#73 on February 23 and GGOL#74 on March 30th.

SELECTED QUARTERLY INFORMATION

($000's, except per share amounts)	Three months ended March 31		
	2009	2008	2007
Revenue (net of royalties)	311	444	388
Funds flow from operations Per share – basic & diluted ($)	0.00	0.00	0.00
Net earnings (loss) Per share – basic & diluted ($)	(332) 0.00	(220) 0.00	(315) (0.01)
BOE Production	7,944	8,398	8,465
Total assets	11,504	11,642	11,502
Bank indebtedness	1,724	2,064	2,252

SELECTED INFORMATION FOR THE LAST EIGHT QUARTERS

	2009	2008				2007		
($000's, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (net of royalties)	311	386	563	567	444	351	395	445
Funds flow from operations Per share – basic & diluted ($)	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Net earnings (loss) Per share – basic & diluted ($)	(332) 0.00	282 0.00	(114) 0.00	(171) 0.00	(220) 0.00	(48) 0.00	(222) (0.01)	(161) 0.00
BOE Production	7,944	8,675	8,218	8,235	8,398	8,234	9,379	8,960
Total assets	11,504	11,311	11,395	12,174	11,642	11,839	10,963	11,218
Bank indebtedness	1,724	1,429	1,230	1,870	2,064	2,099	2,175	2,236

Over the past eight quarters Greentree's production volumes have varied from a high of 9,379 boe in Q3-2007 to as low as 7,944 boe in this most recent quarter, Q1 of 2009. The fluctuation results from of a number of variables that include positive response from the initial flush production from new wells and reworks to the negative impact of field depletion and periodic production shutdowns due to equipment failure and weather-related incidents (freeze-ups). Overall, the Company's production continues to show relative stability over the past eight quarters. Greentree's revenue over the past eight quarters, however, demonstrated a much higher degree of variability, which was primarily the result of the high volatility in commodity pricing in both oil and natural gas over the period.

FUNDS FLOW FROM OPERATIONS

Funds flow from operations declined from $47,662 in 2008 to a negative of $81,007 in 2009. This was primarily a result of a significant decline in commodity prices. Funds flow from operations is calculated as follows:

Three months ending March 31 ($)	2009	2008	2007
Cash provided by operating activities	(21,558)	(22,108)	204,311
Change in non-cash working capital	59,449	(69,770)	242,632
Funds flow from operations	(81,007)	47,662	(38,321)

FIELD LEVEL CASH FLOW

Three months ending March 31 ($)	2009	2008	2007
Oil and natural gas sales	350,839	500,816	439,473
Royalty expense	(40,097)	(57,429)	(51,605)
Net sales	310,742	443,387	387,868
Operating and transportation expenses	(249,881)	(215,022)	(203,537)
Field level cash flow	60,861	228,365	184,331
Per share – basic & diluted ($)	0.00	0.00	0.00

OPERATING NETBACKS

Three months ending March 31 ($/boe)	2009	2008	2007
Oil sales	54.55	94.82	65.54
Natural gas sales	42.28	53.08	50.68
Total sales	44.01	59.46	51.87
Royalty expense – ($/boe)	(5.05)	(6.84)	(6.10)
%	11.43%	11.47%	11.74%
Operating and transportation expenses	(31.46)	(25.61)	(24.05)
Netback	7.50	27.01	21.72

PETROLEUM AND NATURAL GAS SALES

All of the Company's production is sold within Canada, and revenues are received in Canadian dollars. The commodities produced and sold are sensitive to both worldwide (crude oil) and North American (natural gas) price fluctuations and the Canada/U.S. exchange rate. A decrease in the value of the Canadian dollar positively impacts price realizations. There was a 3.4% decrease in the value of the Canadian dollar versus the U.S. dollar in the first three months of 2009. The average Canada/U.S. exchange rate was Cdn$1.2453/US$1.00 during the first quarter of 2009.

Production sales of petroleum and natural gas in the three months ended March 31, 2009 averaged 88.27 boe/day compared to 92.28 boe/day for the same period in 2008 and realized an average gross price/boe of $44.01. This compares an average price/boe of $59.46 for the three months ended March 31, 2008 and represents a decrease of 11%.

Natural gas production sales averaged 75.83 boe/day and realized $42.28 per boe during the three months ended March 31, 2009 compared to 78.18 boe/day and $53.08 per boe for the same period in 2008 representing a 20% decrease in $/boe revenue. Natural gas prices averaged $7.05 per mcf in Q1-2009 as compared to $8.85 in Q1-2009.

Oil revenues declined by 50% in Q1-2009 as compared Q1-2008; due to a combination of a 12.8% decrease in production and a 45% drop in oil prices. Oil production sales in Q1-2009 averaged 12.4 boe/day at $54.55 per boe as compared to 14.3 boe/day and $94.82 per boe in Q1-2008.

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Oil volumes – bbl	**1,119**	1,276	1,076	1,063	1,283	839	1,762	962
Oil price - $/bbl	**54.55**	65.93	117.87	123.16	94.82	81.06	78.04	69.85
Gross oil sales (000'$)	**61**	84	127	131	122	68	137	67
Natural gas volumes – MMcf	**41**	44	43	43	43	44	46	48
Natural gas price - $/Mcf	**7.05**	8.65	11.16	11.87	8.85	7.35	6.79	8.95
Gross natural gas sales (000'$)	**289**	384	478	511	377	326	310	430

bbl = one barrel of oil cf = ft^3 of natural gas M = one thousand

ROYALTIES

Royalty burdens are exclusively freehold and overriding amounts calculated as a percentage of production revenue dollars. Freehold royalties are paid to landowners at a rate of 12.5% for oil production and, on a sliding scale for natural gas production varying between 6% and 12.5 %. For the three months ended March 31, 2009, overall royalty rates remained relatively flat compared to the first quarter in both 2008 and 2007 at approximately 11.5%. The decrease in royalties on a boe basis in 2009 compared to 2008 and 2007 can be entirely attributed to the relative change in commodity prices experienced during those periods.

Three months ended March 31	2009	2008	2007
Royalties ($)	**40,097**	57,429	51,605
- $/boe	**5.05**	6.84	6.10
- rate %	**11.4**	11.5	11.7

CASH COSTS

Cash costs (operating, net general and administrative and interest) increased by a margin of 5% to $47.11/boe during the three months ended March 31, 2009 compared to $45.03/boe for the same period in 2008 due to the impact of reduced boe production. The Company did experience an overall reduction of these costs from $378,112 in the first quarter of 2008 to $374,250 in 2009.

Operating Expenses

Operating expenses (excluding transportation) for the three months ended March 31, 2009 increased to $249,881 compared to $215,022 for the same period in 2008 representing, a 16% increase. The increase was primarily related to upgrades in both the Rodney South and Rodney Unit #3 fields.

General & Administrative Expenses

Net general and administrative expenses decreased 17% to $89,629 in the three months ended March 31, 2009 from $108,266 for the same period in 2008. The Company continues to rationalize and contain expenditure levels, which resulted in the decrease of $18,637 for the period compared to the first quarter of 2008. General and administrative expenses will continue to be scrutinized for reduction opportunities for the balance of 2009.

Three months ended March 31 ($) except where indicated	2009	2008	2007
Gross	**89,629**	162,588	234,057
Stock based compensation		(54,322)	(99,500)
Capitalized amounts			-
Net General & Administrative Expenses	**89,629**	108,266	134,557
- $/boe	**11.28**	12.89	15.90

INTEREST EXPENSE

Interest expense decreased to $34,740 during the three months ended March 31, 2009 compared to $54,824 for the same period in 2008. The decrease is a result of lower bank debt and declining interest rates.

Three months ended March 31, ($) except where indicated	2009	2008	2007
Bank debt	**1,724,357**	2,064,090	2,252,173
Convertible debenture	**260,000**	260,000	
Capital lease and other	**208,589**	146,284	180,652
Interest Expenses	**34,740**	54,824	51,677
- $/boe	**4.37**	6.52	6.11

NET EARNINGS

The Company realized a loss of $331,787 ($0.01 per share) for the 3 months ended March 31, 2009 compared to a loss of $219,993 ($0.00 per share) for the same period in 2008. Oil and gas revenues, less royalties, decreased to $310,742 in 2009 versus $443,387 in 2008. The contributing factor for the 30% decline was the combined impact of significantly lower commodity prices and lower production volumes as a result of weather-related shutdowns in both the Company's oil and natural gas properties.

OTHER ITEMS

Depletion, Amortization & Accretion Expenses

The fair value of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred, which are typically when the related assets are acquired or installed. Amounts recorded for the related assets are increased by the amount of these obligations. Over time the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets.

Depletion, amortization and accretion decreased to $256,970 for the three months ended March 31, 2009 from $283,585 in 2008. On a boe basis, depletion, amortization and accretion decreased 4% from $33.77 to $32.35.

Three months ended March 31	2009		2008		2007	
	$	$/BOE	$	$/BOE	$	$/BOE
Depletion and amortization	**237,098**	**29.85**	261,697	31.16	280,057	33.09
Accretion - ARO	**19,872**	**2.50**	21,888	2.61	9,036	1.07
Total	**256,970**	**32.35**	283,585	33.77	289,093	34.16

Asset retirement obligation (ARO)

The undiscounted amount of expected cash flows required to settle the asset retirement obligation is estimated at $1,841,671 (2008 - $1,816,720). The liability for the expected cash flows, as reflected in the consolidated financial statements, has been discounted at 9% and includes a 2.0% inflation factor (2.0% - 2008).

Asset retirement obligation, beginning of the period	967,972
Change in estimate	
Liabilities settled	
Asset retirement costs incurred	
Accretion	19,872
Asset retirement obligation, end of the period	987,844

Costs attributed to these commitments and contingencies are expected to occur over an extended period of time and are to be funded primarily from the Company's cash provided by operating activities. Over the next 5 years, approximately 40% of the costs will be incurred and the remainder from 2014 to 2042. Although the ultimate impact of these matters on operations cannot be determined at this time, it could be material for any one-quarter or year.

CAPITAL EXPENDITURES

Gross capital expenditures totalled $444,780 during the three months ended March 31, 2009 compared to $44,773, in 2008. The change in oil and gas properties for the period is summarized below:

Three months ended March 31 ($)	2009	2008
Canadian expenditures:		
Lease and land acquisitions	7,687	9,814
Geological & geophysical	33,000	33,000
Drilling, completion and workovers	404,093	1,959
Equipping and facilities		
Capitalized amounts and other		
Subtotal	**444,780**	**44,773**
Asset retirement obligation adjustment		
Disposition of non oil and gas properties	(62,536)	
Net Canadian Expenditures	**382,244**	**44,773**

The Company's capital expenditures were primarily related to the drilling, completion and tie-in costs in the Rodney Unit #3 pool. Greentree commenced a four-well program in a relatively undeveloped section of the pool situated between the developed portion of Unit 3 and Taqa North's Rodney Units 1 & 2. Most of the drilling of the four wells was conducted in the first quarter but the wells were completed and tested in April of 2009. The initial test rates varied between seven and twenty barrels per day per well. The initial test results are consistent with the test rates reported from the original wells in the pool that were drilled in the 1950"s. The test results, although encouraging, are very preliminary and the longer-term rates will not be quantified until the wells have been placed on production. At the time of writing, the pipeline tie-ins have been completed. Hook-up to the power grid and final inspection prior to coming online is expected to occur in late Q2 – early Q3. As a result of the hook-up process, a significant portion of the pool has been shut-in to complete the tie-ins and is currently adversely impacting production.

The Company has identified an additional six locations it would like drill in Rodney Unit 3 in 2009, subject to the availability of capital. Greentree would also like to recomplete a number of existing producers in the Rodney Unit 3 pool, to exploit potential unrecovered reserves in the upper Devonian pay section.

Greentree was not active in the Company's other project areas in the first quarter of 2009.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital deficiency increased to $2,500,366 at March 31, 2009 from $1,923,112 at December 31, 2008. The increase of $577,254 was anticipated as the Company fulfilled a large percentage of its flow-through commitments with the ongoing completion of the new oil wells in the Unit #3 area resulting in increased bank debt and trade accounts payable.

As at March 31, 2009, the Company had $200,643 available from its revolving credit facility. The Company's accounts payable and accrued liabilities will come due within 90 days of the balance sheet date. Given the available liquid resources together with anticipated new oil production revenue, management anticipates having sufficient funds to meet the Company's short-term commitments. In respect of the maturity profile of all the Company's financial instruments, the bank loan is due on demand while accounts payable and accrued liabilities generally mature within 3 months of the balance sheet date. Additional financing may be required to rectify the working capital deficiency.

On October 30, 2008, the Company renewed its loan facility. The renewed facility provides Greentree with a $1,925,000 revolving demand loan bearing interest payable monthly at the bank's prime lending rate plus 3.00%. As at March 31, 2009, the bank's prime lending rate was 2.50 % and the entire facility is currently being reviewed by the bank.

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.

On June 27, 2008, the Company and the Canada Revenue Agency agreed to an instalment repayment of not less than $15,000 per month towards arrears commencing in July 2008. During the nine months ended March 31, 2009, all payments were made in accordance with this agreement. In April 2009, the Canada Revenue Agency agreed to a reduced monthly instalment of $5,000 per month for a three-month period ending June 30, 2009.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Flow through share commitments

Pursuant to the terms of private placements that closed during 2008, the Company has a remaining obligation as at March 31, 2009 to incur $214,987 in qualified exploration and/or development expenditures by December 31, 2009.

Office lease commitments

Pursuant to an operating lease agreement, the Company is obligated to make future minimum lease payments of $1,191 per month (excluding additional rent for operating cost recoveries) until August 1, 2010.

Other Indemnifications

In the ordinary course of business, the Company and its subsidiaries enter into contracts which contain indemnification provisions, such as loan agreements, confidentiality agreements, purchase contracts, service agreements, licensing agreements, asset purchase and sale agreements, joint venture agreements, operating agreements, leasing agreements, land use agreements, and others. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have and is not expected to have during its 2009 fiscal year any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2009, 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.

Transactions during the period:	**2009 ($)**
Balance due to related party, beginning of period	107,651
Administrative expenses incurred	6,650
Directors' fees incurred	5,775
Payments made during the period	-
Balance due to related party, end of period	**120,076**

During the three months ended March 31, 2009, the following transactions occurred in the normal course of business between the Company and non-management directors of the Company, excluding those noted above.

Transactions during the period:	**2009 ($)**
Directors' fees due to non-management directors, beginning of period	20,250
Directors' fees recorded	5,250
Due to non-management directors	25,500

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.

The notes payable are unsecured and payable on demand with interest payable monthly at the rate of 12% per annum.

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.

Transactions with directors/shareholders

On September 28, 2007, a non-brokered private placement of convertible debentures was closed in the amount of $260,000. Included in the total is an amount of $250,000 received from an individual related to a Director of the Company.

BUSINESS RISKS

The Company is engaged in the exploration, development and production of crude oil and natural gas. The oil and natural gas industry is highly competitive. In addition, the Company is exposed to a number of risks including:

Commodity price risk

The Company is exposed to risks related to fluctuations in the market price for the sale of natural gas and crude oil. During the period, the Company did not attempt to manage this risk with any derivative financial instruments.

Foreign currency risk

The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. Natural gas and crude oil prices are based upon reference prices that are denominated in U.S. dollars. During the period, the Company did not attempt to manage this risk with any derivative financial instruments.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its operating facility. The floating rate debt is based on the bank's prime lending rate plus 3%. As at March 31, 2009, the resulting increase or decrease in net earnings for each 1% change on floating rate debt is approximately $17,000 annually ($20,000 – 2008).

Credit risk

The Company is exposed to financial risk that arises from the credit quality of the entities to which it provides its natural gas, crude oil, other by-products and services. Credit risk arises from the possibility that the entities to which the Company provides these commodities and services may experience financial difficulty and be unable to fulfill their obligations. Substantially all of the Company's oil revenues are from one customer and all of the Company's gas revenues are from one other customer. Approximately 80% of accounts receivable are from these two customers. All of the accounts receivable balances are unsecured and as such, the entire balance in accounts receivable represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk represents the risk that the Company will not be in a position to meet its financial obligations as they come due. As at March 31, 2009, the Company had $200,643 available from its revolving credit facility. The Company's accounts payable and accrued liabilities will come due within 90 days of the balance sheet date. Given the available liquid resources, management anticipates having sufficient funds to meet the Company's short-term commitments. In respect of the maturity profile of all the Company's financial instruments, the bank loan is due on demand while accounts payable and accrued liabilities generally mature within 3 months of the balance sheet date.

The following table summarizes the estimated timing of financial commitments for the next 5 years:

Item	9 months	2010	2011	2012	2013
Accounts payable	787,279				
Notes & other payables					
Income & other taxes payable	105,000	180,000	180,000	83,774	
Long term debt	65,416	93,743	49,430	260,000	

Substantial Capital Requirements

The Company anticipates making substantial capital expenditures for the exploration, development and production of oil and natural gas reserves in the future. As the Company's revenues may decline as a result of decreased commodity pricing, it may be required to reduce capital expenditures. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes the Company to additional access to capital risk. There can be no assurance that debt or equity financings, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt and equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on Greentree's business, financial condition, results of operations and prospects.

Exploration Risks

Oil and natural gas exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The cost of drilling, completing and operating wells may vary significantly from initial estimates. The Company's drilling operations may be unsuccessful or may be curtailed, delayed or cancelled as a result of numerous factors not within its control. These factors include, but are not limited to, title problems, weather conditions, compliance with governmental requirements, shortage of capital, mechanical difficulties and shortages or delays in the delivery of drilling rigs or other equipment. Accordingly, there can be no assurance that the Company's acquisition, development, exploitation and exploration activities will result in reserves being added at acceptable costs. There is no assurance that additional oil or natural gas reserves in commercial quantities will be discovered by the Company.

Operating Hazards

The oil and gas business involves a variety of operating risks, including the risk of fire, explosion, blow-out, pipe failure, casing collapse, stuck tools, abnormally pressured formations and environmental hazards such as oil spills, gas leaks, pipeline ruptures and discharges of toxic gases, the occurrence of any of which could result in substantial losses to Greentree due to injury and loss of life, loss of or damage to wellbores and drilling or production equipment, costs of overcoming downhole problems, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Gathering systems and processing facilities are subject to many of the same hazards and any significant problems related to those facilities could adversely affect Greentree's ability to market its production. Insurance may not cover downhole operating risks, such as the costs of retrieving stuck equipment. Furthermore, Greentree cannot predict whether insurance will continue to be available at premium levels that justify its purchase or whether insurance will be available at all to cover the risks faced by the Company.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions have caused significant volatility to commodity prices. These conditions became evident in the latter part of 2008 and are continuing in 2009, causing a loss of confidence in the broader U.S. and global markets and resulting in the collapse of, and government intervention in major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward.

Oil and natural gas prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

Estimates of Reserves and Related Data

Numerous uncertainties are inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures including many factors beyond the control of the producer. Oil and gas reserve engineering is a subjective process of estimating accumulations of oil and gas that cannot be measured in an exact manner and estimates of other engineers might differ materially from those shown. The accuracy of any reserve estimate is a function of the quality and quantity of available data, engineering and geological interpretation and judgment. In addition, the estimates of future net cash flow from proved reserves of the Company and the present value thereof are based upon certain assumptions about future production levels, prices, costs and participation, if any, by third parties in the development of the Company's reserves that may not prove correct over time for reasons which may or may not be under the control of or known to the Company. Any significant variance from these assumptions could materially affect the quantity and value of the Company's reserves as compared to the estimates contained in this MD&A.

Environmental Regulation

The drilling for and production, handling, transportation and disposal of oil and gas and by-products are subject to extensive regulation under federal, provincial and local environmental laws. In most instances, the applicable regulatory requirements relate to water and air pollution control and solid waste management measures, permitting requirements, or restrictions on operations in environmentally sensitive areas. Environmental assessments have not been performed on all of Greentree’s properties. To date, expenditures for environmental control facilities and for remediation have not been significant in relation to the results of operations of Greentree. Greentree believes, however, that the trend toward stricter standards in environmental legislation and regulation is likely to continue.

Political Risks

The Company’s operations are subject to business risk inherent to the oil and natural gas industry. These risks can involve matters arising out of government policies, imposition of special taxes or similar charges by government bodies, foreign exchange fluctuations and controls, access to capital markets, civil disturbances, deprivation or unenforceability of contract rights or the taking of property without fair compensation.

Dependence on Key Personnel

The Company is highly dependent on the continued service of and its ability to attract and retain qualified engineering and management personnel. The competition for such personnel is intense and the loss of particular persons, as well as the failure to recruit additional key personnel in a timely manner, could have a material adverse effect on the Company’s business.

Changing Business Conditions

The Company’s future operating results will substantially depend on the ability of its officers and key employees to manage changing business conditions and to implement and improve its operational, financial control and reporting systems. If the Company is unable to respond to and manage changing business conditions, the quality of the Company's services, its ability to retain key personnel and its results of operations could be materially adversely affected.

CRITICAL ACCOUNTING ESTIMATES

Oil and Gas Properties

The preparation of consolidated financials statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are initially capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration activities.

Costs capitalized, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. Petroleum products and reserves are converted to a common unit of measure, using 6 Mcf of natural gas to 1 Bbl of oil.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

Proceeds from sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would alter the rate of depletion by more than 20%.

The Company applies an impairment test ("ceiling test") to determine if capitalized costs are not recoverable and exceed their fair value. Capitalized costs are not recoverable if they are greater than estimated undiscounted cash flows from future production of proved reserves plus the cost (net of impairment) of unproved properties. Commodity prices used in calculating estimated cash inflows are based on quoted benchmark prices. Costs used in estimating cash outflows are based on expected future production and other costs and include abandonment and site restoration costs. An impairment loss is recognized if capitalized costs are greater than their recoverable amount. The impairment loss is measured as the amount by which capitalized costs exceed the fair value of proved reserves plus the cost (net of impairment) of unproved properties. Fair value is determined based on the present value of future cash flows, after deducting abandonment and site restoration costs, discounted at a risk free interest rate. Any impairment loss is charged to earnings.

Changes in Accounting Policy including Initial Adoption

As stated in Note 3 of the financial statements.

Measured Uncertainty

The amounts recorded for depletion and depreciation of oil and gas properties, the provision for future site restoration and abandonment costs and the ceiling test calculation are based on estimates of proven reserves, production rates, oil and natural gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future years could be significant.

Financial Instruments

Classification and fair values

The Company has classified all financial instruments as one of; held-for trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Subsequent measurement of changes in the value of financial instruments depends on their initial classification.

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Derivatives are classified as held for trading and recorded at fair value.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the assets are removed from the balance sheet.

Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at fair value and subsequently measured at amortized costs using the effective interest method. Investments in equity instruments classified as available-for-sale that do not have quoted market prices in an active market are measured at cost. The Company has implemented the following classifications:

Accounts receivable and other receivables are classified as loans and receivables. Bank indebtedness, accounts payable and accrued liabilities, the convertible debentures and the note payable, are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

SHARE CAPITAL

Authorized

Unlimited common voting shares without par value.

Issued and outstanding

	2009	
Common shares	Shares	Amount ($)
	54,038,463	16,262,861