

BENCHMARK ENERGY CORP.
Nine months ended March 31, 2007 and 2006
Management's Discussion and Analysis

The following management discussion and analysis is prepared as at May 29, 2007 and should be read in conjunction with the unaudited financial statements for the nine months ended March 31, 2007 and the audited financial statements for the year ended June 30, 2006 of Benchmark Energy Corp. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Except for statements of historical fact, all statements in this MD&A - including, without limitation, statements regarding production estimates, potential reserves and future plans and objectives of the Company - are forward looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from anticipated results include risks and uncertainties most of which are beyond the Company's control such as: risks relating to estimates of reserves and recoveries; production rates and operating cost assumptions; development risks and costs; the risk of commodity price and currency fluctuations; general economic and industry conditions; political and regulatory risks; environmental risks; stock market volatility; access to sufficient capital from internal and external sources; and other risks and uncertainties as disclosed under the heading "Risk Factors" and elsewhere in the Company's documents filed from time-to-time with the Canadian securities regulatory authorities. The reader is cautioned that assumptions used in the preparation of such information, while considered reasonable by the Company at the time, may prove to be incorrect. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

The Company is listed on the TSX Venture Exchange Inc. ("TSXV"). Operations at this time are focused on the acquisition, exploration and development of international petroleum and natural gas properties.

Tunisia

On April 15, 2005, the Company entered into a purchase and sale agreement with a concession-holder to acquire a one-third interest in the Cosmos Concession located in Tunisia (the "Cosmos Concession") along with all geological data pertaining to the Cosmos Concession. The Company acquired a 33.33% interest in the Cosmos Concession, subject to a 5% carried interest, including all of the geological data pertaining to the Cosmos Concession. The concession is large with near-term development potential as well as significant exploration possibilities.

Capitalized petroleum and natural gas interests as at March 31, 2007 of \$458,926 (June 30, 2006 - \$441,795) consist solely of acquisition costs of the Company's 33.33% interest in the Cosmos Concession. The acquisition costs incurred to the Company during the year ended June 30, 2006 comprised of a success fee of \$194,595 (US \$165,090) and the final payment made during the nine months ended March 31, 2007 of \$139,781 (US \$120,000). The final payment, which is

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being held in escrow, is for the Company's share of all outstanding operating costs, license fees and other obligations related to its 33.33% interest incurred from January 1, 1999 to date.

Indonesia

Benchmark had entered into an exclusive arrangement for an initial 12-month period with a local Indonesian group whereby the group would seek out and present to the Company marginal petroleum and natural gas field opportunities in Indonesia in consideration for success fees. As part of that arrangement, Benchmark advanced a refundable deposit of \$223,060 (US\$200,000) to the Indonesian group, which would be applied to potential future success fees that could have become due under the arrangement. However, as of February 2007, the exclusive arrangement with this Indonesian group has been terminated.

Drilling Technology

During the nine months ended March 31, 2007, the Company signed an agreement with a third party to use proprietary radial drilling technology in Indonesia and Malaysia. Under the terms of the agreement, the Company will pre-pay services to be provided in a sufficient amount to fund the manufacturing and delivery of a radial drilling unit for priority use by the Company in Indonesia and Malaysia. 75% of the cost of the work on the wells will be credited towards the pre-payment and the remaining 25% will be paid out of production generated. The third party will hold a 12.5% back-in right, subject to giving notice within 60 days of commercial operations and paying a proportionate share of costs and expenses, on any projects in Indonesia and Malaysia to which the Company applies the radial drilling technology.

On February 14, 2007 Benchmark entered into a Cooperation Agreement with privately-held Dominion Oil (USA) Corporation ("DOMOIL") of Spring, Texas. The Company has paid Domoil \$354,705 (US \$300,000) contributing to the costs for the manufacture of their Radial Drilling Service Unit in exchange for the preferential right to use their innovative and proprietary well performance-enhancement technologies in the Republic of Colombia. DOMOIL will hold a 12.5% back-in right, with the option of converting this to a 5% carried interest, from Benchmark on any projects that Benchmark acquires or farms-in to as a result of having the preferential right to use DOMOIL's technologies. DOMOIL's technologies are ideally suited for the rehabilitation and development of marginal and/or mature oil and gas fields. Benchmark is currently investigating several opportunities in Colombia for which DOMOIL's technologies are ideally suited.

Results of Operations

Results of Operations for the nine months ended March 31, 2007 and 2006

Total operating expenses for the nine months ended March 31, 2007 amounted to \$1,076,762 compared to \$535,067 for the nine months ended March 31, 2006. The level of expenditures for individual cost categories increased from period to period due to the acquisition cost of the Tunisia concession as well as costs incurred in pursuing new opportunities in Central and South America.

The Company earned \$26,893 in interest income during the nine months ended March 31, 2007 compared to \$3,580 interest income earned during the nine months ended March 31, 2006.

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Interest was the sole source of revenue during both periods and was earned on cash and cash equivalents held by the Company.

On March 2, 2007 the Company reported that it successfully closed a non-brokered private placement for 2,856,000 units of the Company at a price of \$0.30 per unit for gross proceeds of \$856,800.

On April 3, 2007 the Company reported that 1,881,000 share-purchase warrants expiring on March 29, 2007 were exercised resulting in net proceeds to the Company of \$1,410,750. The total number of common shares outstanding of the Company as at March 31, 2007 was 21,567,598.

On May 15, 2007 the Company reported that it received \$364,875 from the exercise of 486,500 share-purchase warrants at \$0.75. A total of 546,500 share-purchase warrants were outstanding with an expiry date of May 12, 2007; the remaining 60,000 unexercised warrants have now expired. At the date of this MD&A, the total number of common shares outstanding of the Company is 21,837,348.

Net Loss for the nine months ended March 31, 2007

The Company incurred a net loss for the nine months ended March 31, 2007 of \$1,049,869 compared to a net loss of \$523,739 for the nine months ended March 31, 2006.

Results of Operations for the three months ended March 31, 2007 and 2006

Total operating expenses for the three months ended March 31, 2007 amounted to \$539,999 compared to \$242,575 for the three months ended March 31, 2006. During the current quarter, the Company pursued additional oil and gas opportunities in Central and South America, which increased consulting fees for property investigation.

Net Loss for the Period

The Company incurred a net loss for the three months ended March 31, 2007 of \$528,106 or \$0.02 per share compared to a net loss of \$233,791 or \$0.02 per share for the three months ended March 31, 2006. The increase is due to management and consulting fees related to on-going business development in Central and South America.

Summary of Quarterly Results

	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005
	\$	\$	\$	\$	\$	\$	\$	\$
Interest income	11,893	7,500	7,500	7,930	1,036	1,376	1,168	912
Net loss	(528,106)	(234,289)	(287,475)	(375,981)	(233,791)	(154,743)	(135,205)	(153,637)
Net loss per share								
-basic and diluted	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)

The Company's expenses have risen since the quarter ended June 30, 2005, when the Company announced its acquisition of the Cosmos Concessions. The Company's costs have increased due to the increased operations of the Company as a result of its business plan to acquire, explore and develop petroleum and natural gas properties.

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Liquidity and Capital Resources

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. There can be no assurance of continued access to any equity funding.

The Company began the period with working capital of \$1,160,675, which included cash of \$1,081,060. The Company incurred a net loss of \$528,106 during the three months ended March 31, 2007, which decreased working capital to \$632,569 as at March 31, 2007.

On March 16, 2007 Benchmark granted a total of 448,000 options to purchase capital stock of the Company at a price of \$1.00 for a period of five years to officers and directors of the Company.

On February 8, 2007 Benchmark granted a total of 242,000 options to purchase capital stock of the Company at a price of \$0.48 for a period of five years to a senior officer and two employees of the Company, pursuant to the Company's stock option plan.

The Company's financial statements are prepared in accordance with Canadian GAAP applicable for a going concern, which presumes that the Company will continue realizing its assets and discharging its liabilities in the normal course of business. In the nine months ended March 31, 2007 and the year ended June 30, 2006, the Company incurred net losses and at March 31, 2007, the Company had a deficit. The Company's ability to continue as a going concern is dependant on its ability to acquire, explore, develop and produce its existing and new petroleum and natural gas interests and raise sufficient funds to do so.

The Company believes it has adequate working capital to fund its corporate general and administrative activities over the next twelve months. If the Company chooses to proceed with any acquisition, it will need to raise additional funds for those expenditures.

The Company had no commitments for material capital expenditures as of March 31, 2007. As at the date of this MD&A, the Company has no other arrangement for sources of financing.

Transactions with Related Parties

For the nine months ended March 31, 2007, the Company incurred management service fees and director fees of \$208,976 (2006 - \$126,637) to officers, directors, companies controlled by directors and former directors of the Company.

During the nine months ended March 31, 2007, the Company incurred consulting fees of \$411,779 (2006 - \$143,766). The increase in consulting fees is due to the continued development of the Tunisia property as well as hiring new consultants for property investigation in Central and South America.

The Company paid a consultant that provides management services fee of \$17,111 (2005 - \$12,428) during the nine months ended March 31, 2007. The Company also paid the consultant a success fee of \$194,595 (US\$165,090) and a 5% carried interest to a consultant in connection with the Company's acquisition of its 33.33% interest in the Cosmos Concession located in Tunisia during the three months ended September 30, 2005.

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Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outstanding Share Data

The following details the share capital structure as of the date of this MD&A.

	Expiry Date	Exercise Price	Number	Total Number
Common shares				21,837,348
Stock options	May 24, 2010	\$0.27	467,500	
	January 17, 2011	\$0.35	575,000	
	February 14, 2011	\$0.50	29,000	
	May 24, 2011	\$0.71	250,000	
	February 7, 2012	\$0.48	242,000	
	March 16, 2012	\$1.00	448,000	2,011,500