



ENERGY EXPLORATION TECHNOLOGIES INC

For the six months ended and as at June 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") was prepared by management based on information available as at August 22, 2007. This interim MD&A is an update to our annual MD&A for the year ended December 31, 2006 and should be reviewed in conjunction with the audited year-end Consolidated Financial Statements that are available on SEDAR at www.sedar.com and our website (www.nxtenergy.com).

As used in this MD&A, the terms "we", "us", "our", "NXT" and "Company" mean Energy Exploration Technologies Inc.

Our reporting currency is the United States of America dollar. All references to "dollars" in this MD&A refer to United States or U.S. dollars unless specific reference is made to Canadian or Cdn. dollars. The rate of exchange of Canadian dollars to United States dollars as of June 30, 2007 was Cdn. \$1.07 to U.S. \$1.00.

Forward-Looking Statements

Certain statements in this document may constitute "forward-looking statements". These forward-looking statements can generally be identified as such because of the context of the statements including words such as "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

These forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

Description of Business

NXT is a Calgary based technology-driven exploration company in the business of providing wide-area airborne exploration services to the oil and gas industry. The Company utilizes its proprietary Stress Field Detection ("SFD") Survey System to offer its clients a unique, low cost service to rapidly identify sub-surface structures with reservoir potential in sedimentary basins. The value of the service is providing clients with an efficient, cost effective method of surveying large areas and delivering an inventory of SFD prospects with high potential. The SFD-based exploration process substantially reduces the need for two dimensional reconnaissance seismic thus saving clients time and money. SFD surveys are environmentally non-invasive, do not require permitting and can be utilized year round in onshore and offshore operations with immunity to any surface conditions. NXT offers its services world-wide with the objective of providing its clients an efficient, accurate and reliable method to explore for hydrocarbons.

Overall Performance

In the first six months of 2007 we completed two SFD surveys with a contracted value of \$2,480,140. SFD survey contracts include provisions for the Company to be granted Gross Overriding Royalty Rights ("GORR") on any land developed by clients as a result of information derived from SFD surveys. The completion of these contracts has resulted in us generating cash from operating activities in the second quarter. We have an expectation of executing additional contracts, generating positive cash flow from operating activities and operating profits in the future.

Results of Operations

Net Income (Loss)

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Revenue	\$ 2,488,384	\$ 8,706	\$ 2,497,950	\$ 20,879
Expense	997,396	808,130	1,651,151	1,464,264
Income (loss) before other expenses and taxes	1,490,988	(799,424)	846,799	(1,443,385)
Other income (expense)	9,959	(898,240)	(98,291)	(981,826)
Net income (loss)	\$ 1,500,947	\$ (1,697,664)	\$ 748,508	\$ (2,425,211)

For the three months ended June 30, 2007 we had net income of \$1,500,947 compared with a loss in the same period in 2006 of \$1,697,664 representing an overall increase of \$3,198,611. This increase is due to the recognition of \$2,480,140 (2006 - \$0) in survey revenue for surveys completed in the second quarter of 2007. Also impacting the overall net income is the reduction in convertible debenture interest from \$894,618 in Q2 2006 to \$15,294 for Q2 in 2007. Beginning in second quarter of 2007, the registration penalty is all that remains to be accounted for since the last of the debentures was converted in Q1 2007.

For the six months ended June 30, 2007 we had net income of \$748,508 compared to the June 30, 2006 net loss of \$2,425,211. This represents an overall increase of \$3,173,719. Interest on convertible debentures was \$138,332 for the first six months of 2007, a reduction of \$836,711 from the same period in 2006.

Survey Revenue

Revenues from SFD survey contracts are reflected in the Consolidated Statement of Income (Loss) in accordance with our accounting policy of recognizing revenue on a completed contract basis. Prior to completion all money received or invoiced for the contract will be reflected on the Balance Sheet as Unearned Revenue. All costs incurred for the contract will be reflected on the Balance Sheet as Work-in-Progress. In accordance with this policy we have recognized \$2,480,140 of survey revenue and \$312,075 of survey costs in the second quarter of 2007 (\$29,055- 2006).

Oil and Natural Gas Revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Gross overriding royalty rights (GORR)	\$ 1,419	\$ -	\$ 2,384	\$ -
Oil and natural gas revenue; net of royalty expense	6,825	8,706	15,426	20,879
Revenues; net of royalty expense	\$ 8,244	\$ 8,706	\$ 17,810	\$ 20,879
Production average in thousand cubic feet (mcf) per day	12	19	13	19
Average price received net of royalties per mcf	\$ 6.42	\$ 5.44	\$ 6.30	\$ 6.67
Average operating cost per mcf	\$ 1.04	\$ 0.67	\$ 0.88	\$ 0.64

Total operating revenue including royalty income and net of royalty expense for Q2 2007 was \$8,244 (YTD 2007 - \$17,810) compared to Q2 2006 of \$8,706 (YTD 2006 - \$20,879). Gross production revenue for Q2 2007 was \$7,045 (YTD 2007 - \$14,335) compared to \$9,212 for Q2 2006 (YTD 2006 - \$22,396). The decrease in period-over period production is due to natural decline that we anticipate to continue until the well is fully depleted.

Survey generated revenue entitles the Company to a GORR for any future production resulting from the SFD survey. There is currently one producing well that began paying GORR in 2007 (Q2 2007 - \$1,419 and YTD 2007 - \$2,384) related to a non-revenue SFD survey conducted in prior years. There can be no certainty that any GORR revenue will be generated from the 2006 and 2007 revenue surveys, however our clients are actively pursuing exploration programs on areas identified by SFD surveys.

Expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Survey cost	\$ 312,075	\$ 16,573	\$ 312,075	\$ 29,055
Oil and natural gas operating expenses	1,136	812	1,990	1,746
Administrative	654,201	772,891	1,285,220	1,371,758
Depletion and impairment of oil and natural gas properties	4,742	5,224	9,439	35,550
Amortization and depreciation	25,242	12,630	42,427	26,155
	\$ 997,396	\$ 808,130	\$ 1,651,151	\$ 1,464,264

Expenses - for the three months and six months ended June 30, 2007 and 2006

- To date in 2007 we have had survey costs of \$312,075 (\$29,055 - Q2 2006) which includes commissions on sales of \$131,630. All survey costs in 2007 relate to revenue generating SFD survey contracts. The 2006 costs were for expenses incurred in preparation for survey contracts.
- The administrative cost decrease of \$86,538 in the first half of 2007 (Q2 2007 - \$118,690) in comparison to the first half of 2006 relates mainly to a decrease in investor relation and consulting expenses (Q2 2007 - \$186,007 compared to \$508,321 for Q2 2006). These decreases were offset by increased expenses in 2007 for salary, rent and stock option compensation. The Company renewed its office lease in Calgary, Alberta for a six year term; lease rates in Calgary have increased significantly.
- Depletion and Impairment - unproved properties are assessed for any impairment to value. We determine the average price recently paid per acre for similar properties in the open market and then discount these prices to adjust for the reduced life remaining on our leases. The decrease of \$26,111 (Q2 2007 - \$482) in these expenses relates mainly to March 31, 2006 impairment write-downs of expenditures related to an unsuccessful development well that was immediately abandoned.
- The Company upgraded servers, computers and software to facilitate interpretation of SFD surveys resulting in an increase of \$16,272 (Q2 2007 - \$12,612) in amortization and depreciation costs.

Other Expense (Income)

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Convertible debenture interest				
Accretion of convertible debenture	\$ -	\$ 304,972	\$ -	\$ 1,016,830
Change in fair market value of conversion feature	-	363,871	5,043	(321,900)
Convertible debenture 10% interest	-	28,862	2,280	76,927
Convertible debenture registration penalty	15,295	196,913	131,009	203,186
	15,295	894,618	138,332	975,043
Interest expense (income)	(24,410)	3,622	(37,727)	6,783
Other	(844)	-	(2,314)	-
Other expense (income)	\$ (9,959)	\$ 898,240	\$ 98,291	\$ 981,826

- Refer to the annual MD&A for a full disclosure regarding the Company's registration penalty obligation.
- The net change in convertible debenture interest is largely due the conversion of all remaining convertible debt in the past 12 months. With no outstanding convertible debentures it is no longer necessary for accretion of the debt or for the 10% interest requirement. The only remaining requirement is for the registration penalty accrual; \$15,295 in Q2 of 2007 (\$196,913 in Q2 2006) and \$131,009 for the first six months of 2007 (\$203,186 for the first six months of 2006).
- Interest income was offset by interest expense resulting in \$24,410 net income in Q2 2007 (cumulative \$37,727) as compared to \$3,622 net expense in Q2 2006 (cumulative 6,783). The 2007 increase in income is due to short term investments generating interest income.

Other Comprehensive Income

Other comprehensive income and loss is caused by changes in the relative exchange values of the U.S. and Canadian dollars. For example when the U.S. dollar trades higher relative to the Canadian dollar, net assets held in Canadian dollars will decline in value as recorded in the U.S. dollar equivalent and this decline will be reflected as a foreign exchange loss in a period. The equivalent Canadian dollars for a U.S. dollar changed from \$1.0654 as at the three months ended June 30, 2007 compared to \$1.1162 at June 30, 2006.

Summary of Quarterly Results

	Jun 30, 2007	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006
Revenue	\$ 2,488,384	\$ 9,566	\$ 1,072,272	\$ 7,378
Net income (loss) from continuing operations	1,500,947	(752,439)	(831,155)	(511,092)
Net income (loss) from continuing operations	1,500,947	(752,439)	(831,155)	(511,092)
Comprehensive income (loss)	1,579,952	(751,458)	(903,840)	(517,451)
Basic earnings (loss) per share	0.05	(0.03)	0.03	(0.02)
Diluted earnings (loss) per share	\$ 0.05	\$ (0.03)	\$ 0.03	\$ (0.02)

	Jun 30, 2006	Mar 31, 2006	Dec 31, 2005	Sep 30, 2005
Revenue	\$ 8,706	\$ 12,173	\$ 13,514	\$ 14,507
Net income (loss) from continuing operations	(1,697,664)	(727,547)	(5,440,096)	(293,050)
Net income (loss)	(1,697,664)	(727,547)	(5,440,096)	(293,050)
Comprehensive income (loss)	(1,633,686)	(799,674)	(5,470,882)	(227,601)
Basic earnings (loss) per share	(0.07)	(0.03)	(0.26)	(0.01)
Diluted earnings (loss) per share	\$ (0.07)	\$ (0.03)	\$ (0.26)	\$ (0.01)

In comparing Q2 2007 to Q1 2007, revenue for the completion of two 2007 SFD survey contracts was recognized in the second quarter resulting in a positive cash flow; for the first quarter the survey contracts had been flown, but not completed, so the revenue was on the Balance Sheet as Unearned Revenue. The only revenue showing for the first quarter was for oil and natural gas and one GORR.

In comparing Q1 2007 to Q4 2006, revenue for the completion of our first completed SFD survey contract was recognized in Q4 2006; in 2007 Q1 all survey revenue is being held on the Balance Sheet as Unearned Revenue as two SFD contracts had not yet been completed.

In comparing Q4 2006 to Q3 2006, the increase in revenue is due to the recognition of revenue in conjunction with the completion of our SFD survey contract. Prior to contract completion, all revenue and expenses for this contract were held in Unearned Revenue and Work-in-Progress on the Balance Sheet. This was offset with a large depletion and impairment expense that was due to impairment in the value of undeveloped lands.

In comparing Q3 2006 to Q2 2006, there was a decrease in our net loss attributable to a \$252,657 decrease in our administrative expense, and a decrease in non-cash interest expense on the convertible debentures of \$928,157.

In comparing Q2 2006 to Q1 2006, there was an increase in our net loss attributable to a \$814,194 increase in non-cash interest expense on the convertible debentures including \$304,972 of accretion expense and \$363,871 of expense related to the change in value of the conversion feature of convertible debentures.

In comparing Q1 2006 to Q4 2005 there was a significant decrease in our net loss that was largely attributable to the non-recurrence of the research and development as well as a \$1,338,133 reduction of non-cash interest on the convertible debentures. The reduced interest expense in Q1 2006 is largely attributable to \$711,858 of accretion expense being partially offset by a \$685,711 reduction in the fair market value of the conversion feature liability due to a decline in the market value of the Company's common shares.

In comparing Q4 2005 to Q3 2005 there was a significant increase in our Net Loss. Two factors largely explain this change. In Q4 2005 \$3,000,000 of research and development was expensed related to the issuance of preferred shares. Additionally in Q4 2005 \$1,418,557 of non-cash interest was expensed, including \$500,737 of accretion expense and \$917,820 of expense related to the change in value of the conversion feature of convertible debentures. In aggregate \$4,418,557 of non-cash expense was recorded in the Q4 2005 related to these transactions.

Liquidity and Capital Resources

The Company's cash position in Q2 2007 continues to be healthy. Two 2007 survey contracts have been completed and billed for with only the final installment outstanding in Accounts Receivable. Our cash and equivalents and short term investments held on account in both United States and Canadian dollars as of August 22, 2007 is the equivalent of U.S. \$3,058,286.

With cash and short term investments plus the positive working capital generated from our signed SFD survey contracts, we forecast having the required cash to operate for in excess of one year even without any additional sources of cash. However, our ability to continue as a going concern beyond this time is dependent upon our ability to sustain positive cash flow from operations and/or obtain additional financing to meet our obligations and repay liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with certainty at this time. Furthermore, our projections on cash requirements is subject to estimates and material unforeseen cash requirements may occur that will adversely impact our projections.

The \$491,629 decrease in our cash position for the six months ended June 30, 2007 compared to 2006 was attributable to:

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Cash generated (used) in operating activities	\$ 445,758	\$ (457,029)	\$ 777,515	\$ (904,850)
Cash provided by financing activities	15,988	2,095,845	(3,876)	2,146,216
Cash generated (used) in investing activities	(1,152,909)	(49,404)	(175,363)	(20,188)
Comprehensive gain (loss) due to the effect of exchange rate changes	70,782	3,848	68,747	(62,526)
	<u>\$ (620,381)</u>	<u>\$ 1,593,260</u>	<u>\$ 667,023</u>	<u>\$ 1,158,652</u>

Operating Activities

Q2 2007 - the \$445,758 cash balance generated in operating activities reflects our net income of \$1,500,947 adjusted for \$157,443 of non-cash deductions and a \$1,212,632 net decrease in non-cash working capital. For the first six months of 2007 the \$777,515 cash balance reflects net income of \$748,508 adjusted for \$449,192 of non-cash deductions and a change of \$420,185 in non-cash working capital.

Financing Activities

Q2 2007 - \$25,000 was provided through the exercise of options and warrants and \$8,486 was used to reduce the Notes Payable; in Q2 2006 \$2,093,945 was raised through a stock offering with \$1,900 provided through the exercise of options.

Investing Activities

Q2 2007 - \$1,000,000 was invested in short term investments; the primary use of cash was for other property and equipment (\$58,511) and oil and natural gas properties (\$1,819).

Contractual Commitments

In the second quarter of 2007 the Company entered into a 66 month lease-to-own agreement on a new Sharp photocopier with searchable text scanning capabilities.

Change in Working Capital since the beginning of the Year

Refer to annual MD&A as at December 31, 2006; no material changes.

Transactions with Related Parties

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Collective wages, fees and benefits paid to executive officers of the Company who were also directors of the Company	\$ 41,300	\$ 40,888	\$ 82,587	\$ 81,983
Interest expense recognized or paid to related parties and officers	\$ 3,186	\$ 3,115	\$ 6,666	\$ 5,830

10,567 shares were issued for the beneficial interest of a director pursuant to the conversion of convertible debenture in Q1 2007.

878,500 incentive options were issued in the first quarter of 2007. Of these, 585,000 options were issued to individuals who are currently officers and directors of the Company.

Critical Accounting Estimates

Factors are substantially unchanged; refer to annual MD&A as at December 31, 2006.

Change in Accounting Policies Including Initial Adoption

Our accounting policies are unchanged from December 31, 2006 except for the adoption of FASB No.48 "Accounting for Uncertainty in Income Taxes" which has no impact on our reported financial statements. Refer to annual MD&A as at December 31, 2006.

Disclosure Controls, Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer (the "Responsible Officers") are responsible for establishing and maintaining disclosure controls and procedures, or causing them to be designed under their supervision, for the Company to provide reasonable assurance that material information relating to the Company is made known to the Responsible Officers by others within the organization, particularly during the period in which the Company's quarterly and year-end financial statements and MD&A are being prepared. However, any internal control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Disclosure controls and other procedures are designed to ensure that information required to be disclosed in reports filed or submitted is recorded, processed, summarized and reported within the time periods specified by the relevant security authority in either Canada or the United States of America. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports is accumulated and communicated to management, including our Responsible Officers, to allow timely decisions regarding required disclosure.

As of December 31, 2006 we carried out an evaluation, under the supervision and with the participation of our management, including our Responsible Officers, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 in the United States and National Instrument 51-102 *Continuous Disclosure Obligations* in Canada. Based upon the foregoing, our Responsible Officers concluded that our disclosure controls and procedures are effective in the timely alerting of management particularly in light of the Company's size, structure and stage of development.

Management is aware that in-house expertise to deal with complex taxation, accounting and reporting issues may not be sufficient. The Company utilizes outside assistance and advice on complex financial, taxation and reporting issues, which is common with companies of a similar size. We have assessed the design of our internal control over financial reporting and during this process we identified potential weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff at the Company it is not feasible to achieve complete segregation of incompatible duties. The Company has mitigated this weakness in controls by adding management review procedures of the areas where segregation is an issue. In addition to management review procedures, our Board of Directors is actively involved in many aspects including approval of all Authorities of Expenditure, including those with limited financial impact; and
- The Company does not retain staff with specialized and current income tax, financial reporting and complex accounting expertise. The Company prepares their best estimate of complex accounting calculations and relies on reviews by management, external consultants and audit committee for quality assurance.

As a result of our assessment of the design of our internal control over financial reporting, we conclude that there is a remote likelihood that a material misstatement would not be prevented or detected. Management and the Board of Directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

For additional information on Energy Exploration Technologies Inc please consult our web page www.nxtenergy.com, or the SEDAR webpage <http://sedar.com>.