

# **PETROMANAS ENERGY INC.**

**(Formerly WWI Resources Ltd.)**

Management's Discussion and Analysis

For the three months ended March 31, 2010

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The following management's discussion and analysis ("MD&A") is dated May 28, 2010 and should be read in conjunction with the unaudited financial statements and accompanying notes of Petromanas Energy Inc. (the "Company"), formerly WWI Resources Ltd. for the three months ended March 31, 2010 and the audited financial statements and MD&A for the year ended December 31, 2009.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or at [www.petromanas.com](http://www.petromanas.com).

The preparation of financial data is in accordance with Canadian generally accepted accounting principles and all figures are reported in Canadian dollars unless otherwise indicated.

## **Forward-Looking Statements**

Certain statements contained in this MD&A are forward-looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. In addition, statements relating to reserves or resources are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- Our expectations regarding our cost structure.
- Factors upon which we will decide whether or not to undertake a specific course of action.
- Our expectations regarding our ability to raise capital or bank debt and the currency of any such capital or bank debt.
- The sale, farming-in, farming-out or development of certain exploration properties.
- The realization of anticipated benefits of acquisitions and dispositions.
- Our expectations regarding our ability to obtain certain government and regulatory approvals.
- Our expectations regarding tax treatment under foreign government taxation regimes.
- Our expectations regarding our cash requirements and funding for the next year.
- Our corporate strategies, the criteria to be considered in connection therewith and the benefits to be derived therefrom.

The Company's actual results could differ materially from those anticipated in these forward looking statements.

Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will prove inaccurate. Certain of these risks are beyond our control, including: political instability in the countries in which we operate, the impact of general economic conditions in the areas in which we operate, civil unrest, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations

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in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with oil and gas operations.

## **Company Overview**

Petromanas Energy Inc. is a junior oil and gas exploration company engaged in the acquisition and exploration of oil and gas properties. As of the date of this report, the Company's core area of interest is in Albania.

The Company was originally incorporated under the Business Corporations Act (Alberta) on March 6, 1998 and its shares are listed for trading on the Toronto Stock Venture Exchange under the symbol **PMI**.

On February 24, 2010, the Company completed the arm's length acquisition from DWM, a wholly-owned subsidiary of Manas Petroleum Corporation, of all of the issued and outstanding securities of Manas Adriatic, which holds three onshore oil and gas production sharing contracts containing six licenses located in Albania.

As consideration for the acquisition, the Company paid DWM \$2,000,000 cash, \$964,929 advance outstanding as at December 31, 2009 and US \$350,000 (\$366,384) payable as at March 31, 2010, for loans previously made by DWM to Manas Adriatic and its predecessors in title to the Licenses. The Company also issued 200,000,000 common shares related to the acquisition, 100,000,000 common shares were issued at closing date, and subsequent to March 31, 2010 the remaining 100,000,000 common shares were issued into escrow with restricted hold period expiring June 24, 2011. The Company also issued 8,000,000 common shares as a finders fee related to the acquisition. The Company also advanced Manas Adriatic \$8,774,550 to settle its outstanding debt to DWM.

The Company may issue an additional 50,000,000 shares to DWM upon the achievement of certain goals:

1. 25,000,000 common shares upon receipt of a report prepared pursuant to National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" confirming that the Licenses have proven and probable ("2P") reserves of not less than 50,000,000 barrels of oil equivalent ("boe"); and
2. upon Manas Adriatic being in receipt of a report prepared pursuant to National Instrument 51-101 confirming that the Licenses have 2P reserves in excess of 50,000,000 boe. For each 50,000,000 boe over and above the initial 50,000,000 boe, an additional 500,000 common shares will be issued to a maximum of 25,000,000 common shares.

In connection with the acquisition, on February 24, 2010, the Company closed a private placement of 100,000,000 units at a price of \$0.25 per unit for gross proceeds of \$25,000,000. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to purchase a further common share at a price of \$0.45 per share for a period of 5 years expiring February 23, 2015. Share issuance costs for the private placement were 1,304,703.

On February 24, 2010, the Company granted 24,000,000 stock options to directors, officers, consultants and charities, exercisable at \$0.30 until February 24, 2020.

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## **Albanian Licenses**

In December 2007, Manas Adriatic was granted two production sharing contracts by the Ministry of Economy, Trade and Energy of Albania; one of which covers licenses for the areas referred to as Blocks A and B, and one of which covers licenses for the areas referred to as Blocks D and E.

In July 2009, Manas Adriatic was granted another production sharing contract by the Ministry of Economy, Trade and Energy of Albania covering the licenses for the areas referred to as Blocks 2 and 3.

These production sharing contracts set out minimum work and expenditure requirements for three phases that must be complied with in order to maintain exploration rights. Failure to comply with the work and financial requirements in any one phase would lead to the termination of the exploration rights on that specific contract. After each phase, the Company has the option to either continue or relinquish the exploration rights.

### **Blocks A-B-D-E**

The two production sharing contracts comprised of Blocks A, B, D, and E cover approximately 3,100 km<sup>2</sup> (or approximately 766,000 acres). Under the original agreements, completion of the three phases is set to take seven years and will require minimum expenditures of \$15,620,000 for each of the two contracts.

#### *Blocks A-B*

Manas Adriatic has completed its work commitment for phase 1, which required geological and geophysical studies, re-processing of at least 200 km of seismic data and the acquisition and processing of either 190 km of 2D seismic, or the drilling of an exploration well to a depth of at least 3,000 meters.

To date, Manas Adriatic has completed geological and geophysical studies, re-processed a total of 328 km of 2D seismic, acquired and processed 190 km of 2D seismic, as well as completed mapping and volumetrics.

#### *Blocks D-E*

The Company is currently completing its work commitment for phase 1, which requires geological and geophysical studies, re-processing of at least 200 km of seismic data and the acquisition and processing of either 105 km of 2D seismic, or the drilling of an exploration well to a depth of at least 3,000 meters. The Company has until December 25, 2010 to complete the phase 1 requirements of Blocks D and E.

To date, Manas Adriatic has completed geological and geophysical studies, re-processed a total of 334 km of 2D seismic, as well as completed mapping and volumetrics.

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## Blocks 2-3

The production sharing contract comprised of Blocks 2 and 3 covers approximately 3,439 km<sup>2</sup> (or approximately 849,795 acres). Under the original agreements, completion of the three phases is set to take seven years and will require minimum expenditures of \$25,100,000. The Company has until July 30, 2012 to complete the phase 1 requirements of Blocks 2 and 3.

The phase 1 minimum work and financial program requires the undertaking of a minimum of \$400,000 in geological and geophysical studies, the re-processing of 150 km of seismic data at a minimum cost of \$100,000 and drilling of an exploration well to a depth of at least 4,000 meters at a minimum cost of \$8,000,000 or until the Carbonates of the Eocene or Cretaceous is reached, whichever first occurs.

## Results of Operations

For the quarter ended March 31, 2010 and for the quarter ended March 31, 2009, the Company recorded no revenues.

The Company had a net loss of \$6,240,542 for the three months ended March 31, 2010 compared to a net loss of \$208,318 for the three months ended March 31, 2009.

The Company's most significant expenses, excluding currency translation adjustments, were as follows:

	For the three months ended March 31	
	2010	2009
<b>Expenses</b>		
Salaries and benefits	\$149,312	\$-
Professional and advisory fees	118,007	19,954
Office and administration	27,539	3,179
Depreciation	1,407	-
Regulatory, transfer agent and listing fees	14,470	8,868
Stock-based compensation	5,991,562	212,524
Travel and accommodation	55,764	-

In the first quarter of 2010 salaries and benefits increased from \$ Nil for the first quarter of 2009 to \$149,312. Due to the acquisition of Manas Adriatic the Company had nine employees on the payroll as of March 31, 2010 as opposed to nil at March 31, 2009.

Professional and advisory fees increased in the first quarter of 2010 to \$118,007 from \$19,954 for the first quarter of 2009. This increase is a result of higher financing fees and audit and investor relation activity related to the new core business of the Company.

Stock-based compensation for the first quarter of 2010 amounted to \$5,991,562. In connection with the completion of the acquisition the Company granted 24,000,000 options to directors, officers, employees of the Company, consultants and charitable organizations. For the first quarter of 2009 the Company's expenses regarding stock-based compensation were \$212,524, of which \$119,288 related to a grant of 1,000,000 stock options and \$93,236 related to a repricing of 3,350,000 stock options.

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For the period ended March 31, 2010 expenses for travel and accommodation increased to \$55,764 compared to \$ Nil for the comparable period of the previous year due to expenditures related to the acquisition of Manas Adriatic.

## **Financial Position Information**

Total assets increased from \$5,444,521 at December 31, 2009 to \$99,333,225 at March 31, 2010. The increase in assets was mainly due to the proceeds of a \$25,000,000 private placement and the newly acquired oil and gas interests valued at \$82,295,781.

## **Liquidity**

As of March 31, 2010 the Company had cash and cash equivalents of \$16,817,357 compared to \$4,439,988, of which \$4,000,000 were held in a term deposit, as of December 31, 2009.

The Company has sufficient cash to settle outstanding liabilities, but will require additional financing to complete the previously described exploration and development programs.

On May 10, 2010, the Company announced that it had entered into an agreement with a syndicate to issue, on a private placement "commercially reasonable efforts" agency basis, up to \$60,000,000 in units at a price of \$0.40 per unit. The offering included an over-allotment option, which if fully exercised would increase gross proceeds to \$75,000,000

The offering was closed on May 27, 2010 and consisted of 187,500,000 units at a price of \$0.40 per unit including the over-allotment of 37,500,000 units for gross proceeds of \$75,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.60 per share on or before May 26, 2012. The shares, warrants and any common shares acquired on exercise of the warrants are subject to a hold period expiring September 28, 2010. The Agents were paid a cash commission of 6% of the gross proceeds of the Offering.

Subsequent to March 31, 2010, in connection with the Company's Production Sharing Contracts ("PSCs") in Albania, funds of US \$9,375,000 (\$9,533,428) were deposited as a security to the Albanian government, which will be released in parts upon completion of the respective phases of the work program.

The company has no bank debt or banking credit facilities in place.

## **Related Party Transactions**

During the three months ended March 31, 2010, the Company:

- a) incurred management fees of US\$25,471 or \$25,902 (2009 - \$Nil) to Manas Petroleum Corporation, which is a significant shareholder of the Company;
- b) incurred \$64,000 (2008 - \$Nil) in Director's fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Outstanding Share Data**

As at the date of this report, there were 618,131,466 common shares issued and outstanding.

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Pursuant to a share purchase agreement dated February 12, 2010, as amended May 25, 2010, the Company issued to DWM Petroleum AG ("DWM") an additional 100,000,000 common shares.

As at the date of this report, there were 26,650,000 stock options and 208,750,000 warrants outstanding.

## **Critical Accounting Policies and Estimates**

### ***(a) Principles of consolidation***

The unaudited interim consolidated financial statements include the accounts of the Company and its subsidiary companies. All of the Company's activities are conducted jointly with others and the consolidated financial statements reflect only the Company's proportionate interest in such activities. The Company consolidates the operations of its wholly owned subsidiary Manas Adriatic GmbH. Intercompany transactions and resulting balances with the Company's subsidiaries have been eliminated.

The Company has no interest in entities other than its wholly owned subsidiary Manas Adriatic GmbH.

### ***(b) Use of estimates***

The preparation of interim consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in the preparation of these interim consolidated financial statements include, but are not limited to, the fair value of stock-based compensation.

### ***(c) Property, plant and equipment***

The Company follows the full cost method of accounting for oil and gas operations whereby all costs incurred in connection with the acquisition, exploration for and development of oil and gas reserves, including certain overhead and dry-hole expenditures are capitalized and accumulated by cost centers on a country-by-country basis. Such capitalized amounts include land acquisition costs, geological and geophysical expenditures, cost of drilling both productive and non-productive wells, gathering and production facilities and equipment, and overhead expenses directly related to exploration and development activities.

### ***(d) Impairment assessment***

Impairment is determined when the carrying amount of property, plant and equipment exceeds the risk-adjusted sum of the undiscounted cash flows expected to result from the Company's resources (determined pursuant to evaluation by independent engineers as dictated by National Instrument 51-101). If the carrying value is impaired, the amount of impairment is measured by comparing the carrying amounts of our property, plant and equipment to an amount equal to the risk-adjusted net present value of potential future cash flows from the Company's resources. This calculation incorporates risks and uncertainties in the expected future cash flows that are discounted using a risk-free rate and risk-adjusted by multiplying with an estimated likelihood of a successful discovery. Any excess carrying value above the net present value of the future cash

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flows would be recorded as a permanent impairment to the property, plant and equipment, which is written down to its fair value.

The Company applies this test at least annually.

## ***(e) Foreign currency translation***

The measurement currency of the Company and its foreign operations is the Canadian dollar and therefore the operating results of the Company's foreign operations are translated using the temporal method. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date, non-monetary assets denominated in foreign currencies and measured at other than fair value are translated using the rates of exchange at the transaction dates, non-monetary assets denominated in foreign currencies that are measured at fair value are translated using the rates of exchange at the dates those fair values are determined and revenue and expenses are translated at the exchange rate in effect on the date they occur. Depreciation or amortization of assets translated at historical exchange rates is translated at the same exchange rate as the assets to which it relates.

## **Recent Accounting Standards Not Yet Effective**

### **Business Combinations**

In December 2008, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. The Company chose to early adopt Sections 1582, 1601 and 1602 effective January 1, 2010. The adoption of these sections did not have an impact on the unaudited interim consolidated financial statements.

### **International Financial Reporting Standards (“IFRS”)**

In February 2008 the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant information on a comparative basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date.

### **Business Risks and Uncertainties**

The Company's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the current and future operations in the foreign jurisdictions in which the Company's subsidiaries operate. The Company has identified certain risks pertinent to its business including:

- a) **Exploration and Reserve Risk** - Exploration, appraisal and development of oil and gas reserves are speculative and involve a significant degree of risk. There can be no

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- assurances that exploration or appraisal of the properties in which the subsidiaries hold rights will be successful.
- b) **Drilling and Operating Risk** - Exploration and development activities may be delayed or adversely affected by factors beyond the control of the Company. These include adverse climate conditions, availability of materials and competent labor to perform services and compliance with current and future government regulations. Drilling may result in dry holes or wells that do not produce sufficiently to justify commercial production. Delays in drilling from such conditions can increase drilling expenditures.
  - c) **Costs and Availability of Materials and Services** – The Company may face difficulties in obtaining adequate materials and services at an economical price in the region in which it operates.
  - d) **Environmental Risk** – The oil and gas industry is subject to extensive environmental regulations within the jurisdictions in which it operates. The Company regularly discusses environmental practices to ensure regulatory compliance is maintained. The Company believes it fully complies with existing regulations; however, it cannot predict any changes to existing regulations and the impact they could have on the Company.
  - e) **Capital Markets and the Requirement for Additional Capital** - The Company's main source of financing has been through the capital markets. The Company currently has access to sufficient capital to finance future operations; however, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.
  - f) **Loss of or Changes to Production Sharing or Related Agreements** – The Company and its subsidiaries are subject to changes in product sharing or related agreements that could have a positive or negative impact on operations. Management will accept changes that are in the best interests of the Company and its subsidiaries.
  - g) **Economic, Political and Legal Risk** – The Company's exploration activities are in foreign jurisdictions and as such, may be subject to economic, social and/or political risks including, but not limited to, terrorism, revolution, hyperinflation, change of laws affecting existing programs or foreign ownership, government participation, taxation, profit repatriation, working conditions, exploration licensing and petroleum export licensing and export duties. Some of the jurisdictions in which the Company operates have a less developed legal system than jurisdictions with more established economies which may result in risks such as: (i) effective legal redress in the courts of such jurisdiction, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. There can be no assurance that joint ventures, licenses, license applications or other such legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements in this jurisdiction cannot be assured.
  - h) **Market Risk** – In the event of successful development of oil and gas reserves, the marketing of the Company's subsidiaries' prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including roads, access to ports, shipping facilities, pipelines and the pipeline capacity at economic tariff rates which the Company's subsidiaries may have limited or no control.

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- i) **Volatility of Future Oil and Gas Prices** - The demand for, and price of, oil and gas is highly dependent on a variety of factors beyond the control of the Company, such as international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil and gas prices have fluctuated widely in recent years and may continue similar patterns going forward. The changes in these commodity prices will have an effect on future earnings as well as impact future business decisions in determining what programs to proceed with. The Company has not entered into any forward contracts to protect itself from fluctuations in oil and gas prices as it has not had any production revenue to date.
- j) **Foreign Currency Risk** – The Company's operations are exposed to fluctuations in foreign currency exchange rates. Variations in the foreign currency exchange rates could have a significant positive or negative impact. The Company manages its foreign currency exchange risk by maintaining foreign currency bank accounts and receivable accounts to offset foreign currency payables and planned expenditures. The Company does not engage in hedges to protect itself further from foreign currency exchange rate fluctuations.
- k) **Dependence on Key Personnel** – The Company relies extensively on the expertise of specific management personnel. The loss of key personnel could have a materially adverse effect on the Company.

## **Financial Instruments and Other Instruments**

### **Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, short-term investments, receivables and accounts payable and accrued liabilities.

Cash and short-term investments are designated as held-for-trading and therefore carried at fair value, with the unrealized gain or loss recorded in interest income. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The fair values of cash, short-term investments, receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

### **Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

#### *Credit Risk*

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and short-term investments, which consist of cash and term deposits. The Company reduces its credit risk by maintaining its bank accounts and term deposits at a large international financial institution. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

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## *Liquidity Risk*

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and short-term investments. The Company's cash and short-term investments are invested in business accounts and term deposits which are available on demand.

## *Market Risk*

The only significant market risk to which the Company is exposed is interest rate risk. The Company's bank accounts and term deposits earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

## **Management's Report on Internal Control over Financial Reporting**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **Outlook**

The Company is currently developing its exploration program on the Albanian properties while continuing to seek additional opportunities in the oil and gas industry.

During Q2 and Q3 2010, the Company is planning to perform a minimum 105 km seismic program on Block E, in Albania. This is to further refine the geological models of the Papri and West Roava prospects based on seismic data acquired by previous exploration activities. As a major part of this area is mountainous, the Company is planning to apply conventional seismic techniques using explosives as a source of energy along with helicopter support. Through these activities, the Company will fulfill its seismic commitment for Blocks D and E. Based on the results of reinterpretations of existing seismic of Blocks 2 and 3, the company may decide to acquire additional seismic to further define structures of the Shpiragu and the South Shpiragu prospects. Based on the seismic results the Company will evaluate options for drill locations in the blocks.

## **Subsequent Events**

On May 10, 2010, the Company announced that it had entered into an agreement with a syndicate to issue, on a private placement "commercially reasonable efforts" agency basis, up to \$60,000,000 in units at a price of \$0.40 per unit. The offering included an over-allotment option, which if fully exercised would increase gross proceeds to \$75,000,000.

The offering was closed on May 27, 2010 and consisted of 187,500,000 units at a price of \$0.40 per unit including the over-allotment of 37,500,000 units for gross proceeds of \$75,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Company at a

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price of \$0.60 per share on or before May 26, 2012. The shares, warrants and any common shares acquired on exercise of the warrants are subject to a hold period expiring September 28, 2010. The Agents were paid a cash commission of 6% of the gross proceeds of the Offering.

Pursuant to a share purchase agreement dated February 12, 2010, as amended May 25, 2010, the Company issued to DWM Petroleum AG ("DWM") an additional 100,000,000 common shares.

## Selected Quarterly Information

The following is a summary of selected financial information for the Company for the periods indicated. The Company currently has no revenue to offset its expenses. The Company's expenses are more fully described in Results of Operations.

	Q1 2010	Q4 2009	Q3 2009	Q2 2009
Interest income	\$9,639	\$5,635	\$20,654	\$36,326
Net earnings (loss) for the period	<u>\$(6,240,542)</u>	<u>\$(33,637)</u>	<u>\$(40,895)</u>	<u>\$6,641</u>
Basic and diluted earnings (loss) per share	<u>\$(0.03)</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$0.00</u>
Weighted average number of common shares outstanding	<u>203,413,355</u>	<u>120,081,466</u>	<u>120,081,466</u>	<u>120,081,466</u>
	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Interest income	\$36,207	\$37,967	\$32,275	\$22,462
Net earnings (loss) for the period	<u>\$(208,318)</u>	<u>\$2,133</u>	<u>\$(49,391)</u>	<u>\$(509,777)</u>
Basic and diluted earnings (loss) per share	<u>\$(0.00)</u>	<u>\$0.00</u>	<u>\$(0.00)</u>	<u>\$(0.00)</u>
Weighted average number of common shares outstanding	<u>120,081,466</u>	<u>120,081,466</u>	<u>119,081,520</u>	<u>110,567,993</u>

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## Additional Disclosure for Venture Issuers without significant revenue

The company is a venture issuer that has not had significant revenue from operations in either of its last two financial years. In accordance with National Instrument 51-102, additional disclosure is presented below:

	Three months ended March 31, 2010			
	Total	Albania Block A-B	Albania Block D-E	Albania Block 2-3
Overhead related to exploration activities	\$12,876	\$1,931	\$5,150	\$5,794
Capitalized exploration costs	<u>\$47,128</u>	\$10,206	\$10,099	\$26,823
Total capitalized exploration costs	<u><u>\$60,004</u></u>			

In the three month period ended March 31, 2009 the Company had neither capitalized exploration costs nor general administration expenses.