Bordeaux
ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the financial condition and results of operations of Bordeaux Energy Inc. ("Bordeaux" or the "Company"), formerly Ontario Hose Specialties Inc., should be read in conjunction with the Company's consolidated interim financial statements for the three and six months ended June 30, 2008 as well as the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007. The audited Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles.

Certain statements contained in the following Management's Discussion and Analysis ("MD&A") constitute forward-looking statements within the meaning of applicable laws and regulations. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information relating to the Company is available on SEDAR at www.sedar.com.

DATE

This MD&A is prepared as of August 26, 2008.

OVERVIEW

The Company was incorporated under the Business Corporations Act (Ontario) on October 23, 1973. Effective March 13, 2007, Ontario Hose Specialties Inc. changed its name to Bordeaux Energy Inc. The trading symbol for the Company changed from OHS.H to BDO.H. On December 12, 2007, the Company continued into British Columbia and is currently a B.C. Company. Currently, the Company's principal activity is petroleum and natural gas exploration, development, and production.

OVERALL PERFORMANCE

United States:

On November 14, 2007, the Company entered into a participation agreement (the "Participation Agreement") with Savant Alaska LLC. ("Savant") under which the Company may earn a 30% undivided interest in seven leases (the "Leases") located on and offshore the North Slope of Alaska. The leases are situated 20 km from the Prudhoe Bay oil field and immediately adjacent to the Liberty Field operated by BP that is not yet in production.

Bordeaux commenced drilling of the first exploratory well, Kupcake-1, on March 26, 2008 and completed drilling on April 17, 2008. The Company and its joint interest partner decided to plug and abandon the

well after the target reservoir was found to be water wet. The rig was released on April 20, 2008. The final well cost was approximately US$16.0 million of which Bordeaux's share is 40% or approximately US$6.4 million. The Company is currently assessing the results of the well and the implication of these results for the leases.

After drilling the Kupcake well the Company has fulfilled the requirements to earn a 30% interest in the leases. Currently, formal application has been made to assign Bordeaux a 30% interest in the leases which requires final approval by the State of Alaska. This approval is expected in the near future.

For the six months ended June 30, 2008, the Company incurred and capitalized $3.2 million in oil and gas well exploration costs related to the Kupcake-1 well.

France:

In 2007, the Company earned a 30% interest in the Aquitaine Maritime Exploration Permit held by Vermilion REP SAS ("Vermilion") and Vermilion Exploration SAS ("Verenex") which is located 30 kilometeres offshore of Bordeaux, France. Pursuant to definitive agreements with Vermilion and Verenex ("Definitive Agreements"), if certain approvals have not been obtained within ten months of the Company providing notice to convert its loan to Vermillion AMAR REP SAS ("AMAR"), then Vermillion and Verenex have the right to acquire the interest from the Company at fair market value. The Company provided notice to convert its loan to AMAR on February 6, 2008. As at the date of the MD&A, it is management's opinion that the only approval outstanding from the French authority is the conversion of the Company's loan to AMAR into common shares.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007

The review of the results of operations should be read in conjunction with the Company's consolidated interim financial statements and related notes for the three and six months ended June 30, 2008 and 2007.

Loss for the period

For the three months ended June 30, 2008, the Company incurred a net loss of $171,898 ($0.00 per share) which compared to a net loss of $2,219,588 ($0.02 per share) for the three months ended June 30, 2007. The decrease in net loss is mainly due to lower foreign exchange loss of $1,636,169. The foreign exchange loss recognized in the three months ended June 30, 2007 is mainly attributable to the US14 million letter of credit. Stock based compensation expense is nil for the three months ended June 30, 2008 (three months ended June 30, 2007 - $366,000).

The Company recorded an impairment recovery of $154,173 and nil for the three months ended June 30, 2008 and 2007 respectively as a result of the finalization the costs of the exploratory well in France.

Revenue

The Company did not earn revenue during the three months ended June 30, 2008. The Company's income consisted of interest income on cash and cash equivalents, and a recovery of impairment previously recognized. Total interest income was $3,265 and $315,766 for the three months ended June 30, 2008 and 2007 respectively.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007

Loss for the period

For the six months ended June 30, 2008, the Company incurred a net loss of $593,560 ($0.00 per share) which is comparable to a net loss of $2,648,503 ($0.03 per share) for the six months ended June 30, 2007. The decrease in net loss is mainly due to lower foreign exchange loss of $1,565,448. The foreign exchange loss recognized in the six months ended June 30, 2007 is mainly attributable to the US14 million letter of credit. Stock based compensation expense is $19,000 for the six months ended June 30, 2008 (six months ended June 30, 2007 - $366,000).

The Company recorded an impairment recovery of $154,173 and Nil for the six months ended June 30, 2008 and 2007 respectively as a result of finalization of the exploratory well in France.

Revenue

The Company did not earn revenue during the six months ended June 30, 2008. The Company's income consisted of interest income on cash and cash equivalents, and a recovery of impairment previously recognized. Total interest income was $76,739 and $334,009 for the six months ended June 30, 2008 and 2007 respectively.

CHANGES IN FINANCIAL POSITION OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2008

Change in assets

The assets of the Company comprised mainly of cash and cash equivalents, and property and equipment decreased by $4,534,595; from $14,513,596 at December 31, 2007 to $9,979,001 at June 30, 2008. The decrease in assets is mainly due to expenditures incurred for the drilling of an exploratory well in Alaska.

Change in liabilities

The liabilities of the Company are comprised mainly of accounts payable and accruals, decreased by $3,967,119; from $4,645,237 at December 31, 2007 to $290,618 at June 30, 2008. The decrease in liabilities is mainly due to reduction in accounts payable.

Change in Shareholders' equity

Shareholders' equity decreased by $179,976; from $9,868,359 at December 31, 2007 to $9,688,383 at June 30, 2008. This is mainly due to losses for the six months ended June 30, 2008 of $593,560 partially offset by the issuance of 2,500,000 shares for a total value of $387,500 for a finders' fee in connection with the purchase of certain oil and gas properties in Alaska.

SUMMARY OF QUARTERLY RESULTS

The summary for each of the eight most recently completed quarters is as follows:
(CDN thousands, except per share amounts)

Description	Q2 Jun 2008	Q1 Mar 31 2008	Q4 Dec 31 2007	Q3 Sept 30 2007	Q2 June 30, 2007	Q1 Mar 31 2007	Q4 Dec 31 2006	Q3 Sept 30 2006
Net revenues	–	–	–	–	–	–	–	–
Net loss before Discontinued Operations	(172)	(422)	(7,385)	(22,652)	(2,220)	(429)	(1,255)	(235)
Net loss for period	(172)	(422)	(7,385)	(22,652)	(2,220)	(429)	(1,255)	(235)
Basic and diluted loss per share before Discontinued Operations	(0.00)	(0.00)	(0.05)	(0.15)	(0.02)	(0.01)	(0.02)	(0.00)
Basic and diluted loss per share	(0.00)	(0.00)	(0.05)	(0.15)	(0.02)	(0.01)	(0.02)	(0.00)
Total assets	9,979	12,981	14,514	19,874	44,476	42,313	2,199	2,246
*Total long-term liabilities (**note**)*	–	–	388	1,859	,271	1,951	–	–

Note: 2007 Long-term liabilities include future income taxes and non-controlling interest.

Prior to 2007, the Company produced and distributed a variety of industrial hoses as well as related fittings, nozzles and clamps through its wholly owned subsidiary, OHSL. On June 30, 2006, the Company sold OHSL for proceeds of $850,000. The Company had no other operations at that date, accordingly the 2006 Q1 and Q2 figures above have been restated to reflect the disposal of OHSL. For 2007, the increase in loss from continuing operations is mainly attributed to the impairment of oil and gas interests net of tax recovery (Q4 - $7,055,846; Q3 - $22,656,204).

LIQUIDITY

The Company had cash and cash equivalents on hand of $2,336,435 and working capital (including restricted cash) of $2,138,465 as at June 30, 2008 (December 31, 2007: cash on hand of $7,382,689 and working capital (including restricted cash) of $5,898,917). The decrease in cash and cash equivalents on hand and working capital is mainly due to expenditures incurred for the drilling of an exploratory well in Alaska. For the six months ended June 30, 2008, the Company used cash in operations of $703,880. The Company's only source of income is interest income from cash and cash equivalents on hand. The Company has sufficient funds to meet its short-term drilling program commitments and operating expenses for the next twelve months.

The consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern. These principles assume that the Company will be able to realize its assets and discharge its obligations in the normal course of operations for the foreseeable future. The Company has successfully raised financing in the past and is confident that it will be able to raise necessary financing in the future. However, there can be no assurance that the Company will be successful in raising funds and exploring for and developing its oil and gas properties. Should the Company no longer be able to continue as a going concern, assets and liabilities would require restatement on a liquidation basis which may differ materially from the going concern basis.

CAPITAL RESOURCES

As at the date of this report, the Company has no reserves and no producing oil and gas wells. The Company expects to finance expenditures on its exploration activities through private placements or a farm out of a portion of its property interests (if required). In addition, the Company may make further oil and gas expenditures on new properties as economics and finances permits. The Company currently does not have any commitments to drill additional wells.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2008 and 2007, consulting fees paid to directors and to companies controlled by directors' and officers' were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	**2007**	**2008**	**2007**
Consulting fees	$ 59,850	$ 49,568	$ 88,200	$ 84,548

These amounts were measured at the exchange amounts which represents the fair value of the transactions.

PROPOSED TRANSACTIONS

At the date of this report, the Company does not have any proposed transactions.

NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Company has adopted the new accounting standards related to capital disclosures that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2007. This accounting policy change is adopted on a prospective basis with no restatement of prior period financial statements. The new standard and accounting policy changes are as follows:

Capital Disclosures (CICA Handbook Section 1535)
The CICA issued a new accounting standard, Section 1535, Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and processes for managing capital.

Financial Instruments – Disclosures (CICA Handbook Section 3862)
The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks.

Financial Instruments – Presentation (CICA Handbook Section 3863)

The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

As at January 1, 2009, Bordeaux will be required to adopt the CICA Handbook Section 3064 "Goodwill and Intangible Assets," which will replace the existing Goodwill and Intangible Assets standard. The new standard revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard should not have a material impact on Bordeaux's Consolidated Financial Statements.

In February 2008, the CICA announced that Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company expects the transition to IFRS to impact accounting, financial reporting, and IT systems and processes. The Company is currently assessing the impact of the transition to IFRS. Training and additional resources will be engaged to ensure the timely conversion to IFRS.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of the Company's financial instruments, consisting of cash and cash equivalents, interest receivable, accounts payable and accrued liabilities, approximate their fair values due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com.

Disclosure of Outstanding Share Data

a) Authorized:
Unlimited common shares with no par value

b) Common shares issued:

	Number
Balance, June 30, 2008	151,279,112
Balance, August 25, 2008	151,279,112

c) The number of options exercisable and exercise prices at June 30, 2008 were as follows:

Exercise Price	Number of Options Outstanding	Exercisable
$0.33	450,000	450,000
$0.60	150,000	150,000
$0.75	1,500,000	1,500,000
$0.68	500,000	500,000
$0.13	650,000	650,000
$0.15	150,000	150,000
	3,400,000	3,400,000

d) The number of share purchase warrants and exercise prices at June 30, 2008 were as follows

Exercise Price	Number of Warrants Outstanding
$0.90	61,457,000
$0.65	1,843,710
	63,300,710

The warrants expired unexercised subsequent to June 30, 2008.

Investor Relations

The Company has no investor relations arrangements with any third party during the six months ended June 30, 2008.

RISK FACTORS

The following is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the Company's Filing Statement dated March 21, 2007 available on SEDAR at www.sedar.com.

Required Approvals and Other Conditions

Pursuant to the Definitive Agreements, if certain approvals have not been obtained within ten months of the Company providing notice to convert its loan to Vermillion AMAR REP SAS, then Vermillion and Verenex have the right to acquire the Company's interest in the Acquitaine Maritime Exploration Permit from the Company at fair market value.

General

The oil and gas industry is very competitive and is subject to many risks. Many of these risks are outside the Company's control. Management has identified certain key risks, which are discussed below, along with their potential impact on the Company's operations. There is no assurance that commercial quantities of oil and natural gas will be discovered at the site of the Permit or otherwise by the Company.

Ability to Execute its Exploration and Development Program

It may not always be possible for the Company to execute its exploration and development strategies in the manner it considers optimal. There can be no assurances management will be able to identify and acquire any oil and gas assets on terms it considers acceptable. The Company's exploration and development programs in France involve the need to obtain approvals from the relevant authorities, which may require conditions to be satisfied or the exercise of discretion by such authorities. It may not be possible for such applicable conditions to be satisfied.

Exploration, Drilling and Operating Risks

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Company. These include the availability of drilling and related equipment in the particular areas in which such activities will be conducted. Problems may also arise due to the quality or failure of equipment or technical support, which could result in failure to achieve expected target dates for exploration operations or result in higher expenditures.

The operation of oil and gas wells involves a number of operating and natural hazards, which may result in blowouts, well bore collapse, environmental damage and other unexpected or dangerous accidents and conditions resulting in damage to the operator of the wells and possible liability to third parties. As the Company is not the operator of the properties, the Company relies on the operator to maintain liability insurance, if available, in amounts consistent with industry standards. The operator may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Costs incurred to repair such damage or pay such liabilities would likely have an adverse effect on the Company's financial condition.

Production from a property and the marketing of such production are largely dependent upon the abilities of the operator of the property. To the extent the operator fails to perform these functions properly, any future revenue may be reduced. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. The Company is not the operator, therefore the Company will be dependent on the operator for the timing of activities related to such property and will be largely unable to direct or control the activities of the operator.

Although the Company has conducted a title review in respect of its oil and gas properties, such review does not guarantee or certify that a defect in title will not arise and materially adversely affect the Company.

Fluctuations in the Prices of Oil and Natural Gas

Oil and natural gas prices have fluctuated widely during recent years and are determined by various factors outside the Company's control, including supply and demand factors, weather, general economic conditions, political instability, government regulation and taxes, the price and availability of alternative fuels, and conditions in oil and gas regions around the world. Such fluctuations will have a positive or negative effect on any revenue that the Company receives. If oil and natural gas prices become depressed or decline, the Company's potential revenue and earnings and the value of its assets would be expected to decline.

Dependence on Key Personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Additional Financing

To the extent that external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, the Company's ability to make necessary capital investments to maintain or expand its oil and gas exploration and development activities will be impaired.

Reserve and Resource Estimates

Information on resources and reserves are only estimates and the actual production and ultimate reserves from the properties may be greater or less than the estimates contained herein. In addition, probable reserves estimates for properties may require revision based on the actual development strategies employed to prove such reserves. Estimated reserves may also be affected by changes in oil and natural gas prices. Declines in reserves that are not offset by the acquisition or development of additional reserves may reduce the underlying value of shares to shareholders.

Foreign Exchange Rates

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Foreign Investments

The Company expects that its oil and gas exploration activities will take place principally outside Canada for the foreseeable future. As such, the Company's operations are subject to a number of risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, petroleum and export licensing and export duties as well as government control over domestic oil and gas pricing. The Company operates in such a manner as to minimize and mitigate its exposure to these risks. However, there can be no assurance that the Company will be successful in protecting itself from the impact of all of these risks.

Environment Regulation

The oil and gas industry is subject to environmental regulation pursuant to legislation in France and similar legislation in other countries. A breach of such legislation may result in the imposition of fines or issuance of clean up orders in respect of the Company or its properties. Such legislation may be changed to impose higher standards and potentially more costly obligations. The Company is putting policies and practices in place to ensure its operations conform to the standards and government regulations required for each jurisdiction in which it operates.