

BENCHMARK ENERGY CORP.
For six months ended December 31, 2005
Management's Discussion and Analysis

Form 51-102F1

The following management discussion and analysis is prepared as at February 28, 2006 and should be read in conjunction with the unaudited financial statements for the three and six months ended December 31, 2005 and 2004 of Benchmark Energy Corp. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles. 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.

Overview

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

During the quarter ended June 30, 2005, the Company entered into a purchase and sale agreement with a concession-holder to acquire a one-third interest in the Cosmos Oil and Gas Concession located in Tunisia (the "Cosmos Concession") along with all geological data pertaining to the Cosmos Concession. The terms of the agreement include a payment of US \$100,000 (Paid) for the one-third interest in the Cosmos Concession, subject to a 5% carried interest to a third party, and all geological data pertaining to the Cosmos Concession, payment of all outstanding operating costs, license fees and other obligations relative to the one-third interest incurred from January 1, 1999 to the date which will be approximately US \$80,000, and there being no negotiations with any third party concerning the acquisition of the geological data and the one-third interest in the Cosmos Concession for a period of 120 days from the date of the agreement (April 15, 2005).

Results of Operations

Results of Operations for the six months ended December 31, 2005 and 2004

Total operating expenses for the six months ended December 31, 2005 amounted to \$292,492 compared to \$73,202 for the six months ended December 31, 2004. The levels of expenditures for individual cost categories increased from period to period due to the acquisition of the Tunisia concession during the current period.

Consulting fees were \$61,843 during the current period due to the hiring of new consultants for the Tunisia properties. This compares with no such consulting fees in the prior period when the Company had yet to identify its first oil and gas acquisition.

Management fees for the six months ended December 31, 2005 were \$48,139 compared to \$14,750 for the six months ended December 31, 2004. These fees were for management services performed by the officers and directors of the Company to sustain operations. The Company also incurred a rental charge for office space and secretarial services of \$30,000 for the six months ended December 31, 2005 and 2004. The Company saw its transfer agent and regulatory fees increase to \$21,273 for the six months ended December 31, 2005 from \$9,774 for the six months ended December 31, 2004. The increase is due to the recording of regulatory filing fees for the acquisition of oil and gas properties.

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Net Loss for the Period

The Company incurred a net loss for the six months ended December 31, 2005 of \$289,948 compared to a net loss of \$73,129 for the six months ended December 31, 2004.

Results of Operations for the three months ended December 31, 2005 and 2004

Total operating expenses for the three months ended December 31, 2005 amounted to \$156,119 compared to \$47,368 for the three months ended December 31, 2004. During the current quarter, the Company closed the Tunisia acquisition and completed a private placement.

Stock based compensation was \$28,239 during the current quarter due to the vesting of stock options granted to directors, officers and consultants of the Company. This compares with no such charge in the comparative period when no stock options were outstanding.

Net Loss for the Period

The Company incurred a net loss for the three months ended December 31, 2005 of \$154,743 compared to a net loss of \$47,327 for the three months ended December 31, 2004. The increase is due to travel expenses, management and consulting fees relating to the proposed financing and acquisition in Tunisia.

Summary of Quarterly Results

	Dec 31 2005	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004	Jun 30 2004	Mar 31 2004
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(154,743)	(135,205)	(153,637)	(80,785)	(47,327)	(25,802)	(47,521)	(42,493)
Net loss per share								
- basic and diluted	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)

The Company's expenses have risen since the quarter ended June 30, 2005, when the Company announced its acquisition of the Tunisia concessions, subject to regulatory review. 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 oil and gas properties.

Liquidity

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company has issued common share capital in prior periods, pursuant to private placement financings. There can be no assurance of continued access to any equity funding.

The Company began the period with a working capital deficit of \$155,614, which included cash of \$626,627. The Company closed a \$900,000 financing during the six months ended December 31, 2005 which improved the working capital to \$249,086 as at December 31, 2005, including cash of \$309,059.

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The Company believes it does not have adequate working capital to fund its minimal operations over the next twelve months. If the Company chooses to proceed with any acquisition, it will need to raise additional funds for those expenditures.

There can be no assurance, however, that such financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company acquires an operating business or achieves positive cashflow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. The Company currently has no commitments for any credit facilities such as revolving credit agreements or lines of credit that could provide additional working capital and substantial doubt exists regarding the Company's ability to continue as a going concern. The Company has no long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company had no commitments for material capital expenditures as of December 31, 2005. As at the date of this MD&A, the Company has no other arrangement for sources of financing. Subsequent to the quarter ended December 31, 2005, the Company proposed to undertake, subject to regulatory approval, a non-brokered private placement of up to 4,000,000 units at a price of \$0.50 per unit for gross proceeds of \$2,000,000. Each unit will consist of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at an exercise price of \$0.75 per common share for one year from closing. Finder's fees of 7% may be payable on a portion of the private placement.

Transactions with Related Parties

During the six months ended December 31, 2005, the Company paid or accrued \$48,139 in management fees (2004 - \$14,750) to related parties.

Disclosure of Outstanding Share Data

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

	Expiry date	Exercise price	Number	Number
Common shares				12,847,831
Share purchase options	May 24, 2010	\$0.27	580,000	
	January 17, 2011	\$0.35	675,000	
	February 13, 2008	\$0.50	29,000	1,284,000

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address future acquisitions, financings and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include the exploration and title of the Tunisia oil and gas concessions, closing of proposed financings, market prices, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.