MD&A

The following Management Discussion and Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Ember Resources Inc. ("Ember" or the "Company") for the year ended December 31, 2006. Ember was incorporated on June 3, 2005 and commenced commercial operations on July 7, 2005. The MD&A includes comparisons for the period from commencement of operations July 7, 2005 to December 31, 2005 which will hereafter be referred to as the period ended December 31, 2005 or the six-month period ended December 31, 2005. Certain amounts throughout the report are referred to as restated, and should be read in conjunction with the restatement summary listed under Change in Accounting Policies. The following information has been prepared by management and should be read in conjunction with the audited financial statements for the period ended December 31, 2006, dated March 14, 2007. The reporting and measurement currency is the Canadian dollar. This MD&A is dated as of March 14, 2007.

Forward-looking Statements

Statements throughout this MD&A that are not historical facts may be considered "forward-looking statements." Some of the statements contained herein including, without limitation, financial and business prospects and financial outlooks may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been 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 risks 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, changes in general economic and market conditions and other risk factors. 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 may only be updated as required by law should material events or circumstances arise.

Ember's Business

Ember is a natural gas exploration and production company focused on extraction of natural gas derived from coalbed methane ("CBM") in the province of Alberta, Canada. The Company operates in four principal geographic areas of Alberta: Acme located northeast of Calgary; Fenn-Big Valley located northeast of Calgary; Rosalind located southeast of Edmonton; and Manola located northwest of Edmonton. At December 31, 2006 the Company held interests in 292,000 net acres of developed and undeveloped land, and produced at an average rate for the year ended December 31, 2006 of 4,655 mcf/d (776 boe/d).

History

In July 2005, Ember, Thunder Energy Inc. ("Thunder"), Mustang Resources Inc. ("Mustang") and Forte Resources Inc. ("Forte") completed a Plan of Arrangement (the "Arrangement"). Under the Arrangement, Ember acquired certain natural gas rights associated with coal from Thunder and became engaged in the acquisition, development and production of CBM gas reserves. Ember assumed all liabilities, including environmental liabilities, relating to the transferred assets.

In July 2005, Ember completed a $6 million private placement consisting of 3,108,808 common shares in the capital of Ember ("Common Shares") issued at $1.93 per share to employees, directors and service providers of Ember. The Common Shares are subject to escrow agreements which allow for release in equal amounts on January 9, 2006, July 10, 2006 and July 5, 2007.

On August 31, 2005, Ember completed a bought deal financing of 7,000,000 Common Shares at a price of $7.15 per share for gross proceeds of $50,050,000.

In April 2006, Ember finalized arrangements to increase its credit facility to $15 million from $2.5 million. The facility was renewed in October 2006 with the next review scheduled for April 2007.

Since inception Ember has drilled 60 gross (60 net) Horseshoe Canyon wells, and 12 gross (10.5 net) Mannville wells. The Company has increased production from 2,336 mcf/d (389 boe/d) at inception to current rates of 6,500 mcf/d (1,083 boe/d), an increase of 178%.

On March 1, 2007, the Company acquired coalbed methane natural gas assets from a private company for cash consideration of $8.75 million. The assets located in the Acme area of Alberta consist of 10 developed non-producing gas wells, and a 70.5% operated interest in 16,960 gross acres of land (11,960 net).

Also on March 1, 2007, the Company issued 5,660,400 Common Shares by way of a private placement, at $2.65 per share for cash consideration of $15.0 million. Proceeds of the issue were used to fund the $8.75 million natural gas asset acquisition with the balance to be used to reduce debt and for working capital purposes.

2006 Review

The following are highlights of the year ended December 31, 2006.

Mannville Commercialization

Ember has made significant strides towards commercialization of its Mannville coal resource. Continuous improvements to existing technologies and the application of new technologies have yielded positive results from Mannville horizontal wells during the year. Some of that success has been recognized by our independent engineers with a total of 0.8 bcf proven, 5.5 bcf of probable and 11.2 bcf of possible reserves recorded at year end.

Production Growth

Average production increased 94% to 4.655 mmcf/d from 2.405 mmcf/d in 2005.

Production was up 23% to 6.107 mmcf/d during the fourth quarter 2006 from the third quarter's 4.972 mmcf/d, the fourth consecutive double-digit quarterly production growth.

All of Ember's production growth has come from the drill bit.

100% Drilling Success

During the year, Ember drilled a total of 28 CBM wells (27.5 net), all successful. Twenty four net wells were drilled at Fenn-Big Valley as part of an ongoing Horseshoe Canyon coal development program. Four horizontal wells (3.5 net) were drilled in Mannville coal projects, three at Manola and one at Rosalind.

Financial Performance

Funds from operations for the year ended December 31, 2006 were $4,627,000 or $0.15 per share diluted as compared to $3,016,000 or $0.10 per share diluted in the six-month period ended December 31, 2005. Production gains were offset by the decline in gas prices and higher operating and general and administrative costs from the same period last year.

The Company recorded a net loss of $3,512,000 for the year ended December 31, 2006 or $(0.12) per share diluted as compared to a $1,122,000 net income or $0.04 per share diluted in the six-month period ended December 31, 2005.

Capital expenditures for the year ended December 31, 2006 totaled $34.8 million resulting in a working capital deficit of $11.1 million at the end of the year. This working capital deficit represents a 74% draw on available lines of credit of $15 million which have been recently reviewed and the agreement terms have been extended through to the next scheduled review period of April 2007. Subsequent to the year end, the Company raised $15.0 million of financing through the issue of equity before share issue costs. Of this amount, $8.75 million was used for an asset acquisition with the balance to be used for working capital.

Change in Accounting Policies

In July 2006 Ember changed its accounting policies governing direct and indirect general and administrative expenses, stock-based compensation (SBC), and pre-production costs associated with wells drilled into the Mannville zone. Previously the Company had expensed all these costs. The change results in capitalization of a portion of these costs and inclusion in the full cost capital pool subject to depletion. The changes have been applied retroactively with restatement of results back to commencement of operations in July 2005.

The changes are as follows:

General and Administrative (G&A) and Stock-based Compensation (SBC)

Effective July 1, 2006, Ember changed its accounting policy for direct and indirect G&A and SBC expenses in order to more accurately reflect the cost of bringing assets on production. Previously Ember expensed all direct G&A expenses and SBC expenses related to acquisition and development activities. Under the new policy, direct G&A costs together with the related portion of the SBC expenses for the impacted employees are being included in the full cost pool and depleted. The effect of this change in accounting policy has been recorded retroactively with restatement of the prior period.

Capitalized Mannville Pre-production Expenses

Effective July 1, 2006, Ember changed its accounting policy for initial production costs related to Ember's drilling and production operations in Mannville zones. Previously, the Company recorded initial production activities (including all revenues and expenses) for all Mannville wells through the income statement as is typical for more conventional natural gas operations. Significant gas production and revenue generation does not occur in Mannville zones until dewatering of the coals occurs. Until commercial gas production and revenue generation commences, Ember believes that a policy of capitalizing these pre-production costs (including all expenses and incidental revenue) on a well by well basis, is more representative of the costs of bringing assets on production. Under the new policy, certain net pre-production costs including expenses and incidental revenue will be included in the full cost pool and depleted. The effect of this change in accounting policy has been recorded retroactively with restatement of prior periods.

The results of the changes are as follows:

Six months ended December 31, 2005 ($000s)	Amount previously reported	Restatement adjustment	Restated amount	Effect on earnings and retained earnings	Effect on funds from operations
Natural gas sales	4,424	(20)	4,404	(20)	(20)
Royalties	360	(6)	354	6	6
Operating costs	758	(137)	621	137	137
G&A	1,131	(534)	597	534	534
SBC	808	(282)	526	282	0
Depreciation and depletion	1,336	32	1,368	(32)	0
Property and equipment	46,482	907	47,389	0	0
Production volumes *(mcf)*	444,417	(1,810)	442,607	0	0
				907	**657**

Net Loss and Funds from Operations

Net loss was $3.5 million for the year ended December 31, 2006 compared to net income of $1.1 million for the six-month period ended December 31, 2005. Funds from operations were $4.6 million for the year ended December 31, 2006 compared to $3.0 million for the six-month period ended December 31, 2005.

($000s)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
Net income (loss) for the period	**(3,512)**	1,122	(413)
Add items not involving cash			
Depreciation, depletion and accretion	**6,211**	1,368	354
Stock-based compensation expense	**1,928**	526	267
Funds from operations	**4,627**	3,016	53

Netback Analysis

The following tables summarize Ember's operating netback and funds from operations on a mcf and boe basis for the year ended December 31, 2006, and the six months ended December 31, 2005.

($/mcf)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
Natural gas revenues	**6.13**	9.95	(38)
Royalties	**(0.62)**	(0.80)	(23)
	5.51	9.15	(40)
Operating expense	**(1.54)**	(1.40)	10
Transportation expense	**(0.21)**	(0.29)	(28)
Operating netback	**3.76**	7.46	(50)
Interest and other income	**0.15**	0.78	(81)
General and administrative	**(1.15)**	(1.35)	(15)
Interest expense	**(0.02)**	0.00	N/A
Capital taxes	**0.00**	(0.08)	(100)
Funds from operations	**2.74**	6.81	(60)

($/boe)			
Natural gas revenues	**36.77**	59.70	(38)
Royalties	**(3.73)**	(4.79)	(22)
	33.04	54.91	(40)
Operating expense	**(9.24)**	(8.42)	10
Transportation expense	**(1.29)**	(1.72)	(25)
Operating netback	**22.51**	44.77	(50)
Interest and other income	**0.88**	4.71	(81)
General and administrative	**(6.91)**	(8.11)	(15)
Interest expense	**(0.14)**	0.00	N/A
Capital taxes	**0.00**	(0.49)	(100)
Funds from operations	**16.34**	40.88	(60)

Product Pricing

Natural gas	Year ended December 31, 2006	Period ended December 31, 2005	Percentage change
		(Restated)	
NYMEX average price *(US$/mcf)*	**6.63**	11.14	(40)
AECO basis *(US$/mcf)*	**(0.95)**	(2.32)	(59)
Average foreign exchange rate *(Cdn$/US$)*	**0.8820**	0.8425	5
AECO average price *(Cdn$/mcf)*	**6.45**	10.43	(38)
Corporate differential *(Cdn$/mcf)*	**(0.32)**	(0.48)	(33)
Ember average price *(Cdn$/mcf)*	**6.13**	9.95	(38)
Transportation *(Cdn$/mcf)*	**(0.21)**	(0.29)	(28)
Ember wellhead price *(Cdn$/mcf)*	**5.92**	9.66	(39)

In 2006, gas prices decreased in response to lower demand compared to fall 2005, as North America experienced a warmer than normal winter. As a result, natural gas storage levels remained at high levels throughout the year causing natural gas prices to drop to two-year lows.

The longer-term outlook for natural gas prices remains strong as futures prices are higher in 2007 and beyond as the market anticipates current imbalances in supply and demand to adjust. Price volatility remains the theme for natural gas as the market reacts quickly to changing news and weather forecasts.

CBM is in all material respects the same as natural gas. It varies in heating content and other elements contained within the produced gas stream. For example, Ember's CBM contains no harmful H_2S and minor amounts of CO_2 which are removed during processing. Ember currently receives pricing that typically averages 5% less than the weighted average of AECO (based on Ember's weighted average volumes) in Canadian dollars which reflects the lower heating content of CBM gas.

Revenue and Production

	Year ended December 31, 2006	Period ended December 31, 2005	Percentage change
		(Restated)	
Natural gas revenue *($000s)*	**10,414**	4,404	136
Average natural gas production *(mcf/d)*	**4,655**	2,405	94
Average natural gas production *(boe/d)*	**776**	401	94
Total natural gas production *(mcf)*	**1,699,096**	442,607	284
Total natural gas production *(boe)*	**283,183**	73,768	284

Ember's total production increased by 284% in 2006 compared to the six-month period in 2005 as a result of continuing drilling programs. Average prices decreased by 38% over the same period resulting in a 136% revenue increase. The production increase was attributed primarily to the Horseshoe Canyon project at Fenn-Big Valley where Ember has drilled over 60 wells from 2005 to 2006.

Horseshoe Canyon production increased 77% from 2,330 mcf/d (388 boe/d) in the six months ended December 31, 2005 to average 4,118 mcf/d (686 boe/d) in the year ended December 31, 2006. The Mannville projects in Manola and Rosalind that are not being capitalized increased production by 616% to an average of 537 mcf/d (90 boe/d) in 2006 from 75 mcf/d (13 boe/d) in the six-month period ended December 31, 2005.

The Company's current production is derived primarily from its Fenn-Big Valley area which produces from coals in the Horseshoe Canyon formation. Over the long term, it is forecast that Ember's production will shift from Horseshoe Canyon dominated, to a blend that includes Mannville formations. Characteristics of Mannville production include wells that require dewatering prior to peak production rates and wells that have higher capital costs to drill. Once dewatered, these wells are expected to produce at higher daily rates than Horseshoe Canyon wells.

Royalties

($/mcf)	**Year ended December 31, 2006**	Period ended December 31, 2005 *(Restated)*	Percentage change
Total natural gas royalties *($000s)*	**1,057**	353	199
Crown royalties per unit	**0.58**	0.72	(19)
Freehold royalties per unit	**0.04**	0.08	(50)
Total royalties per unit	**0.62**	0.80	(23)
Royalties as a % of revenue	**10.1**	8.0	26
($/boe)			
Total natural gas royalties *($000s)*	**1,057**	353	199
Crown royalties per unit	**3.46**	4.32	(20)
Freehold royalties per unit	**0.27**	0.47	(43)
Total royalties per unit	**3.73**	4.79	(22)
Royalties as a % of revenue	**10.1**	8.0	26

Royalties are calculated and paid based on production and revenue, net of associated transportation cost. The Company's current base of wells is primarily on Crown lands. Crown royalty rates vary with productivity, with reduced rates for wells that average less than 700 mcf/d (117 boe/d). Ember's production is primarily from Horseshoe Canyon wells which initially average 75-125 mcf/d per well, resulting in royalty rates averaging approximately 10%.

Operating and Transportation Expense

	Year ended December 31, 2006	Period ended December 31, 2005 *(Restated)*	Percentage change
Total operating expenses *($000s)*	**2,615**	621	321
Horseshoe Canyon	**1,926**	594	224
Mannville	**689**	27	2,452
Transportation expense *($000s)*	**365**	127	187
($/mcf)			
Total operating expenses	**1.54**	1.40	10
Horseshoe Canyon	**1.28**	1.38	(7)
Mannville	**3.51**	2.00	76
Transportation expense	**0.21**	0.29	(28)
($/boe)			
Total operating expenses	**9.24**	8.42	10
Horseshoe Canyon	**7.68**	8.28	(7)
Mannville	**21.06**	12.00	76
Transportation expense	**1.29**	1.72	(25)

Operating costs per unit averaged $1.54/mcf ($9.24/boe) for the 2006 year compared with $1.40/mcf ($8.42/boe) for the 2005 period. Operating costs on a per unit basis have increased from 2005 as Ember commenced producing Mannville wells in 2006.

CBM operating costs vary between Horseshoe Canyon and Mannville production. Horseshoe Canyon wells produce gas immediately and do not require dewatering to reach peak production levels. Unit operating costs from this formation have a consistent profile when wells commence production. Mannville wells require dewatering prior to reaching peak production. As a result, operating costs on a per unit basis are initially high, but typically decrease as water production declines and gas production increases. Ember is now capitalizing certain pre-production Mannville costs to better reflect the cost of bringing these wells on production.

Operating costs for Ember's Fenn-Big Valley wells (Horseshoe Canyon) averaged approximately $1.28/mcf ($7.68/boe) for the 2006 year compared with $1.38/mcf ($8.28/boe) in 2005. This decline on a per unit basis is attributable to higher production volumes and efforts being made by Ember to streamline field operations.

The Company's Rosalind and Manola wells (Mannville) presently incur higher operating costs with relatively low gas production rates. Operating costs for Mannville production averaged $3.51/mcf ($21.06/boe) for 2006 compared with $2.00/mcf ($12.00/boe) for 2005. Unit operating costs over the long term are expected to decline as Mannville gas production increases and water handling costs decrease. In the near term, average unit operating costs for Mannville wells will be influenced by the number of new wells put on production, production rates from such wells and the average dewatering time of all Mannville wells.

Transportation expense relates to costs of transporting Ember's natural gas production on major pipelines. This rate has declined to the range of $0.21/mcf ($1.29 /boe) as the Company has experienced competitive market rates.

During the third quarter, 2006 Ember changed its accounting policies governing general and administrative expenses, stock-based compensation, and pre-production costs associated with wells drilled into the Mannville zone (see Change in Accounting Policies).

Depletion, Depreciation and Accretion (DD&A)

	Year ended December 31, 2006	Period ended December 31, 2005	Percentage change
		(Restated)	
DD&A expense *($000s)*	**6,211**	1,368	354
$ per mcf	**3.66**	3.09	18
$ per boe	**21.94**	18.55	18

During 2006, depletion and depreciation of capital assets and the accretion of the asset retirement obligations increased by 354% to $6.2 million from $1.4 million during the six-month period ended December 31, 2005. The increase was primarily due to a 284% production increase and an 18% increase in the per unit DD&A rate from $18.55/boe to $21.94/boe.

Ember excluded $37.0 million of unproved asset costs from the depreciation and depletion calculation in the fourth quarter of 2006. These costs represent land and drilling costs for unproved properties, some of which are expected to be assigned reserves in the future, at which time these costs will be subject to depletion. During the fourth quarter of 2006 the depletion base also included $8.4 million of estimated future development costs related to proved undeveloped reserves that form a key part of Ember's reserve base.

Asset base for depletion purposes *($000s)*	**Three months ended December 31, 2006**	Three months ended December 31, 2005	Percentage change
Total book carrying value of assets	**79,100**	46,804	69
Less: Unproven properties	**(37,031)**	(30,169)	23
Add: Future development costs	**8,413**	8,351	1
Total assets subject to depletion	**50,482**	24,986	102

General and Administrative Expenses (G&A)

($000s)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
Gross G&A expenses	**3,249**	1,179	176
Indirect capitalized G&A	**(654)**	(229)	186
Capital overhead recoveries	**(637)**	(353)	80
Net G&A expense	**1,958**	597	228
$ per mcf	**1.15**	1.35	(15)
$ per boe	**6.91**	8.11	(15)

General and administrative expenses totaled $1.96 million or $1.15/mcf ($6.91/boe) for the year ended December 31, 2006 compared with $0.6 million or $1.35/mcf ($8.11/boe) for the six-month period ended December 31, 2005. During 2006, Ember continued to maintain management, technical and support teams to support both current and future activity and production growth. At year end 2006, Ember employed 19 full-time employees. With increased drilling activity and production growth, per unit costs are expected to decline accordingly.

Indirect G&A expenses totaling $654,000 ($229,000 – 6 months ended December 31, 2005) were capitalized during the year ended December 31, 2006. During the third quarter 2006 Ember changed its accounting policies governing general and administrative expenses, stock-based compensation, and pre-production costs associated with wells drilled into the Mannville zone (see Change in Accounting Policies).

Stock-based Compensation

($000s)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
Gross SBC costs	**3,027**	808	275
Capitalized SBC	**1,099**	282	290
Net SBC expense	**1,928**	526	267
$ per mcf	**1.13**	1.19	(5)
$ per boe	**6.81**	7.13	(5)

The Company's stock-based compensation plans provide current employees, officers, directors, and consultants with the right to elect to receive Common Shares through both a Performance Share plan and a regular stock option plan. Stock-based compensation expense totaled $1,928,000 for the year ended 2006 compared to $526,000 for the six-month period in 2005. Ember has a total of 1,293,000 stock options issued at an average exercise price of $7.15 per share and 1,370,000 performance shares issued as of December 31, 2006.

During the third quarter 2006 Ember changed its accounting policies governing general and administrative expenses, stock-based compensation, and pre-production costs associated with wells drilled into the Mannville zone (see Change in Accounting Policies).

Income Taxes

Ember is not currently taxable, and the Company does not anticipate paying current income tax over the next several years. The Company's current tax rate is a combined Canadian federal and Alberta provincial rate of 34.5%.

Ember has deductible tax pools and share issue costs totaling $105.7 million which are available to shelter future taxable income. The Company has unrecorded potential future income tax assets for accounting purposes totaling $9.8 million resulting primarily from deductible temporary differences. These differences are the result of deductions for tax purposes in excess of deductible amounts for accounting purposes. The Company has not recorded a future income tax asset at this time as it does not currently meet the conditions to demonstrate taxable operations. Accordingly, Ember has taken a full valuation allowance against the future income tax asset balance.

The following table outlines carry-forward tax deductible amounts.

($000s)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
COGPE	**48,524**	51,580	(6)
CDE	**21,782**	10,189	114
CCA classes	**15,703**	8,041	95
Share issue costs	**2,282**	2,923	(22)
Non capital loss carry-forwards	**17,419**	3,263	434
Total	**105,710**	75,996	39

Capital Expenditures

($000s)	**Year ended December 31, 2006**	Period ended December 31, 2005	Percentage change
		(Restated)	
Land and property acquisitions	**2,472**	13,342	(81)
Drilling and completions	**18,891**	12,310	53
Equipment and facilities	**11,516**	5,285	118
Capitalized costs (including G&A and Mannville pre-production)	**2,008**	657	206
Asset additions for cash (including abandonment expense)	**34,887**	31,594	10
Non cash asset additions (including ARO and SBC)	**1,488**	17,101	(91)
Total asset additions	**36,375**	48,695	(25)

For the year ended December 31, 2006, capital expenditures totaled $36.4 million, all of which were funded through working capital, cash flow, and debt facilities. The Company participated in a Crown land sale in late 2005 acquiring over $12 million of additional acreage. Ember's land expenditures decreased in 2006 as the Company was less active at Crown sales reflecting less activity generally for CBM lands in Alberta.

During 2006, Ember expended $18.9 million and drilled 28 gross (27.5 net) wells and completed nearly 30 wells that carried over from the Company's drilling program in 2005. This amount also includes funds expended on remediation work for wells drilled in 2005. This activity compares to $12.7 million spent in the six-month period ended December 31, 2005 to drill 44 gross (43 net) wells, many of which were completed in 2006.

During 2006, the Company incurred $11.5 million of expenditures on pipelines, processing and sales facilities for its properties mainly in the Fenn-Big Valley area. This represents and increase from the comparative period in 2005 where expenditures in mainly the Fenn-Big Valley area totaled $5.3 million.

Quarterly Results

Ember's quarterly summary for the periods from commencement of operations, July 7, 2005 to date are:

($000s, except per share amounts and volumes)	**Q4 2006**	**Q3 2006**	**Q2 2006**	**Q1 2006**	Q4 2005	Q3 2005
			(Restated)	*(Restated)*	*(Restated)*	*(Restated)*
Sales gas *(mmcf/d)*	**6.107**	**4.972**	**4.225**	**3.282**	2.475	2.336
Average natural gas price *($/mcf)*	**6.74**	**5.31**	**5.72**	**6.77**	11.55	8.25
Gross revenue	**3,784**	**2,431**	**2,200**	**1,999**	2,630	1,774
Royalty expense	**227**	**244**	**360**	**226**	239	115
Operating and transportation expense	**869**	**744**	**840**	**527**	409	339
G&A expense	**602**	**324**	**533**	**499**	384	213
SBC expense	**435**	**472**	**519**	**502**	214	312
DD&A expense	**1,921**	**1,730**	**1,433**	**1,127**	704	664
Net earnings (loss)	**(300)**	**(1,040)**	**(1,427)**	**(745)**	925	185
– per share basic and diluted	**(0.01)**	**(0.04)**	**(0.05)**	**(0.02)**	0.03	0.01
Funds from operations	**2,057**	**1,162**	**525**	**884**	1,855	1,161
– per share basic	**0.07**	**0.03**	**0.02**	**0.03**	0.06	0.05
– per share diluted	**0.07**	**0.03**	**0.02**	**0.03**	0.06	0.04
Property and equipment additions	**6,007**	**12,204**	**5,078**	**11,553**	26,659	4,935
Outstanding shares *(000's)*	**30,415**	**30,415**	**30,417**	**30,419**	30,419	30,432

Liquidity and Capital Resources

Capitalization and Capital Resources

Share Capital *(000's)*	**December 31, 2006**
Weighted average outstanding Common Shares [1]	
– basic	**30,417**
– diluted	**30,417**
Outstanding securities at December 31, 2006	
Common Shares	**30,415**
Common Share options	**1,293**
Performance Shares	**1,370**
Outstanding securities at February 28, 2007	
Common Shares	**36,075**
Common Share options	**1,483**
Performance Shares	**1,370**

[1] *Per share information is calculated on the basis of the weighted average number of Common Shares outstanding during the fiscal year. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted to Common Shares. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon exercise of in-the-money stock options, plus the unamortized stock-based compensation expense would be used to buy back Common Shares at the average market price for the period. Performance Shares (contingently issuable shares) are calculated based on the shares that would be issuable, if the end of the reporting period were the end of the contingency period, and the result would be dilutive.*

Total Market Capitalization

The Company's market capitalization at December 31, 2006 was $78 million.

($000s, except per share amount)	**December 31, 2006**
Common shares outstanding	**30,415**
Share price [(1)]	**2.57**
Total market capitalization	**78,167**

(1) *Represents the closing price on the TSX on December 29, 2006.*

Capital Resources

At December 31, 2006, the Company had a working capital deficiency of $11.0 million. Ember also has a credit facility totaling $15.0 million. Subsequent to the year end, Ember closed a financing that raised $15 million cash through a private placement at $2.65 per share. Concurrent with the financing, Ember purchased CBM assets in the Acme area of Alberta for $8.75 million cash.

The Company's investing activities consisted primarily of expenditures on land, drilling completions, equipping, facilities and tie-ins of projects drilled in 2006, and some expenditures for 2005 projects concluded in 2006. These activities were funded by funds from operations and existing working capital.

Current Available Resources

($000s)	
Capital resources	
Working capital deficiency December 31, 2006	**(11,095)**
Bank debt available	**15,000**
Financing completed March 1, 2007	**15,000**
Asset acquisition March 1, 2007	**(8,750)**
Total capital resources available	**10,155**

Ember estimates total 2007 capital spending of $30 million, including the Acme acquisition. Funding for this program will come from cash flow, existing lines of credit and the private placement completed in March. Capital will be deployed to the Mannville projects with an estimated nine (7.5 net) new horizontal wells to be drilled this year; investment in Horseshoe Canyon assets at Fenn-Big Valley will combine re-completions and new drills with an estimated 20 new wells to be put on production during the year. Production is estimated to average 7.5 mmcf/d for the full year with a target exit rate of 9 mmcf/d by year end. Capital programs could increase by a further $15 million if the first phase of the Acme project is completed in the current year. Exit rates would increase to 12-12.5 mmcf/d with minimal impact to full year averages as additions are expected to occur late in 2007. Should gas prices, production levels cash flow or capital spending deviate from expected levels, Ember will adjust its capital program as necessary, and will also consider other funding mechanisms.

Bank Facility

At December 31, 2006, Ember had available a $15.0 million credit facility with a Canadian chartered bank. This borrowing base facility is determined based on, among other things, the Company's then current reserve report, results of operations, current and forecasted commodity prices and the current economic environment. Under the terms of the lending agreement, the facility will be reviewed by the bank in April 2007.

Working Capital

The Company will continue to monitor its counterparty credit positions to mitigate any potential credit losses. All revenues are subject to normal collection risk. For activities conducted with joint venture partners, Ember collects its partners' share of capital and operating expenses on a monthly basis. At December 31, 2006, Ember had no material accounts receivable that it deemed uncollectible.

Accounts payable and accrued liabilities consist of amounts payable to suppliers relating to head office, field operating activities and capital spending activities. These invoices are processed within the Company's normal payment period.

Ember continuously manages the pace of its capital spending program by monitoring forecasted production and commodity prices and resulting cash flows. Should circumstances affect cash flow in a detrimental way, the Company is capable of altering capital spending activity levels.

Accounting Policies and Estimates and Business Risks

Recent Accounting Pronouncements

Management is assessing the following new and revised accounting pronouncements that have been issued but which are not yet effective:

For the year ending December 31, 2007, Ember will be required to adopt Section 1530 *Comprehensive Income*, Section 3251 *Equity*, Section 3855 *Financial Instruments – Recognition and Measurement*, and Section 3865 *Hedges issued by the CICA in January 2005*. Under the new standards: a new financial statement, Comprehensive Income has been introduced which will provide for certain gains and losses, including foreign currency translation adjustment and other amounts arising from changes in fair value to be temporarily recorded outside the income statement. In addition, all financial instruments, including derivatives are to be included on Ember's balance sheet and measured at fair values in most cases. Requirements for hedge accounting have been further clarified. Ember continues to monitor the impact of this section on the financial statements.

As of January 1, 2007, Ember is required to adopt revised CICA Section 1506, *"Accounting Changes"*, which provides expanded disclosures for changes in accounting polices, accounting estimates and corrections of errors, which were issued in July 2006. Under the new standard, accounting changes should be applied retrospectively unless otherwise permitted or where impracticable to determine. As well, voluntary changes in accounting policy are made only when required by a primary source of Generally Accepted Accounting Principles (GAAP) or the change results in more relevant and reliable information. Ember does not expect application of this revised standard to have a material impact on its financial statements.

As of January 1, 2008, Ember will be required to adopt two new CICA standards, Section 3862 *Financial Instruments Disclosures* and Section 3863 *Financial Instruments Presentation*, which will replace Section 3861 *Financial Instruments Disclosure and Presentation*. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements. The new financial instruments presentation and disclosure requirements were issued in December 2006 and the Company is assessing the impact on its financial statements.

As of January 1, 2008, Ember will be required to adopt CICA Section 1535 *Capital Disclosures*, which will require companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. The new capital disclosure requirements were issued in December 2006 and the Company is assessing the impact on its financial statements.

Over the next five years the CICA will adopt its new strategic plan for the direction of accounting standards in Canada which was ratified in January 2006. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Report Standards (IFRS) over the next five years. Ember continues to monitor and assess the impact of the planned convergence of Canadian GAAP with IFRS.

Estimates

In the preparation of the financial statements, it was necessary for Ember to make certain estimates that were critical to determining assets, liabilities and net income. None of these estimates affect the determination of cash flow, but do have a significant impact in the determination of net income. The following are some of those critical measures.

Natural Gas Reserves

All of Ember's natural gas reserves are evaluated and reported on by an independent qualified reserve evaluators. The estimation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. Reserve estimates can be revised upward or downward based on the results of future drilling, testing, production levels and economics of recovery based on cash flow forecasts.

Depletion and Depreciation Expense

The Company follows the full cost method of accounting for exploration and development activities whereby all costs associated with these activities are capitalized, whether successful or not. The aggregate of capitalized cost, net of certain costs related to unproved properties and estimated future development costs is amortized using the unit-of-production method based on estimated proved reserves. Changes in estimated proved reserves or future development costs have a direct impact on depletion and depreciation expense. Certain costs related to unproved properties and major development projects may be excluded from costs subject to depletion until proved reserves have been determined or their value is impaired. These properties are reviewed quarterly to determine if proved reserves should be assigned, at which point they would be included in the depletion calculation, or for impairment, for which any write down would be charged to depletion and depreciation expense.

Full Cost Accounting Ceiling Test

Natural gas assets are evaluated at least annually to determine that the costs are recoverable and do not exceed the fair value of the properties. Costs are assessed to be recoverable if the sum of the undiscounted cash flows expected from the production of proved reserves and the lower of cost and market of unproved properties exceed the carrying value of the natural gas assets. If the carrying value of the natural gas assets is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying value exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves and the lower of cost and market of unproved properties. The cash flows are estimated using future product prices and costs and are discounted using the risk-free rate. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements could be material. Any impairment would be charged as additional depletion and depreciation expense.

Asset Retirement Obligations

The Company records a liability for the fair value of legal obligations associated with the retirement of long-lived tangible assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability, there is a corresponding increase in the carrying amount of the related asset known as the asset retirement cost. The total future asset retirement obligation is an estimate based on the Company's net ownership interest in all wells and facilities, the estimated cost to abandon and reclaim the wells and facilities, and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows required to settle the asset retirement obligation is an estimate that is subject to measurement uncertainty and any change would impact the liability.

Stock-based Compensation

The Company follows the fair value method of valuing stock option grants and Performance Share issues. Under this method, compensation cost, attributable to share options granted and Performance Shares issued to employees, contractors, officers and directors of Ember is measured at fair value at the date of grant and expensed over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of the stock options and the conversion of Performance Shares, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. Stock-based Compensation is an estimate that is subject to measurement uncertainty and any change would impact the expense recorded and the corresponding charge to shareholders' equity.

Income Taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

Business Risks

Ember is engaged in the exploration, development and production of CBM-based natural gas. The natural gas business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced. Operational risks include competition, reservoir performance uncertainties, environmental factors, and regulatory, environment and safety concerns. Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates, currency exchange rates and the cost of goods and services. The following are key risk areas for the Company.

CBM Operations

CBM operations in Western Canada are in the early stages of development. As a result, many factors affecting the economics and success of CBM operations are unknown or not fully known at this time.

Ember has a number of demonstration projects that A851have been designed to provide the Company with information regarding well productivity, reserve recovery factors and reservoir characteristics. This information is required to advance the project areas to commercial development,

Ember's business is subject to all of the operating risks associated with drilling for and producing natural gas, including fires, explosions, blowouts and surface cratering, uncontrollable flows of underground natural gas, formation water, natural disasters, pipe or cement failures, casing collapses, embedded oilfield drilling and service tools, abnormally pressured formations and environmental hazards, such as natural gas leaks, pipeline ruptures and discharges of toxic gases.

In addition, the exploration for, and production of CBM differs from conventional oil and gas and can pose additional operating risks.

CBM can require higher capital commitments than similar depth conventional gas developments due to such factors as the type of drilling and completion techniques required, which can entail the complexity of development of multiple coal steams. In some instances, more wells per section are required to effectively develop the resource in place. Lower wellhead pressures are typical with CBM production which can require additional compression or larger flow lines.

CBM also requires a longer timeframe for testing and development and often comes with water. In a sandstone or limestone reservoir, the gas molecules are between the rock particles. With CBM, the gas molecules are stuck to the coal or adsorbed, and the spaces between the coal, referred to as the "cleats", must be drained of water before gas will come out of the coal. The length of this dewatering process is different in each instance, but CBM wells in the United States have, in some instances, taken over a year before CBM production begins. Ember's operations may require long lead times before peak production is reached, and the sustainability of production is subject to greater uncertainty than with conventional gas.

Water production from CBM firstly requires adequate disposal into government approved formations. The large volumes produced potentially create such operational concerns as freezing, scale formation, or backpressure caused by inefficient pumping.

As CBM is relatively new in Canada, there is additional regulatory complexity. This includes uncertainty or limitations to development from outstanding CBM ownership questions regarding freehold lands. With the recent introduction of CBM development in Canada, operators drilling or producing CBM wells are subject to public scrutiny. Any problems experienced by other operators might adversely impact Ember, through additional regulations or greater difficulty in acquiring leases, permits or regulatory approvals.

In addition, Ember could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of the Company's operations and repairs to resume operations.

Safety and Environmental Matters

The natural gas industry is subject to extensive regulation pursuant to various municipal, provincial, national, and international conventions and regulations. Environmental legislation encompasses, among other things, restrictions and prohibitions on spills, releases and/or emissions of various substances produced in association with oil and natural gas operations. The Company is committed to meeting and exceeding its environmental and safety responsibilities. The Company has in place an environmental and safety policy designed, at minimum, to comply with current government regulations set for the oil and natural gas industry. Changes to governmental regulations are closely monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions.

Although Ember maintains insurance commensurate with industry standards to cover reasonable risk and potential liabilities associated with its activities, as well as insurance coverage for officers and directors executing their corporate duties, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have an adverse effect upon its financial condition.

Operational Risks

Natural gas exploration operations are subject to all of the risks and hazards typically associated with such operations, including premature decline of reservoirs, hazards such as fire, explosion, blowouts, cratering and spills, each of which could result in substantial damage to natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, Ember is not fully insured against all of these risks, nor are all such risks insurable. Although Ember maintains liability insurance in an amount that it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Ember could incur significant costs that could have a materially adverse effect upon its financial condition.

Natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Ember and may delay exploration and development activities. To the extent that Ember is not the operator of its gas properties, the Company is dependent on such operators for the timing of activities related to such properties and is largely unable to direct or control the activities of the operators. The Company attempts to mitigate this risk by developing strong relationships with suppliers and contractors.

Volatility of Gas Prices and Markets

Natural gas prices are unstable and subject to fluctuation. Any material decline in prices could reduce the Company's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Ember's reserves. Ember might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Ember's net production revenue causing a reduction in its gas acquisition and development activities. In addition, bank borrowings available to Ember are, in part, determined by the Company's borrowing base. A sustained material decline in prices from historical average prices could further reduce the Company's borrowing base and thus, bank credit available and could require repayment of a portion of the Company's bank debt.

From time to time, Ember may enter into agreements to receive fixed prices on its natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Ember will not benefit from such increases.

Technology Risk

The Company relies on information technology to manage its day to day operations and perform reporting obligations including the preparation of financial statements, reporting to joint partners, and various governments in relation to payment of royalties and taxes. While the Company takes precautions to safeguard data, there is a risk that information systems could be corrupted or fail resulting in damage and cost to the Company.

Permits and Licences

Many of Ember's operations require licences and permits from various governmental authorities. There can be no assurance that Ember will be able to obtain all necessary licences and permits that may be required to carry out exploration and development at its projects in a timely manner or at all.

Foreign Currency Exposure

From time to time Ember may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared with the United States dollar, or the risk of increased repayments on United States dollar denominated debt if the Canadian dollar declines in value compared to the United States dollar, However, if the Canadian dollar declines in value compared with the United States dollar, it will not benefit from the fluctuating exchange rate.

Title to Properties

Although title reviews are completed according to industry standards prior to the purchase of most natural gas producing properties, or the commencement of drilling wells as determined appropriate by management, these reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of Ember, which could result in a reduction of the revenue received by the Company.

Reserve Estimates

There are numerous uncertainties inherent in estimating economically recoverable quantities of natural gas reserves (including natural gas liquids) and cash flows to be derived from these reserves, including many factors beyond the control of Ember. These estimates include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions are based on price forecasts in use at the date the relevant evaluations were prepared, and many of these assumptions are subject to change and are beyond the control of Ember. Actual production and cash flows derived from reserves will vary from these evaluations, and such variations could be material.

Reserve Replacement

Ember's future natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Ember may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in reserves will depend on Ember's ability to develop any properties it may have from time to time, and on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Ember's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of natural gas.

To mitigate this risk, Ember has assembled a team of experienced technical professionals who have expertise in operating and exploring areas which the Company has identified as being the most prospective for increasing Ember's reserves on an economic basis.

Substantial Capital Requirements and Liquidity

Ember may have to make substantial capital expenditures for the acquisition, exploration, development and production of natural gas reserves in the future. If revenues or reserves decline, Ember may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require Ember to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Issuance of Debt

From time to time Ember may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. Ember's articles and bylaws do not limit the amount of indebtedness it may incur. The level of Ember's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Environmental Regulation

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other greenhouse gases (GHG). On October 19, 2006, the Canadian Federal Government introduced into Parliament the Clean Air Act (Bill C-30) and released its accompanying Notice of Intent to Develop and Implement Regulations and Other Measures to Reduce Air Emissions (the "Notice"). The Bill and the Notice are intended to reflect the Government's "made in Canada" approach to Canada's Kyoto Protocol obligations and reduce criteria air pollutants and GHG emissions in Canada.

Bill C-30 does not expressly include emission reduction targets for industrial sectors. However, the Notice provides for sector emission intensity based targets for GHG to come into effect by the end of 2010 and long-term GHG emission reduction targets from 2003 levels by 2050. The National Round Table on the Environment and Economy is charged with advising the Government on these targets. Future emission reduction targets and emission intensity targets, together with provincial emission reduction requirements contemplated in Alberta's Climate Change and Emissions Management Act, or emission reduction requirements in future regulatory approvals, may require the reduction of emissions or emissions intensity from the Company's operations and facilities.

The reductions may not be technically or economically feasible for the Company and the failure to meet such emission reduction requirements may materially adversely affect the Company's business and result in fines, penalties and the suspension of operations. As well, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other methods of reducing emissions or emission intensity to required levels in the future may significantly increase operating costs or reduce output.

There is a risk that the federal and/or provincial governments could pass legislation which would tax such emissions or require, directly or indirectly, reductions in such emissions or emission intensity produced by energy industry participants for which Ember may be unable to mitigate. Mitigation of the risk of future legislative or regulatory limits on the emission of GHG may include the acquisition of emission reduction or off-set credits from third parties. However, emission reduction or off set-credits may not be available for acquisition by Ember or may not be available on an economic basis and may not be recognized or qualify under future legislative or regulatory regimes as mitigation for the emission of GHG by the Company.

Corporate Matters

To date, Ember has not paid any dividends on its outstanding Common Shares. Certain of the directors and officers of Ember are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of Ember, as the case may be, and as officers and directors of such other companies.

Reliance on Key Personnel

The success of Ember is largely dependent upon the performance of its management and key employees. Ember does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse affect on the Company. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of the business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of Ember's management.

Advisories

Disclosure Controls, Internal Controls and Procedures

The Company has established disclosure controls and procedures to ensure timely and materially accurate preparation of financial and other reports. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Company's external filings. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) oversee the process to evaluate the design and have concluded that the design and operation of these disclosure controls and procedures are adequate and effective in ensuring that the information required to be disclosed by the Company in reports filed with the Canadian Securities Administrators is accurate and complete and filed within the time periods required. The Chief Executive Officer and Chief Financial Officer have individually signed certifications to this effect.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's GAAP. There is no change in the Corporation's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. Management, including the Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls or our internal controls over financial reporting will prevent or detect all error or fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. However, none of the segregation of duty deficiencies resulted in a misstatement to the financial statements as the Company relies on certain compensating controls, including substantive periodic review of the financial statements and other information by the Chief Executive Officer and Audit Committee. This weakness is considered to be a common area of deficiency for many smaller listed companies in Canada.

Non-GAAP Measurements

This MD&A contains the terms "operating netback" and "funds from operations". These measurements should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with GAAP as an indicator of the Company's performance. The Company's determination of funds from operations and operating netback may not be comparable to that reported by other companies. The reconciliation between net earnings and funds from operations can be found in the statement of cash flows. The Company also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculations used in determining earnings per share. Ember's peer companies in the oil and gas industry use the same definitions and for consistency the Company will continue to report in this manner.

Funds from operations are determined in the statement of cash flows as operating cash flows before working capital adjustments. Management uses this term to compare with other companies that also report this measure, to manage debt facilities that may use this measure to guide determination of debt pricing, and to readily provide this information to investors that routinely request this measure. Operating netback is not a measure that is readily apparent in the GAAP prepared financial statements. It is an energy industry measure which measures funds flows at the field level by determining all field-related revenues less costs. The Company uses this measure to compare its field operations with those of its peers, and reports this measure to the investment community which is either requesting it, or in the absence of the Company providing it, calculating the measure themselves.

BOE Presentation

This MD&A contains disclosure expressed as barrel of oil equivalent ("boe"), and as such equivalency measures may be misleading particularly if used in isolation. Petroleum and natural gas reserves and volumes have been converted to a common unit of measure of one boe on a basis of six thousand cubic feet (mcf) of gas to one barrel (bbl) of oil. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Additional Information

Additional information relating to Ember is filed on Sedar and can be viewed at **www.sedar.com**. This information includes the Company's Annual Information Form. Information can also be obtained by contacting the Company at Ember Resources Inc., Suite 800, 521 – 3rd Avenue, SW, Calgary, Alberta, Canada T2P 3T3. Information is also accessible on the Company's website at **www.emberresources.com**.