



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH
PERIOD ENDED FEBRUARY 29, 2008**

Form 51-102F1

April 28, 2008

This Management's Discussion and Analysis ("MD&A") of financial conditions and operating results is prepared as of April 28, 2008 and should be read in conjunction with the unaudited interim financial statements for the three months ended February 29, 2008 together with the notes thereto and the audited financial statements and MD&A for the year ended November 30, 2007.

All data is presented in Canadian dollars. Barrels of oil equivalent ("BOE") have been calculated using an industry accepted conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Analysis includes events that have occurred up to the date of the MD&A, April 28, 2008. Financial data has been prepared in accordance with Canadian generally accepted accounting principles generally accepted (GAAP).

This Management Discussion and Analysis may contain forward-looking statements including expectations of future capital programs and commodity prices. These statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated. These risks include, but are not limited to: operational risk in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; and commodity price and exchange rate fluctuation and uncertainties.

Non-GAAP Measures

Included in the MD&A are references to the term "field level cash flow". This term is not defined by Generally Accepted Accounting Principles ("GAAP") in Canada and consequently is referred to as a non-GAAP measure.

Field level cash flow refers to oil and gas sales revenue less royalties, and less operating expenses. It does not include other income or any of the other company expenses that are used to calculate net income. Reported amounts may not be comparable to similarly titled measures reported by other companies.

The financial data presented herein has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company has also used certain measures of financial reporting that are commonly used as benchmarks within the oil and natural gas production industry in the Management Discussion and Analysis. The measures discussed are widely accepted measures of performance and value within the industry, and are used by investors and analysts to compare and evaluate oil and natural gas exploration and producing entities. Most notably, these measures include operating netback and funds flow from operations. Operating netback is a benchmark used in the crude oil and natural gas industry to measure the contribution of oil and natural gas sales subsequent to the deduction of royalties, operating and transportation costs. Funds flow from operations is before changes in non-cash working capital and is used to analyze operations, performance and liquidity. These measures are not defined under GAAP and should not be considered in isolation or as an alternative to conventional GAAP measures. These measures and their underlying calculations are not necessarily comparable to a similarly titled measure of another entity. When these measures are used, they are defined as "non GAAP" and should be given careful consideration by the reader.

Corporate Performance

Torque is a Canadian energy company engaged in the business of exploration, development and production of crude oil and natural gas in Southwestern Ontario and Alberta. Its common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol "TQE".

The Company realized a profit of \$294,284 (\$0.02 per share) for the three months ended February 29, 2008 compared to a loss of \$50,587 (\$0.00 per share) for the same period in 2007. Oil and gas revenues less royalties increased to \$826,595 in 2008 versus \$634,563 in 2007, primarily due to increased oil prices.

General and administrative costs increased to \$173,018 in 2008 from \$159,235 over the same period in 2007 as a result of increases in salaries, audit fees, and reserve evaluation expense. Total operating expenses for the three months ended February 2008 decreased to \$135,128 compared to \$234,902 for the same period in 2007 as a result of reduced field repairs and maintenance at the Dover East field.

Production for the period averaged 137 BOE per day (135 BOE/d sales) compared to 144 BOE per day (140 BOE/d sales) for the same period in 2007.

Property, plant and equipment decreased to \$10,411,527 at February 29, 2008 from \$10,478,761 at November 30, 2007 while shareholders' equity increased to \$6,285,502 at February 29, 2008 from \$5,991,218 at November 30, 2007.

These variations are not unexpected and reflect the variations normally encountered in the production and sale of oil and natural gas by companies of the size of Torque.

Results of Operations

Summary of Quarterly Results

Three months ended February 29			
	2008	2007	2006
Revenues (net)	\$845,028	\$649,247	\$760,054
Net income (loss) in total	\$294,284	\$(50,587)	\$(8,607)
Per share basis	\$0.02	\$0.00	\$0.00
Diluted per share basis	\$0.02	\$0.00	\$0.00

In the three first quarters shown above, there were no discontinued operations or extraordinary items.

Net revenues increased in the first quarter of 2008 as the oil price increased 44% over the same period last year. Oil production volumes were also up on a daily basis due to a lower level of field maintenance activity over the period. There were no extraordinary items or unusual adjustments during the period.

Oil and Natural Gas Sales

Three months ended February 29				
	2008 M\$	2007 M\$	2006 M\$	Q1 2007-2008 % Change
Gross oil and natural gas liquid sales	799.2	533.5	597.5	50 %
Gross natural gas sales	151.2	194.4	255.8	(22)%
Royalties	123.8	93.4	109.9	33 %
Oil & Gas Sales, Net of Royalties	826.6	634.5	743.4	33 %

M\$ = thousands of dollars

Oil and gas sales, net of royalties, increased 33% in the first quarter of 2008 to \$826,595. This increase was due to higher oil prices and higher oil production rates for the period. Production sales volumes on a BOE basis decreased from 140 BOE per day (BOE/d) in Q1 2007 to 135 BOE/d in Q1 2008 due to lower gas production rates. The gas production decrease was mainly due to a compressor motor replacement at one of Torque's gas wells that had been shut in for two months.

Three Months ended February 29

	2008	2007	2006	Q1 2007-2008 % Change
Oil and natural gas liquids volumes - Mbbl	9.3	8.9	10.2	5 %
Oil and natural gas liquids price - \$/bbl	\$85.88	\$59.84	\$58.64	44 %
Gross oil and natural gas liquids sales - M\$	\$799.19	\$533.5	\$597.4	50 %
Natural gas volumes - MMcf	17.7	22.0	20.0	(19)%
Natural gas price - \$/Mcf	\$8.53	\$8.86	\$12.81	(4)%
Gross natural gas sales - M\$	\$151.25	\$194.4	\$255.8	(22)%

bbl = one barrel (of oil)

cf = cubic feet (of natural gas)

M = one thousand

MM = one million

Production History Summary

Volume	2008		2007		2006	
	Q1	/UNIT	Q1	/UNIT	Q1	/UNIT
Oil Production - bbl & bbl/d	9,306	102	8,916	99	10,188	113
Gas Production - Mcf & Mcf/d	17,731	195	21,951	244	19,968	222
BOE (6:1) & BOE/d	12,261	135	12,575	140	13,516	150
Revenues	\$	\$/UNIT	\$	\$/UNIT	\$	\$/UNIT
Oil Revenue	799,188	85.88	533,509	59.84	597,441	58.64
Less: Royalties	105,518	11.34	69,881	7.84	78,732	7.73
Net Oil Revenue	693,670	74.54	463,628	52.00	518,709	50.91
Gas Revenue	151,249	8.53	194,423	8.86	255,821	12.81
Less: Royalties	18,324	1.03	23,488	1.07	31,139	1.56
Net Gas Revenue	132,925	7.50	170,935	7.79	224,682	11.25
Gross Oil & Gas Revenue	950,437	77.52	727,932	57.89	853,262	63.13
Net Revenue after Royalties	826,595	67.41	634,563	50.46	743,391	55.00
Expenses						
Operating (excl. trans.)	112,654	9.19	213,762	17.00	146,724	10.86
Transportation	22,474	1.83	21,140	1.68	23,615	1.75
Total Operating Expenses	135,128	11.02	234,902	18.68	170,339	12.60
Net Field Level Income	691,467	56.39	399,661	31.78	573,052	42.40
Revenue \$/BOE		77.52		57.89		63.13
Royalties \$/BOE		10.11		7.43		8.13
Operating Expenses \$/BOE		11.02		18.68		12.60
Netback \$/BOE		56.39		31.78		42.40

Royalties

	2008		2007		2006		Q1 2007-2008 % Change	
	Q1 - \$	\$/BOE	Q1 - \$	\$/BOE	Q1 - \$	\$/BOE	Costs	\$/BOE
Oil	105,518	8.61	69,881	5.56	78,732	5.83	51 %	55 %
Gas	18,324	1.49	23,488	1.87	31,139	2.30	(22)%	(20)%
Total	123,842	10.10	93,369	7.42	109,871	8.13	33 %	36 %

Production Operating Expenses

Expenses	2008		2007		2006		Q1 2007-2008 % Change	
	Q1 - \$	\$/BOE	Q1 - \$	\$/BOE	Q1 - \$	\$/BOE	Costs	\$/BOE
Operating (excl. trans.)	112,654	9.19	213,762	17.00	146,724	10.86	(47)%	(46)%
Transportation	22,474	1.83	21,140	1.68	23,615	1.75	6 %	9 %
Total Operating Expenses	135,128	11.02	234,902	18.68	170,339	12.60	(42)%	(41)%

Total operating expenses decreased by 41% during the first quarter of 2008 to \$135,128 compared to \$234,902 in 2007. This decrease is mainly a result of lower levels of repair and maintenance work at the Dover East field.

General and Administrative (G&A) Expenses

Net general and administrative expenses increased 9% to \$173,018 in the first quarter of 2008. This increase was attributable to increases in salaries, audit fees, and reserve evaluation expense.

Three Months ended February 29

	2008 - \$	2007 - \$	2006 - \$	Q1 2007-2008 % Change
Gross General & Administrative Expenses	193,788	181,075	126,891	7 %
Recoveries	0	0	0	0 %
Capitalized amounts	20,770	21,840	0	(5)%
Net General & Administrative Expenses	173,018	159,235	126,891	9 %

Net general and administrative expenses on a BOE basis increased to \$14.11 in the first quarter of 2008.

Three Months ended February 29

	2008 (\$/BOE)	2007 (\$/BOE)	2006 (\$/BOE)	Q1 2007-2008 % Change
Gross General & Administrative Expenses	15.81	14.40	9.39	10 %
Recoveries	0	0	0	0 %
Capitalized amounts	1.69	1.74	0	(3)%
Net General & Administrative Expenses	14.11	12.66	9.39	11 %

Depletion, Depreciation and Accretion Expenses

	Q1 2008		Q1 2007		Q1 2006		Q1 2007-2008 % Change	
	\$000's	\$/BOE	\$000's	\$/BOE	\$000's	\$/BOE	\$000's	\$/BOE
Depletion and depreciation	161	13.13	206	16.40	222	16.42	(22)%	(20)%
Accretion - ARO	12	0.99	15	1.19	16	1.18	(19)%	(17)%
Total	173	14.12	221	17.59	238	17.61	(22)%	(20)%

Depletion, depreciation and accretion decreased to \$173 thousand in the first quarter of 2008. On a BOE basis, depletion, depreciation and accretion decreased 20% from \$17.59 to \$14.12.

Asset retirement obligation (ARO)

The undiscounted amount of expected cash flows required to settle the asset retirement obligations is estimated at \$1,920,279 (2007 - \$1,675,190). The liability for the expected cash flows, as reflected in the consolidated financial statements, has been discounted at 9% and includes a 2.0% inflation factor.

The schedule below is a continuity of the Company's liability for the period ended February 29, 2008:

Asset retirement obligation, beginning of the period	\$574,469
Asset retirement costs incurred	(4,496)
Current period accretion expense	12,117
Asset retirement obligation, end of period	\$582,090

Costs attributable to these commitments and contingencies are expected to be incurred over an extended period of time and are to be funded mainly from the Company's cash provided by operating activities. Over the next 5 years, approximately 29% of the costs will be incurred and the remainder from 2013 to 2056. Although the ultimate impact of these matters on operations cannot be determined at this time, it could be material for any one quarter or year.

In respect of future abandonment commitments, the Company is required by statute to establish a bond in favour of the Ontario Ministry of Natural Resources. As at February 29, 2008, sufficient funds were on deposit with a Trustee, relating to a Trust Agreement with the Ontario Ministry of Natural Resources as beneficiary.

Income Taxes

The Company has not recognized tax expense for the period due to the expected benefit related to claiming certain oil and gas tax pools.

Capital Expenditures

Net capital expenditures totalled \$93,750 in Q1 2008 compared to \$91,018 in Q1 2007. The capital expenditures for the first quarter of 2006, 2007 and 2008 are summarized below:

Three Months ended February 29

	2008 (\$000's)	2007 (\$000's)	2006 (\$000's)	Q1 2007-2008 % Change
Canadian expenditures:				
Lease and land acquisitions	34	8	27	
Geological & geophysical	19	29	0	
Drilling, completion and workovers	2	29	7	
Equipping and facilities			8	
Capitalized amounts and other	39	25	3	
Subtotal	94	91	45	3%
Asset retirement obligation adjustment	0	0	0	
Disposition of oil and gas properties	0	0	0	
Net Canadian Expenditures	94	91	45	3%

Summary of Quarterly Results

Fiscal Year	2008	2007				2006		
Quarter	Q1 - \$	Q4 - \$	Q3 - \$	Q2 - \$	Q1 - \$	Q4 - \$	Q3 - \$	Q2 - \$
Revenues (net)	845,028	804,402	840,998	849,688	649,247	700,053	805,837	751,659
Net income (loss) in total	294,284	127,495	175,614	117,220	(50,587)	(167,469)	83,516	37,232
Per share basis	0.02	0.01	0.01	0.01	0.00	(0.01)	0.01	0.00
Diluted per share basis	0.02	0.01	0.01	0.01	0.00	(0.01)	0.01	0.00

In the eight quarters shown above, there were no discontinued operations or extraordinary items.

The variations over the last eight quarters are not unusual and reflect the variations normally encountered in the production and sale of oil and natural gas by companies of the size of Torque.

Share Capital

(a) Authorized

Unlimited common voting shares without par value
 100,000,000 Class 'A' preference shares, par value \$10
 100,000,000 Class 'B' preference shares, par value \$50

(b) Issued and outstanding

Common shares	Number of Shares	Amount
Balance, beginning and end of period	13,837,698	\$12,143,910
Balance as of the date of this MD&A	13,837,698	\$12,143,910

Stock Options

The Company has a stock option plan (the "Plan") for its directors, officers, employees and consultants to purchase common shares. Under the terms of the Plan, the Board of Directors may authorize the granting of options to purchase common shares. The option price per common share granted under the plan may not be less than the closing market price on the date the option is granted less allowable discounts as permitted under the policies of the TSX Venture Exchange.

The maximum term of any option is five years from the date the option is granted. Options may be immediately exercisable upon grant.

The status of the Company's common share purchase option plan is as follows:

	Effective Date	Common Shares	Option Price	Weighted Average Exercise Price	Expiry Date
Options outstanding, November 30, 2005		271,875		\$0.80	10-Jan-07
Options granted during the year	27-Jan-06	1,100,000	\$0.10	\$0.10	26-Jan-11
Options forfeited during the year	10-Sep-06	(60,000)	\$0.10	\$0.10	26-Jan-11
Options forfeited during the year	10-Sep-06	(6,250)	\$0.80	\$0.80	10-Jan-07
Options forfeited during the year	19-Sep-06	(265,625)	\$0.80	\$0.80	10-Jan-07
Options granted during the year	20-Oct-06	140,000	\$0.13	\$0.13	19-Oct-11
Options outstanding, November 30, 2006		1,180,000		\$0.10	
Options outstanding, November 30, 2007		1,180,000		\$0.10	

In 2007, there were no new stock purchase options granted, exercised or forfeited.

As at February 29, 2008, all options to purchase 1,180,000 shares have been issued and are fully vested and exercisable at a weighted average price of \$0.10 per share. There have been no options granted in the three months ending February 29, 2008.

Liquidity and Capital Resources

In the first quarter of 2008, Torque funded its capital expenditure program from cash flow from operations and existing credit facility. It expects to be able to continue to do so during the short term.

Torque is committed to leased office premises and office equipment with future lease payments, plus common costs, as follows:

Year	Amount (\$)
2008	45,717
2009	45,946
2010	45,946
2011	12,371
2012	0

The loan facility provides Torque with a revolving demand loan bearing interest payable monthly at the bank's prime lending rate plus 1.00%. As at February 29, 2008, the bank's prime lending rate was 5.75%, representing a decrease of 0.50% during the quarter. The loan is collateralized by a General Assignment of Book Debts together with a fixed and floating \$20,000,000 debenture over all Torque's assets.

At February 29, 2008, \$3,600,000 of funds had been drawn against the credit facility of \$6,100,000, leaving an available credit of \$2,500,000.

The bank has not waived its right to demand repayment of the outstanding principal balance and consequently the entire balance has been shown as a current liability.

Related Party Transactions

During the three months ended February 29, 2008, \$7,500 (2007 - \$7,500) was paid for office facilities and administrative services to a company related by virtue of a common director.

During the three months ended February 29, 2008, \$ nil (2007 - \$47,300) was paid to an officer of the Company for management fees. At February 29, 2008, \$2,001 was included in accounts receivable. These transactions are in the normal course of business and have been recognized at the agreed to exchange amounts.

Business Risks

The Company is engaged in the exploration, development and production of crude oil and natural gas. The oil and natural gas industry is highly competitive; therefore, the Company is exposed to a number of risks. Please refer to page 21 of the annual MD&A under the heading Business Risks for a complete assessment of such risks.

Outlook

The Company is pursuing a number of exploration and development opportunities in Ontario and Alberta.

Exploration and Development

Ontario

In the Dunwich project area, the Company has completed the shooting of 10.5 kilometres of two-dimensional seismic and this data has been processed and interpreted. An exploratory drilling location was drilled and abandoned in 2007.

An additional 8 kilometres of two-dimensional seismic is scheduled to be shot before the end of June 2008 to identify an exploratory drilling location expected to be drilled by late summer.

Alberta

In the Mikwan area of Alberta, the Company participated in the completion of a well which was originally drilled in 2003. Under the terms of the Farmout agreement, Torque pays 35% of the costs to earn a 25% working interest in the well drilled in 2003. The well was completed in July as a potential coalbed methane gas well. In February of 2008, Torque elected to participate in the drilling of two additional wells in this area at 25% working interest (after earned interest); both wells have been drilled and completed as potential coalbed methane gas wells. It is anticipated that all three wells will be tied in and producing by August 2008.

All activities will be funded with existing cash flow and the Company continues to develop exploratory plays and prospects in Ontario.

Operations

The Company will continue its replacement of older equipment in the Petrolia East Field (100% w.i.) by replacing the bottom hole pumps in the Ram #38 and CanEnerco #3 wells. At the Corey East field (94.46% w.i.) the Company will be replacing the pumpjack on the Ram #61 well.

The Ram #84 gas well was back on production March 6th following the installation of a new motor and compressor repairs, which has enhanced gas production volumes.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations or financial condition including, without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no asset or business acquisitions or dispositions currently proposed by Torque which will or are expected to have a material effect on its financial condition, results of operations or cash flows.

Controls and Procedures

During the three months ended February 29, 2008, there were no changes to internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

New Accounting Standards

The CICA has issued the following new Handbook Sections that became effective for the Company on December 01, 2007:

- CICA Handbook Section 3862, "Financial Instruments - Disclosures"
- CICA Handbook Section 3863, "Financial Instruments - Presentation"
- CICA Handbook Section 1535, "Capital Disclosures"

CICA Handbook Section 3862 modifies the disclosure requirements for CICA Handbook Section 3861, "Financial Instruments - Disclosure and Presentation", including required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. CICA Handbook Section 3863 carries forward the presentation requirements of CICA Handbook Section 3861.

CICA Handbook Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied with any capital requirements to which it is subject and the consequences of non-compliance.

These recommendations had no significant effect on the Company's consolidated financial statements.

Additional Information

Additional information relating to Torque Energy Inc. is available on SEDAR at www.sedar.com and www.torqueenergy.com.