

CENTURY ENERGY LTD.

FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2010

The following management's discussion and analysis of the consolidated financial condition and operating results of Century Energy, Ltd. (the "Company") for the six months ended February 28, 2010 is prepared as of April 29, 2010. The discussion should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the six months ended February 28, 2010 and the audited consolidated financial statements for the year ended August 31, 2009. The unaudited interim consolidated financial statements are prepared under Canadian generally accepted accounting principles and include the operating results of the Company and its subsidiaries.

Forward-Looking Statements

Certain of the statements contained in this MD&A including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, re-completion and tie-in of wells, productive capacity of wells and capital expenditures and the timing thereof may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual exhaustive results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

THE COMPANY

The Company is a small oil and gas exploration and production company. The Company has one subsidiary, Topper Resources, USA, Inc., which is wholly owned and has an overriding royalty interest in a producing property in Texas.

The Company recently participated in the successful completion of an initial well adjacent to the Roncott/Bakken oil field in Southern Saskatchewan. A continued multi-well development program on adjoining acreage is currently being evaluated.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is presented in Note 2 of the consolidated financial statements for the year ended August 31, 2009. The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs, net of incentives, related to the exploration for and development of oil and gas reserves are capitalized in cost centers on a country-by-country basis. Costs include lease acquisition, geological and geophysical expenditures, carrying costs of non-productive properties, the drilling of productive and non-productive wells and related plant and production equipment costs.

Costs relating to properties which management considers to be unproved are initially held outside the cost centers. Costs held outside cost centers are evaluated periodically for impairment. When a decision to develop these properties has been taken, or there is evidence of impairment, the related costs are transferred to the relevant cost center

For each cost centre, the Company calculates a "cost ceiling" which limits the net book value of capitalized costs to the undiscounted and unescalated estimated future net revenues from production of proved reserves based upon year-end prices. This test also accounts for future general and administrative expenses, future site restoration and abandonment costs, financing costs and income taxes, all undiscounted and unescalated. Additional depletion is provided if the net book value of capitalized costs exceeds such future revenue.

Depletion is computed using the unit-of-production method where the ratio of production to proved reserves determines the proportion of depletable costs to be expensed. Undeveloped properties are excluded from the depletion calculation until the quantities of proved reserves can be determined.

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

OVERVIEW

During the six months ended February 28, 2010, the Company received oil and gas revenues from its producing property in the Roncott/Bakken oil field. In addition, the Company continued to evaluate oil and gas prospects for exploration and production opportunities with specific attention being devoted to a potential multi-well drilling program on acreage adjacent to the Company's producing property in the Roncott/Bakken oil field.

SUMMARY OF QUARTERLY RESULTS

	<u>Revenues</u>	<u>Net Loss</u>	<u>Net Loss per Share Basic and Diluted</u>
Fiscal 2008			
Third quarter	366	\$ (89,883)	\$ (.00)
Fourth quarter	840	(95,841)	(.00)
Fiscal 2009			
First quarter	218	(63,438)	(.00)
Second quarter	33	(129,310)	(.00)
Third quarter	82,649	(17,893)	(.00)
Fourth quarter	52,678	(27,932)	(.01)
Fiscal 2010			
First quarter	43,035	(17,063)	(.00)
Second quarter	31,908	(131,950)	(.00)

SUMMARY OF PROPERTIES

The Company has an overriding royalty interest in one oil and gas property in Liberty County, Texas.

In June 2008 the Company agreed to purchase a 100% interest in certain petroleum and natural gas leases in Southern Saskatchewan, Canada. In consideration for the leases, the Company paid \$150,000. The vendor retains a 3% royalty interest on the monthly production from wells drilled on the leases acquired. In September 2008, the Company entered into a farm-in

agreement with Triaxon Resources Ltd. whereby Triaxon agreed to pay 100% of the costs to drill and complete a well. In addition, the Company received proceeds of \$70,070 from Triaxon. Triaxon drilled and completed the well and earned a 70% interest in the well and the leases. The Company retained a 30% interest. The Company also agreed to pay the facilities costs. The well was successful and began commercial production in early 2009. The Company began receiving oil and gas revenue in the third quarter of fiscal 2009.

OIL AND GAS PRODUCTION

For the six month period ended February 28, 2010, the Company had a 30% working interest in a well adjacent to the Roncott/Bakken oil field in Southeast Saskatchewan which is currently producing between 40 and 50 barrels of oil per day. The Company also has an overriding royalty interest in one well in Texas which produced approximately 15 barrels of oil per day.

RESULTS OF OPERATIONS

For The Three Month Period Ended February 28, 2010 Compared With The Three Month Period Ended February 28, 2009.

For the three month period ended February 28, 2010, the Company recorded oil and gas revenues of \$31,908 compared to \$160 during the period ended February 28, 2009. This is attributable to the Roncott well which had not commenced production in the three months ended February 28, 2010. There is a corresponding increase in oil and gas operating expenses to \$6,906 from \$127.

The Company reported a net loss of \$131,950 for the three months ended February 28, 2010 as compared to a loss of \$129,310 for the three months ended February 29, 2009. This is primarily attributable to the following:

- Net revenues from oil and gas operations increased by \$24,969.
- Investor relations services decreased by \$15,000 as expenses were incurred in the prior year for services that were not needed in the current year.
- Stock based compensation decreased by \$24,130 as a result of fewer vested options in the period.
- Professional fees increased by \$11,260 primarily as a result of an increase in legal fees.
- The Company incurred indemnification costs of \$55,726 to subscribers in connection with flow through private placements completed in 2006 and 2007.

For the Six Month Period Ended February 28, 2010 Compared with the Six Month Period Ended February 28, 2009.

Oil and gas revenues totaled \$74,943 for the three months ended February 28, 2010 compared to \$389 for the prior year. This is attributable to the successful completion of the Roncott well. There was a corresponding increase in oil and gas operating expenses to \$28,208 from \$251.

The Company reported a net loss of \$149,013 for the six months ended February 28, 2010 compared to \$192,748 for the six months ended February 28, 2009. This is primarily attributable to the following:

- Net revenues from oil gas operations increased by \$46,484.
- Professional fees and investor relations services decreased from \$93,738 to \$66,111. In the prior period, the Company utilized the services of outside firms in assistance with corporate governance and shareholder information/investor relations to a greater degree than was needed in the current period.
- Stock based compensation decreased from \$46,619 to \$29,201 as a result of fewer vested options in the period.
- The Company incurred indemnification costs of \$55,726 to subscribers in connection with flow through private placements completed in 2006 and 2007.

LIQUIDITY

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	February 28, 2010	August 31, 2009
Deficit	\$ (7,239,984)	\$ (7,090,971)
Working capital (deficiency)	27,145	(189,345)

The Company's cash and cash equivalents increased to \$173,146 on February 28, 2010 from \$3,648 on August 31, 2009. This is a result of cash used in operating activities of \$89,855 and cash used in investing activities of \$23,847 offset by cash provided by financing activities of \$283,200.

CAPITAL RESOURCES.

The Company's main source of liquidity is access to equity capital markets. The Company will require continued additional funding in order to execute on its business strategy. The Company anticipates that public capital markets will serve as the principal source of capital to finance its future oil and gas activities and/or significant property purchases. Changes in the capital markets, including a decline in the prices of natural gas and oil, could materially and adversely impact on the Company's ability to complete further equity financings, with the result that the Company may be forced to scale back its operational activities.

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. To the extent that existing resources are insufficient to fund the Company's losses until profitability is reached, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay possible expansion plans or acquisitions.

SIX MONTHS ENDED FEBRUARY 28, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

The company's loss for the period of \$149,013 offset by the net decrease in working capital items of \$27,372 and the add back of \$29,201 of stock-based compensation, indemnification costs of \$55,726 and \$1,603 of depletion, resulted in net cash of \$89,855 used in operating activities.

CASH FLOWS FROM INVESTING ACTIVITIES

The Company used \$23,847 for oil and gas property additions.

CASH FLOWS FROM FINANCING ACTIVITIES

None

SHARE CAPITAL

	Number of Shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Balance, August 31, 2008	24,762,395	\$ 6,656,537	\$ 268,159
Private placement	787,350	70,862	-
Share issuance costs	-	(1,440)	-
Stock issued for debt settlement	91,677	8,251	-
Stock-based compensation	-	-	73,701
Balance, August 31, 2009	25,641,422	6,734,210	341,860
Private placement	4,500,000	315,000	-
Share issue costs	-	(44,586)	12,786
Shares issued for indemnification	743,016	55,726	-
Stock-based compensation	-	-	29,201
Balance, February 28, 2010	30,884,438	\$ 7,060,350	\$ 383,847

During the period ended February 28, 2010, the Company completed a non-brokered private placement consisting of 4,500,000 units at a price of \$0.07 per unit for gross proceeds of \$315,000. Each unit consists of one common shares in the capital of the Company and share purchase warrant exercisable at a price of \$0.14 per share for a period of one year. In connection with the private placement, the Company issued 450,000 brokers warrants, exercisable at a price of \$0.10 per share for a period of one year. The fair value of the agent warrants, being \$12,786 was determined using the Black Scholes option pricing model with a volatility of 161.45% risk free interest rate of 1.36%, expected life of 1 year, and a dividend rate of 0%.

During the period ended February 28, 2010, the Company issued 743,016 common shares at a value of \$0.075 per common share in satisfaction of amounts owed by the Company pursuant to tax indemnities provided to subscribers in connection with flow through private placements completed in fiscal 2006 and 2007.

At April 29, 2010, there were 31,117,771 common shares outstanding. This increase of 233,333 shares from those outstanding at February 28, 2010 is due to the issuance of 233,333 common shares in settlement of accounts payable to a director and officer. At April 29, 2010, there were 7,933,822 warrants and 1,774,427 options outstanding. The warrants expire on July 17, 2010, August 11, 2010, December 18, 2010 and December 31, 2010. The stock options expire on July 23, 2012, June 12, 2013 and September 30, 2013. Assuming that the warrants and the stock options are exercised before they expire, the Company would receive gross proceeds of \$1,212,088 and \$314,585 respectively.

LIQUIDITY AND CASH RESOURCES

During the period ended February 28, 2010, the Company completed a non-brokered private placement consisting of 4,500,000 units at a price of \$0.07 per unit for gross proceeds of \$315,000. Each unit consists of one common share in the capital of the Company and share purchase warrant exercisable at a price of \$0.14 per share for a period of one year. In connection with the private placement, the Company issued 450,000 brokers warrants, exercisable at a price of \$0.10 per share for a period of one year. The fair value of the agent warrants, being \$12,786 was determined using the Black Scholes option pricing model with a volatility of 161.45% risk free interest rate of 1.36%, expected life of 1 year, and a dividend rate of 0%.

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. To the extent that existing resources are insufficient to fund the Company's losses until profitability is reached, the Company may need to raise additional funds through debt or equity financing. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that

additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may be required to delay possible expansion plans or acquisitions.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$15,000 (2009 - \$15,000) to a company controlled by Jimmy McCarroll, a director and officer of the Company.
- b) Paid or accrued legal fees of \$3,649 (2009- \$5,281) to a law firm in which Cory Kent, a director of the Company is an employee of the firm.
- c) Included in accounts payable at February 28, 2010 is \$6,301 (August 31, 2009 - \$ 26,276) due to a company controlled by Jimmy McCarroll, a director and officer of the Company, and M. Jane Costello, an officer of the Company. The amounts are non-interest bearing unsecured and have no fixed terms of repayment.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CHANGES IN ACCOUNTING POLICIES

Effective September 1, 2009, the Company adopted the following new accounting standards issued by the CICA:

Goodwill and Intangible Assets (Section 3064)

This new standard replaces the current standard for goodwill and intangible assets, *Section 3062*, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The adoption of this section did not have an impact on the Company's financial statements.

Financial instruments

Amendment to financial instruments – disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significant. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

See Note 4 to the consolidated financial statements for relevant disclosures.

NEW ACCOUNTING PRONOUNCEMENTS

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 “Business Combinations” to replace Section 1581. Prospective application of the standard is effect for the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount

of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated Financial Statements (Section 1601) and Non-Controlling Interests (Section 1602)

The CICA concurrently issued Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” which replace Section 1600 “Consolidated Financial Statements.” Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective for fiscal years beginning on or after January 1, 2011, unless they are early adopted at the same time as Section 1582 “Business Combinations.” The Company does not expect the adoption of this section to have a significant effect on its financial statements.

International Financial Reporting Standards (“IFRS”).

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board (“AcSB”) in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 31, 2012 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition of IFRS cannot be reasonably estimated at this time.

FINANCIAL INSTRUMENTS

The fair value of the Company’s receivables, accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the consolidated balance sheet. The Company’s other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below

Credit risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company’s believes it has no significant credit risk.

Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2010, the Company had a cash balance of \$173,146 (August 31, 2009 - \$3,648) to settle current liabilities of \$161,813 (August 31, 2009 - \$218,568). The Company expects to fund these liabilities through the issuance of capital stock over the coming year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company’s current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of February 28, 2010, the Company did not have any investments invested in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US Dollars (US).

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The carrying amount of cash, receivables, and accounts payable and accrued liabilities, approximates their fair value due to their short term nature.

The Company operates in the United States and is exposed to risk from changes in the U.S. dollar. A 10% fluctuation in the U.S. dollar against the Canadian dollar would affect net loss for the period by approximately \$8,500.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by the required filings.

Based upon the evaluation described above, the Chief Executive Officer and the Chief Financial Officer concluded that as of the end of the period covered by the required filings, the Company's disclosure controls and procedures were effective in timely alerting them to the material information relating to the Company (or its consolidated subsidiaries) required to be included in reports that the Company files.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com.