

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

Form 51-102F1

The following management discussion and analysis is prepared as at May 30, 2006 and should be read in conjunction with the unaudited financial statements for the three and nine months ended March 31, 2006 and 2005 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.

Tunisia

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). The concession is large with near-term development potential as well as significant exploration possibilities.

The Company is completing formal due diligence towards the possible acquisition of additional marginal field interests in Tunisia, and is hopeful of disclosing significant developments in the near-future.

Indonesia

Benchmark has entered into an exclusive arrangement for an initial 12-month period with a local Indonesian group whereby the group will seek out and present to the Company marginal oil & gas field opportunities in Indonesia. As part of the arrangement, Benchmark has advanced US\$200,000 to the Indonesian group.

Results of Operations

Results of Operations for the nine months ended March 31, 2006 and 2005

Total operating expenses for the nine months ended March 31, 2006 amounted to \$535,067 compared to \$154,030 for the nine months ended March 31, 2005. 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 and the capital raising efforts of management.

BENCHMARK ENERGY CORP.
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Consulting fees were \$143,766 during the current period due to the hiring of new consultants for the Tunisia properties and property investigation costs of additional properties and prospects. 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 nine months ended March 31, 2006 were \$67,172 compared to \$22,250 for the nine months ended March 31, 2005. 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 \$44,975 for the nine months ended March 31, 2006 and \$45,000 in 2005. The Company saw its professional fees increase to \$61,136 for the nine months ended March 31, 2006 from \$7,831 for the nine months ended March 31, 2005. The increase is due to the Company's reactivation to Tier 2 status and general increase in corporate activities and acquisitions.

Net Loss for the Period

The Company incurred a net loss for the nine months ended March 31, 2006 of \$523,739 compared to a net loss of \$153,914 for the nine months ended March 31, 2005.

Results of Operations for the three months ended March 31, 2006 and 2005

Total operating expenses for the three months ended March 31, 2006 amounted to \$242,575 compared to \$80,828 for the three months ended March 31, 2005. During the current quarter, the Company pursued additional oil and gas opportunities in Africa which resulted in increased consulting fees for due diligence and property investigation. The Company's consulting fees increased to \$81,923 during the current period as compared to no such expense in the prior period.

Stock based compensation was \$52,112 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 March 31, 2006 of \$233,791 compared to a net loss of \$80,785 for the three months ended March 31, 2005.

Summary of Quarterly Results

	Mar 31 2006	Dec 31 2005	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004	Jun 30 2004
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenues	-	-	-	-	-	-	-	-
Net loss	(233,791)	(154,743)	(135,205)	(153,637)	(80,785)	(47,327)	(25,802)	(47,521)
Net loss per share								
- basic and diluted	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.01)	(0.00)	(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.

BENCHMARK ENERGY CORP.
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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 year with a working capital deficit of \$155,614, which included cash of \$626,627. The Company closed two financings during the nine months ended March 31, 2006 which netted the Company \$2,383,150 and improved the working capital to \$1,550,557 as at March 31, 2006, including cash of \$1,629,463.

The Company believes it does have adequate working capital to fund its 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.

The Company had no commitments for material capital expenditures as of March 31, 2006. As at the date of this MD&A, the Company has no other arrangement for sources of financing. Subsequent to the quarter ended March 31, 2006, the Company closed a non-brokered private placement of 1,093,000 units at a price of \$0.50 per unit for gross proceeds of \$546,500. Each unit 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% were payable on a portion of the private placement.

Transactions with Related Parties

During the nine months ended March 31, 2006, the Company paid or accrued \$126,637 in management and consulting fees (2005 - \$22,250) 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				17,119,831
Warrants	March 28, 2007	\$0.75	1,589,500	
	May 11, 2007	\$0.75	546,500	2,136,000
Stock options	May 24, 2010	\$0.27	560,000	
	January 17, 2011	\$0.35	675,000	
	February 14, 2011	\$0.50	29,000	
	May 24, 2011	\$0.71	500,000	1,764,000

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

BENCHMARK ENERGY CORP.

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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.