

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*This Management's Discussion and Analysis (MD&A) of the consolidated financial position and results of operations of Petro Uno Resources Ltd. ("Petro Uno" or the "Corporation"), is for the three month period ended, March 31, 2009. For a full understanding of the financial position and results of operations of the Corporation, the MD&A should be read in conjunction with the documents filed on SEDAR, including historical financial statements and press releases. These documents are available at [www.sedar.com](http://www.sedar.com).*

*Petro Uno's Board of Directors has reviewed and approved the consolidated financial statements and MD&A.*

### ***Basis of presentation***

*The financial data presented below has been prepared in accordance with Canadian generally accepted accounting principles. Funds from operations, which are determined as cash flow from operating activities per the statement of cash flows before changes in non-cash working capital, are used in the oil and gas industry as a measure of performance. Funds from operations can also be calculated by subtracting all cash related expenses from all cash related revenue. Net operating income is calculated as revenue derived from oil and gas operations, excluding extraordinary items or gains, and subtracting the royalties, operating and transportation costs incurred to earn that oil and gas revenues. Operating netbacks are calculated by subtracting royalties, production and transportation expenses per barrel of oil equivalent ("boe") from the average sales price per boe. Funds from operations, funds from operations per share, net operating income and operating netbacks, as used by Petro Uno, do not have a standardized meaning prescribed by Canadian GAAP and therefore, may not be comparable with the calculation of similar measures by other corporations. Many of the Corporation's peers in the oil and gas industry use the same definition of funds from operations and operating netbacks and the disclosure herein enhances comparability with those peers. Funds from operations, as presented, is not intended to represent operating profits, nor should it be viewed as an alternative to funds provided by operating activities, net earnings or other financial performance calculated in accordance with GAAP. The Corporation calculates funds from operations per share using the same method and shares outstanding, which are used in the determination of earnings per share. The reporting and the measurement currency is the Canadian dollar.*

### ***Boe presentation***

*The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. The conversion ratio used by the Corporation of 6 mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All conversions in this MD&A are derived by converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil.*

### ***Accounting policies and estimates***

*Management is required to make judgments, assumptions and estimates in the application of generally accepted accounting principles that have a significant impact on the financial results of the Corporation. Details outlining Petro Uno's accounting policies are contained in the notes to the unaudited financial statements for the period ended March 31, 2009 and 2008 respectively.*

### ***Corporate Overview***

The Corporation was started as a Capital Pool company pursuant to Policy 2.4 of the TSX Venture Exchange Inc, (the "Exchange"). The Corporation started operations and financings in June of 2007. The initial purpose of the Company was being able to identify and complete a qualifying transaction in accordance with the Exchange. On March 31, of 2008, Petro Uno acquired all the issued and outstanding shares of Ballater Resources Ltd ("Ballater"). Ballater was a private company incorporated under the laws of the Province of Alberta. The Corporation's acquisition of Ballater fulfilled the requirements of a qualifying transaction under

the terms defined by the venture Exchange. Pursuant to the terms of the agreement, all the shares of Ballater were purchased for the consideration of \$2,950,000 cash. Through the Ballater transaction, Petro Uno acquired an estimated 191,400 boe's in reserves, of which 90% is proved producing. Of these reserves 93% is light oil equating to an acquisition metric of \$15.45 per boe on a proved plus probable reserve basis with a reserve life index of over 13 years. Petro Uno currently produces approximately 30 - 35 boe's/day from the long-life, low-decline, light-oil properties in the Lanaway, Loon and Red Earth areas of Alberta. Petro Uno is a fully listed Tier 2 company on the Venture Exchange under the symbol "PUP". This MD & A reflects the Corporation's oil and gas operations for the first three months of 2009 with no comparison from the previous year unless it is related to the acquisition of Ballater which occurred on March 31, 2008.

Over the past two years Petro Uno focused on identifying oil and gas opportunities and assets in Colombia. Several potential opportunities were identified for possible acquisitions and/or exploration activities. However, unrealistic deal terms and/or high cost and high risk work commitments limited Petro Uno's ability to complete a transaction on economic terms. In hindsight, our choice not to proceed on the opportunities which we sought proved to be wise decisions.

Recognizing the high cost/high risk environment in Colombia, the Company has made a corporate shift towards more familiar oil and gas operating areas such as the Western Canadian Sedimentary Basin (Alberta and Saskatchewan) as well as prospects in the Williston Basin, including North Dakota.

***Sales volumes for the 1<sup>st</sup> quarter***

	<b>Three months ended, March 31, 2009</b>	<b>Three months ended, March 31, 2008</b>
Natural gas (mcf/d)	<b>12.1</b>	-
Light oil (bbls/d)	<b>29.4</b>	-
NGL's (bbls/d)	<b>0.5</b>	-
Total boe/d (6:1)	<b>31.9</b>	-

For the first quarter of 2009, light oil production averaged 29.4 barrels of oil equivalent per day ("boe/d"). Production was as expected except for some production issues in January with extremely cold weather affecting a couple of wells in the Red Earth and Loon areas. All wells capable of production except for one are producing as of this date. Gas and natural gas liquids ("NGLs") sales coming from our Lanaway area, averaged an expected 2.5 boe's/d for the first quarter or 8% of the total sales volumes.

### ***Revenue and pricing***

	<b>Three months ended, March 31, 2009</b>	<b>Three months ended, March 31, 2008</b>
Natural gas revenue	<b>\$5,870</b>	<b>\$ -</b>
Natural gas (\$/mcf)	<b>\$5.38</b>	<b>\$ -</b>
Light oil revenue	<b>\$128,470</b>	<b>\$ -</b>
Light oil (\$/bbl)	<b>\$48.54</b>	<b>\$ -</b>
NGL's revenue	<b>\$1,240</b>	<b>\$ -</b>
NGL's (\$/bbl)	<b>\$28.65</b>	<b>\$ -</b>
Total revenue	<b>\$135,850</b>	<b>\$ -</b>
Total \$/ boe (6:1)	<b>\$47.29</b>	<b>\$ -</b>

Prices for light oil in 2009, averaged \$48.54/bbl, making up 95% of the revenue earned. Oil prices dropped 52% as compared to the fourth quarter 2008's average price of \$102/ bbl. Gas prices averaged \$5.38 per mcf for the first quarter of 2009. Gas prices are down 21% from the previous fourth quarter in 2008 and are still declining in the second quarter of 2009. NGL revenue, making up less than 1.0% of the total revenue stream, received \$28.65 per bbl for sales in the first quarter of 2009.

### ***Royalties***

	<b>Three months ended, March 31, 2009</b>	<b>Three months ended, March 31, 2008</b>
Crown	<b>\$9,155</b>	<b>\$ -</b>
Freehold	<b>427</b>	<b>-</b>
Gross overriding	<b>2,418</b>	<b>-</b>
Total royalties	<b>\$12,000</b>	<b>-</b>
Per boe	<b>\$ 4.18</b>	<b>\$ -</b>
Percent of total revenue	<b>10.6%</b>	<b>% -</b>

Royalties for the three month period in 2009 averaged \$4.18 per boe or 10.6% of total revenue. Royalties are low because of the low productivity nature of the wells. The first quarter saw a prior year adjustment from a non operated unit property in the Loon area come through giving us a higher than normal royalty rate and % of revenue for the quarter.

### *Operating expenses*

	Three months ended, March 31, 2009	Three months ended, March 31, 2008
Operating expenses	\$82,197	\$ -
Per boe	\$28.61	\$ -
Percent of total revenue	60.5%	- %

Operating costs for the period averaged \$28.61 per boe. With commodity prices being low, operating expenses on wells including some minor workovers equalled over 60% of recorded revenues for the quarter. Power, fuel and road maintenance costs were higher due to the cold winter season.

### *Field Netbacks*

	Three months ended, March 31st 2009	Three months ended, March 31, 2008
<b>(\$/boe except daily production @ 6:1)</b>		
Daily production (boe/d)	31.9	-
Sales price	\$47.29	\$ -
Royalties	(4.18)	-
Operating expenses	( 28.61)	-
<b>Netback</b>	<b>\$14.50</b>	<b>\$ -</b>

Low commodity prices, royalty adjustments and higher winter operating costs have resulted in a field netback of \$14.50 per boe for the first quarter of 2009. With improving world oil prices, and warmer weather, the anticipated netback for the coming quarter should improve.

### *General and Administrative Expenses (“G&A”)*

	Three months ended March 31, 2009	Three months ended March 31, 2008
G&A expenses (cash portion)	\$87,114	\$68,160
Add stock based compensation (non cash)	3,836	28,172
<b>Total G&amp;A expenses as reported</b>	<b>\$90,950</b>	<b>\$96,332</b>

G&A expenses (cash portion), consists of rent, general G&A and costs associated with a small public reporting entity. The stock based compensation pertains to the options granted, exercised or cancelled to employees or consultants amortized over several years. G&A has increased over the same period in 2008 largely from final activities taking place in Colombia. Currently no G&A is being capitalized for accounting purposes. The Corporation has taken steps to reduce its international spending and future administration costs by refocusing to projects back in North America. It has also terminated its association with its Colombian partner Pyxis Exploration Ltda effective March 31, 2009.

### *Interest income and expenses*

	Three months ended March 31, 2009	Three months ended March 31, 2008
Interest Income	\$182	\$6,758
Less: Interest Expense	(8,233)	-
<b>Total Net Interest Income (Expense)</b>	<b>(\$8,051)</b>	<b>\$6,758</b>

With the purchase of Ballater Resources Inc. and a portion of that acquisition being funded with debt, the Corporation incurred interest charges in the first quarter of 2009. Interest income was earned on funds from financings completed in 2008 with those funds being held to be used in the acquisition of Ballater on March 31, 2008.

### *Depletion, depreciation, accretion expense ("DD&A")*

	Three months ended March 31, 2009	Three months ended March 31, 2008
Depletion & depreciation	\$87,689	\$ -
Accretion	2,960	-
Total DD&A	90,649	-
Per boe	\$31.55	\$ -

Depletion and depreciation for the three month ended period, March 31, 2009 was \$90,649 or \$31.55 per boe. There was no production prior to the acquisition of Ballater on March 31, 2008.

### *Income Taxes*

The Corporation consolidated has a net tax recovery of \$25,171 for the three month period ended, March 31, 2009. With the amalgamation of the two companies effective January 1, 2009, non-capital losses and share issue costs can be used to offset future tax burdens from oil and gas income.

***Funds from operations and net earnings***

**Three months ended**

	<b>March 31, 2009</b>		March 31, 2008
	<b>Total</b>	<b>Per boe</b>	Total
Net operating income	<b>\$41,653</b>	<b>\$14.50</b>	
G&A	<b>(87,114)</b>	<b>(30.33)</b>	(68,160)
Current taxes	<b>0</b>	<b>0</b>	
Interest ,net	<b>(8,051)</b>	<b>(2.80)</b>	6,758
<b>Funds from operations</b>	<b>(53,512)</b>	<b>(18.63)</b>	(61,402)
DD&A	<b>(90,649)</b>	<b>(31.55)</b>	0
Stock-based compensation	<b>(3,836)</b>	<b>(1.34)</b>	(28,172)
Future income tax reduction	<b>25,171</b>	<b>8.76</b>	30,025
<b>Net income (loss)</b>	<b>(\$122,826)</b>	<b>(\$42.76)</b>	(\$59,549)

**Three months ended**

	<b>March 31, 2009</b>	March 31, 2008
Funds from Operations	<b>(\$53,511)</b>	(\$61,402)
Changes in non-cash working capital	<b>(139,926)</b>	83,315
<b>Funds from Operating activities</b>	<b>\$(193,437)</b>	\$21,913

**Three months ended**

	<b>March 31, 2009</b>	March 31, 2008
Weighted average common shares outstanding		
Basic	<b>9,835,750</b>	7,121,360
Diluted	<b>10,335,750</b>	7,721,360
Earnings (loss) per share basic	<b>(\$0.01)</b>	(\$0.01)
Earnings (loss) per share diluted	<b>(\$0.01)</b>	(\$0.01)

The Corporation from first quarter 2009 activities recorded a net loss of \$122,826 (Same period in 2008 – loss of \$59,549). On an earnings per share basis, the Corporation had a one cent a share loss for the first three months ending March 31, 2009 as compared to that same one cent a share loss over that same period in 2008. Improving commodity prices and reduced future G&A costs should help improve earnings in future periods.

## *Capitalization*

	Three month period ended			
	March 31, 2009		March 31, 2008	
<b>Outstanding Shares</b>				
Weighted Average Common Shares Outstanding	<b>9,835,750</b>	<b>\$2,118,309</b>	7,121,360	\$2,134,452
Outstanding Securities				
- Common Shares	<b>9,835,750</b>		9,835,750	
- Options	<b>500,000</b>		600,000	

## *Liquidity & Capital Resources*

	March 31, 2009	December 31, 2008
Common shares outstanding	<b>9,835,750</b>	9,835,750
Share price	<b>\$0.25</b>	\$0.11
Market value of common shares	<b>\$2,458,938</b>	\$1,081,932
Net debt, including working capital	<b>1,127,974</b>	1,079,197
Asset retirement obligation	<b>174,478</b>	171,517
Future income tax liability	<b>698,178</b>	723,349
Total capitalization	<b>\$4,459,568</b>	\$3,055,995
Total Assets as per the financial Statements	<b>\$3,935,025</b>	\$4,201,518

Effective March 31, 2008 Petro Uno became a party to standard industry contracts or obligations through its 100% subsidiary in Ballater. The Corporation has \$11,521 of cash as at March 31, 2009 (\$200,226 - December 31, 2008) as well as the unused bank line of \$275,000.

In March of 2008, the Corporation signed a revolving credit facility agreement with a Canadian financial institution for a maximum aggregate amount of \$1,250,000. The loan is secured under a General Security Agreement conveying a first floating charge over all the present and after acquired properties. Interest rate is Lender's Prime Rate plus 1.00% with funds being advanced in \$25,000 increments up to the maximum amount. At March 31, 2009 and December 31, 2008, \$ 975,000 was drawn against the credit facility.

On March 6<sup>th</sup> of 2008 the Corporation issued 3,535,750 common shares @ \$0.40/share for proceeds net of issue costs of \$1,281,720. Each common share issued had a one – half share purchase warrant attached, with each full common share purchase warrant being exercisable into one common share at a price of \$0.60 for one year from the date of issue.

In the second quarter of fiscal 2008, an agent exercised its remaining 150,000 options @ \$0.20/share for a cash value of \$30,000.

### ***Significant accounting policies, Financial Instruments and Capital disclosures***

See Notes 2, 3, 10 and 11 respectively to the audited consolidated financial statements of the Corporation for the year ended December 31, 2008 and the unaudited statements of March 31, 2009 for a summary of the significant accounting policies employed by the Corporation and discussion on financial instruments and risks for the Corporation.

### ***Outlook, Business Risks and Uncertainties***

Management has completed the Qualifying Transaction with the purchase of the issued and outstanding shares of Ballater. The transaction met the criteria of the TSX venture exchange and the corporation is fully listed for trading. The Corporation had been endeavouring to get its major business plan going by sourcing and reviewing opportunities in South America, mainly Colombia. It has formed an alliance with private oil and gas Company based in Colombia named Pyxis Exploration Ltda. Together the alliance will explore, develop and acquire high quality, high impact Petroleum and Natural gas ("P&NG") assets in Columbia. Recognizing the high cost high risk environment in Colombia, the Corporation has made a corporate shift towards identifying oil and gas operation in the Western Canadian Sedimentary Basin (Alberta & Saskatchewan) as well as prospects in the Williston basin (Montana & North Dakota). Effective March 31, 2009 the alliance with its Colombian associate Pyxis Exploration Ltda was cancelled.

The Corporation faces several key risks in its business, including possible commodity price downturns, emergence of superior competing technologies, reliance on relatively few key suppliers and customers, and adequacy of capital and/or cash flow to pursue its business plan objectives. This list is not intended to be exhaustive, but merely to communicate to shareholders certain key risks faced by the Corporation in its business operations. The Corporation, where it can employ strategies to mitigate and minimize some risks. But some risks and market conditions are outside of the Corporations influence and control.

### ***Disclosure controls***

Disclosure controls and procedures have been designed to ensure that relevant and accurate information needed to comply with the Corporation's continuous disclosure obligations is accumulated and summarized to allow timely decisions regarding disclosure and to ensure that the risk of a material error or fraud is minimal. Management has concluded the Corporation's disclosure control and procedures, as at March 31, 2009 are effective in ensuring that material information is accumulated and disclosed accurately. The Corporation's management believes that cost effective disclosure controls, disclosure procedures and internal controls systems can only provide reasonable assurance and not absolute assurance, that the objectives of the controls and procedures are met.

### ***Internal Controls over Financial Reporting***

The CFO and CEO of the Corporation are responsible for designing or causing them to be designed, internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management has assessed the design of the Corporation's internal control over financial reporting as of March 31, 2009 and has certified that the controls over financial reporting are effective except for the identified weaknesses below:

Due to the limited number of staff, it is not feasible to attain complete segregation of duties.

Due to the limited number of staff, the Corporation does not have a sufficient amount of technical specialists within finance to address all potential complex and non-routine accounting and tax issues.

The weakness in the Corporation's internal control over financial reporting allows for a greater likelihood that a material misstatement would not be prevented or detected. The Corporation tries to mitigate the risk of a material misstatement by having an active involvement of all senior management and an increased oversight from the Audit committee members of the board of directors. The Corporation where applicable will retain external independent advice in certain key accounting, taxation and legal issues. However it is not possible to provide absolute assurance that this risk can be reduced to less than a remote likelihood of a material misstatement. Management does not intend to remediate the noted weaknesses at this time until such time that the size of the Corporation is considerably larger and it is prudent to do so.

### ***Quarterly financial information***

	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Revenue, net of royalties	<b>\$123,850</b>	\$211,223	\$376,546	\$258,321
Funds from operations	<b>(\$53,511)</b>	(\$124,825)	(\$89,377)	\$(24,254)
Per share – basic (\$/share)	<b>(\$0.01)</b>	(\$0.02)	\$0.01	\$0.00
Per share – diluted (\$/share)	<b>(\$0.01)</b>	(\$0.02)	\$0.01	\$0.00
Net earnings (loss)	<b>\$(122,826)</b>	(\$177,474)	\$54,852	\$46,192
Per share – basic (\$/share)	<b>\$(0.01)</b>	(\$0.02)	\$0.01	\$0.00
Per share – diluted (\$/share)	<b>\$(0.01)</b>	(\$0.02)	\$0.01	\$0.00
Total assets	<b>\$3,935,025</b>	\$4,201,518	\$4,303,318	\$4,391,689
Production (boe/d)	<b>31.9</b>	34.3	38.1	27.0
Corporate average price (\$/boe)	<b>\$47.29</b>	\$65.46	\$115.01	\$114.94
Operating netback (\$/boe)	<b>\$14.50</b>	\$24.80	\$82.27	\$56.42

	2008 Q1
Revenue, net of royalties	\$0
Funds from operations	(\$89,574)
Per share – basic (\$/share)	(\$0.01)
Per share – diluted (\$/share)	(\$0.01)
Net earnings (loss)	\$(59,549)
Per share – basic (\$/share)	\$(0.01)
Per share – diluted (\$/share)	\$(0.01)
Total assets	\$4,344,965
Production (boe/d)	0
Corporate average price (\$/boe)	\$0
Operating netback (\$/boe)	\$0