

Management's Discussion and Analysis

The following discussion is management's analysis of Anterra Energy Inc.'s ("Anterra" or the "Company") operating and financial data for the three months ended March 31, 2009 and prior periods, as well as estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2008. The Management's Discussion and Analysis ("MD&A") was prepared as of May 27, 2009.

Overall Performance Summary

During the first quarter of 2009, oil and gas prices remained at the low levels reached following the rapid decline in the fourth quarter of 2008. As a result, net revenues have reduced from over \$2.0 million in the third quarter of 2008 to \$1.25 million in the fourth quarter and \$0.92 million in the first quarter of 2009. In response the Company reduced operating and administrative costs in the first quarter by 22% compared to the fourth quarter of 2008, shut-in uneconomic production and suspended Company funded capital expenditures. As a result of shut-in, maintenance and weather induced production decreases, the average production rate for the first quarter was 184 boepd, 10% lower than the fourth quarter of 2008. The Company is in the process of restoring production and expects to regain levels in excess of 200 boepd during the second quarter. The average price per boe for the first quarter declined to \$38.76 compared to \$52.05 in the fourth quarter of 2008 and \$92.55 in the third quarter of 2008. The first quarter average price resulted in a negative funds flow from operations. At current prices, following a strengthening of oil price early in the second quarter, funds flow from operations is barely at break even, with no surplus to reduce the \$2.2 million (before bank debt) working capital deficit. In the current market conditions, the Company's ability to raise capital through equity financings or dispositions of assets has been limited. Accordingly, as the Company expects oil and gas prices to remain at current levels for much of 2009, it is working on a plan to raise equity and settle the outstanding trade payables. A proposal has been submitted to creditors which is dependent on their agreement and a successful financing. Upon completion of this arrangement, the working capital deficit would be significantly reduced. The Company anticipates the arrangement to be completed by the end of the second quarter. The Company is also working on alternatives for restructuring the Company but market conditions remain difficult. Until oil and gas prices increase, the arrangements with creditors are complete, or a successful restructuring is accomplished, the Company may not be able to achieve a meaningful level of funds flow from operations or continue its project development plans.

Operating Summary

The Company's primary focus through 2008 was on maintaining maximum production and income from its legacy assets while retaining its potential for future growth through the development of its non-conventional oil and gas resource play opportunities in Alberta and Saskatchewan. In 2009, the focus remains the same with major emphasis on achieving positive cash flow and improvement in the working capital deficiency. Production during the first quarter of 2009 of 184 boe/d compared to 202 boe/d in the fourth quarter of 2008. While production levels were reduced in the first quarter of 2009, efforts to restore production are underway. The Company maintains its land position in the lower Shaunavon prospect in southwest Saskatchewan, and the first horizontal oil well into this formation is on production. Performance of the horizontal well has been disappointing and uncommon for the Lower Shaunavon play. Efforts are ongoing to overcome the operating difficulties that appear to hinder the well's performance. PennWest Energy Trust is now the Company's partner in the Lower Shaunavon play following their takeover of Reece Energy Exploration Corp. The Company holds over 33,000 gross acres of land and 18,000 net acres of land in Alberta and Saskatchewan. As a result of the current economic conditions and the lack of funds, the Company has actively pursued partnerships to fund development projects which will add production. The Company has entered into a farmout agreement to fund the drilling of an infill well at its Matziwin property. Under terms of the agreement the partner funds 100% of the drilling, completion and tie-in costs to earn 60% interest in the well for the first 9 months and 50% thereafter. The Company will operate the well and expects first production in July. Anterra also offers fee based third party midstream processing services at Breton and Suffield and, during the quarter throughput and revenues only declined by 10% compared to the first quarter of 2008. The following table outlines the operations for these two segments for the three months ended March 31, 2009, compared to the same period in 2008 along with the other costs of the Company for the periods.

	Three Months March 31, 2009	Three Months March 31, 2008
Oil and Gas Production		
Revenue	\$ 640,783	\$ 1,853,266
Royalties	(41,146)	(125,138)
Gross overriding royalties	-	1,535
Net revenue	<u>599,637</u>	<u>1,729,663</u>
Operating costs	<u>485,316</u>	<u>816,844</u>
Oil and gas operating margin	<u>114,321</u>	<u>912,819</u>
Processing		
Revenue	343,767	378,689
Operating costs	<u>214,453</u>	<u>243,241</u>
Processing operating margin	<u>129,314</u>	<u>135,448</u>
Other revenue	-	-
Inter-segment revenue and cost	<u>(23,237)</u>	<u>(51,818)</u>
Total Net Revenue	920,167	2,056,534
Total Operating Costs	<u>676,532</u>	<u>1,008,267</u>
Total Operating Margin	<u>243,635</u>	<u>1,048,267</u>
Expenses		
General and administration	331,590	400,586
Stock compensation	9,165	80,340
Interest	55,503	29,102
Depletion, depreciation, accretion	<u>623,441</u>	<u>613,964</u>
Total Expenses	<u>1,019,699</u>	<u>1,123,992</u>
Net Loss Before Tax	(776,064)	(75,725)
Provision For Taxes	<u>(230,083)</u>	<u>(22,960)</u>
Net Loss	<u>(545,981)</u>	<u>(52,765)</u>
Loss per Class A share		
Basic	(0.014)	(0.002)
Fully Diluted	(0.014)	(0.002)
Weighted Average Number of Class A Shares In Thousands	38,001	32,169
Funds Flow From Operations	(143,458)	618,579
Funds Flow Per Class A Share	(0.004)	0.019

Presentation

Funds flow from operations is not a recognized measure under Canadian generally accepted accounting principles (GAAP). However, management believes that funds flow from operations is a useful measure of financial performance as an indication of cash generated from operations of the Company during a period to fund its capital expenditures without regard to changes in non-cash working capital during the period and, further, it is a commonly accepted measure in the industry which is useful for knowledgeable investors for comparison purposes. For the purposes of funds flow from operations calculations, funds flow is defined as "Funds flow from operations" before changes in non-cash operating working capital. Anterra's determination of funds flow from operations may not be comparable to that reported by other companies. Operating margin is not a recognized measure under GAAP; however management believes it is a useful measure of financial performance for assessing the operations of the Company. Operating margin is defined as revenue less operating costs, both of which are GAAP measures.

In this MD&A, the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of 6,000 cubic feet (mcf) of natural gas for one barrel (bbl) of oil based on an energy equivalency conversion method. Boe's may be misleading particularly if used in isolation. A boe conversion ratio of 6mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Quarterly Financial Information

	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008	2nd Quarter 2008
Net Revenue	\$ 920,167	\$ 1,249,398	\$ 2,059,826	\$ 2,204,524
Oil and gas operating margin	114,321	226,856	967,535	1,081,690
Processing operating margin	129,314	135,337	223,133	101,246
Net Income (Loss)	(545,981)	(1,761,937)	(69,023)	18,994
Earnings (Loss) per Class A share				
Basic	(0.014)	(0.048)	(0.002)	0.001
Fully Diluted	(0.014)	(0.048)	(0.002)	0.001
Weighted Average Number of Shares In Thousands	38,001	37,050	32,169	32,169
Funds Flow From Operations	(143,458)	(35,010)	637,295	690,022
Funds Flow Per Class A Share	(0.004)	(0.001)	0.020	0.021
Cash flow from operating activities	53,039	95,001	1,141,835	(120,328)

	1st Quarter 2008	4th Quarter 2007	3rd Quarter 2007	2nd Quarter 2007
Net Revenue	\$ 2,056,534	\$ 2,016,578	\$ 1,823,236	\$ 1,532,276
Oil and gas operating margin	912,819	956,023	844,839	835,832
Processing operating margin	135,448	134,968	129,374	54,748
Net Income (Loss)	(52,765)	157,413	(48,014)	(88,127)
Earnings (Loss) per Class A share				
Basic	(0.002)	0.005	(0.002)	(0.004)
Fully Diluted	(0.002)	0.004	(0.001)	(0.004)
Weighted Average Number of Shares In Thousands	32,169	28,856	25,483	20,553
Funds Flow From Operations	618,579	471,947	502,189	453,767
Funds Flow Per Class A Share	0.019	0.016	0.020	0.022
Cash flow from operating activities	1,389,514	1,421,428	(923,165)	724,070

Oil & Gas Production

Production during the first quarter of 2009 of 184 boe/d compared to 202 boe/d in the fourth quarter of 2008 and 246 boe/d in the first quarter of 2008. Production volumes were reduced due to the shut-in of marginally economic wells, severe weather influences and well maintenance problems. While production levels were reduced in the first quarter of 2009 efforts are underway in the second quarter to restore production with expectation of levels in excess of 200 boepd. Production levels at Breton in central Alberta were lower during the quarter at roughly 125 boe/d, comprised of approximately 80 bbls/d of oil and 255 mscf/d of natural gas. Breton production was reduced due to wells shut-in for economics and maintenance problems. In southwest Saskatchewan, performance of the horizontal well has been disappointing and unusual for the Lower Shaunavon play. The well is demonstrating evidence of downhole pump problems or plugging in the horizontal section. Efforts are ongoing to overcome the operational difficulties that appear to hinder the well's performance. Initiating significant remedial action will be subject to available funds. In the current economic conditions there has been no new development drilling in 2009. The Company has entered a joint venture agreement under which a partner will drill a new infill well at Matziwin in the second quarter. Further drilling of horizontal wells on the Company's Frontier Saskatchewan property will be subject to improved commodity prices and capital availability.

Oil & Gas Production

	Three Months March 31, 2009	Three Months March 31, 2008
Oil (bbl/d)	117	195
Natural Gas (mcf/d)	380	284
NGLs (bbl/d)	3	4
Total (boe/d)	184	246

Oil & Gas Revenue and Realized Prices

Continuing recession and volatility in commodity prices is making price forecasting very difficult. At current commodity price levels of approximately CA\$55.00 for oil and under CA\$4.00 for gas, revenues are expected to remain considerably lower in 2009 compared to 2008. With prices continuing at these levels, the Company expects to generate breakeven funds flow from operations, assuming no unforeseen increase to operating expenses or reduction in production.

	Three Months March 31, 2009	Three Months March 31, 2008
Oil		
Revenues	\$461,625	\$1,622,679
Prices \$/bbl	\$43.77	\$91.24
Natural Gas		
Revenues	\$167,620	\$205,594
Prices \$/mcf	\$4.90	\$7.96
NGL's		
Revenues	\$11,538	\$24,993
Prices \$/bbl	\$40.48	\$75.74
Total		
Revenues	\$640,783	\$1,853,266
Price \$/bbl	\$38.76	\$82.67

Gross Overriding Royalty Income

Two farm-in gas wells drilled at Breton generate gross overriding royalties to the Company until payout. These wells have provided gross overriding royalties of \$nil for the three months ended March 31, 2009, (2008 – \$1,535).

Oil & Gas Royalties Expense

Total royalties including crown royalties were \$41,146 for the first quarter of 2009 as compared to \$ 89,526 for the fourth quarter of 2008 and \$ 125,138 for the three months ended March 31, 2008. This represented \$2.49 per boe for the first quarter of 2009 as compared to \$4.84 per boe for the fourth quarter of 2008 and \$5.58 per boe for the three months ended March 31, 2008. Even with the unfavourable adjustments to Alberta royalty rates as of January 1, 2009, the Company's royalty rates have decreased with the decrease in commodity prices, declining production and also as the ratio of oil to gas has increased in the quarter.

Oil & Gas Operating Costs

Total operating costs for the first quarter of 2009 were \$485,316 or \$29.36 per boe, including \$12,974 for inter-divisional processing charges and \$46,457 for well repairs and maintenance. Operating costs were \$646,423 for the fourth quarter of 2008 or \$34.96 per boe, including \$17,153 for inter-divisional processing charges and \$106,832 for repairs and maintenance. Operating costs for the first quarter of 2008, were \$816,844 or \$36.44 per boe, including \$29,935 for inter-divisional processing charges and \$168,422 for well repairs and maintenance. Inter-divisional charges were eliminated for consolidation purposes. During the first quarter of 2009, the operating cost per boe reduced by 16% as the Company took action to reduce its operating costs in response to low commodity prices. The Company anticipates that it will be able to achieve an overall reduction in operating cost of roughly \$500,000 for the year, specifically relating to reduced fluid hauling and operation of marginal wells in 2009. However, the Company's unit oil and gas operating costs are still high due to low production rates per operating well at the Company's producing properties.

Oil & Gas Operating Net Back

The operating net back for the first quarter was \$6.92 per boe compared to \$12.25 per boe for the three months ended December 31, 2008, and \$40.65 per boe for the three months ended March 31, 2008, reflecting the decline in oil and gas prices in late 2008 and early 2009. The Company incurs high unit operating costs due to the low productivity of most of its wells. Oil and Gas operating net back is a non-GAAP measure but it is derived entirely from GAAP measures and management believes it is commonly used in the industry and for comparison purposes by investors.

	Three Months March 31, 2009	Three Months March 31, 2008
Average realized price (\$/boe)	\$38.76	\$82.67
Royalties, net of ARTC (\$/boe)	2.49	5.58
Operating expenses (\$/boe)	29.36	36.44
Operating net back (\$/boe)	\$6.92	\$40.65

Processing

Processing revenue for the first quarter of 2009 was \$343,767 compared to \$407,917 for the fourth quarter of 2008 and \$378,689 for the first quarter of 2008. The Company continued to experience stronger third party volumes at Breton during the first quarter of 2009, while Suffield volumes declined a little with the winter conditions. The Company anticipates a return to more stable business conditions at Suffield after break-up.

Processing Operating Costs

Processing operating costs for the first quarter of 2009 were \$214,453 (including \$10,263 of inter-divisional charges) compared to \$272,580 (including \$14,645 of inter-divisional charges) in the fourth quarter of 2008 and \$243,241 (including \$21,911 of inter-divisional charges) for the three months ended March 31, 2008. Inter-divisional charges were eliminated for consolidation purposes. The reduction compared to 2008, reflected the Company's action to reduce operating costs in response to the current economic conditions. Operating margin for processing operations for the first quarter of 2009 was \$129,314 compared to \$135,337 for the fourth quarter of 2008 and \$135,448 for the first quarter of 2008.

General and Administrative Expenses

General and administrative expenses for the first quarter of 2009 totaled \$331,590, compared to \$403,755 for the fourth quarter of 2008 and \$400,586 for the three months ended March 31, 2008. The reduction in expenses during the quarter reflect the Company's response to economic conditions, wherein measures were introduced, which are expected to reduce administrative expenditures by approximately \$400,000 for the year. In particular, payroll and consulting costs and business development costs have been reduced. Although these areas of reduction are relatively certain there is a risk of other unforeseen costs offsetting the potential savings.

Interest Expense

Interest expense for the first quarter of 2009 was \$55,503 compared to \$32,448 in the fourth quarter of 2008 and \$29,102 for the first quarter of 2008. Fourth quarter interest costs were reduced by a private placement early in the quarter and reducing interest rates as the quarter progressed. Lower interest rates have continued during the first quarter of 2009. \$6,750 has been accrued in the first quarter for Part XII.6 tax on flow-through commitments renounced for 2008.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was \$623,441 in the first quarter of 2009 compared to \$743,129 in the fourth quarter of 2008 and \$613,964 for the first quarter of 2008. The increase compared to first quarter of 2008 reflects the increases in capital spending during 2008 and the impact of a reduction in 2008 year end reserves. However, compared to the fourth quarter of 2008, the increase has been offset by the impairment of certain assets at December 31, 2008.

Net Income and Loss

The loss in the first quarter of 2009 was \$545,981, which included a future tax recovery of \$230,083, compared to net loss of \$1,761,937 in the fourth quarter of 2008, which included a tax recovery of \$495,426; and a loss of \$52,765 in the first quarter of 2008. The operating margin for the first quarter of 2009 of \$243,635 compared to \$362,193 in the final quarter of 2008, and \$1,048,267 in the first quarter of 2008.

The net loss in both the first quarter of 2009 and the fourth quarter of 2008 reflect the significant fall in oil and gas prices since the third quarter of 2008 and the resulting negative impacts on revenues and funds generated from operations. The fourth quarter of 2008 also included an impairment on goodwill, intangibles and property amounting to \$1,413,311, which related to an asset which had seen a significant adverse change in the business climate. The actions of the Company to reduce operating and administrative costs in the first quarter have mitigated the impact of the lower commodity prices on the Company's loss.

Capital Expenditures and Commitments

The Company incurred \$122,340 on capital expenditures during the first quarter. As prices remain low for the immediate future, the focus is to pursue development opportunities at Judy Creek, Sakwatamau and Matziwin through the funding of joint venture partners. The Company will continue development of its resource plays, specifically at Frontier, once economic conditions improve but this may be delayed throughout 2009 as oil and gas prices are not forecast to increase radically. Anterra remains committed to this future opportunity, subject to improving economic conditions, and believes it has an inventory of over fifty development drilling locations in Alberta and Saskatchewan.

Pursuant to flow-through financings completed by the Company in October and November 2008, at March 31, 2009 the Company had an outstanding commitment of approximately \$1,350,000 to spend on qualified exploration expenditures by December 31, 2009. In light of the Company's current working capital deficit, the Company is looking at alternatives to fund these expenditures.

The Company has been reassessed by Canada Revenue Agency (“CRA”) for 2004 and 2005 taxation years. The Company has filed a notice of objection respecting the reassessment and, while the outcome is unknown, the Company expects any net changes resulting to the financial statement to be immaterial.

Liquidity and Capital Resources

Funds flow from operations for the first quarter of 2009 was a negative \$143,458 compared to a negative \$35,010 for the fourth quarter of 2008 and positive funds flow from operations of \$618,579 for the first quarter of 2008.

At March 31, 2009 the outstanding amount under the Company’s revolving demand loan facility (see Bank Debt below) was \$5,142,366. The net working capital deficit, including bank debt, is approximately \$7.4 million. The Company’s steps to reduce operating and administrative costs, and suspend all Company funded capital expenditures until economic conditions improve, coupled with some strengthening in oil price have created the opportunity to return to a small positive funds flow from operations in the second quarter.

The Company’s ability to raise additional capital through equity financing or through the disposition of assets has been limited by the recent financial market conditions including the low commodity prices and the cost of capital. As a result, the Company has been unable to materially reduce the amount of the working capital deficit in recent months and remains unable to pay all its creditors on a timely basis. Assuming that oil and gas prices remain at current levels during 2009 and without additional sources of capital, the Company will be unlikely to generate sufficient cash flow to meaningfully reduce the working capital deficit. See Note 2 “Going Concern” in the Financial Statements.

During the first quarter, the Company made an informal approach to its unsecured trade creditors proposing to settle all debts with an element of cash, a two year debenture and an equity component, treating all creditors equally. The cash component is to be raised through a private placement of equity with directors and key shareholders of the Company, but both the equity and the payment to creditors are interdependent based on agreement to the arrangement from the creditors. The Company currently has had a positive response from over 50% of the trade creditors and plans to complete the proposed debt re-structuring by the end of the second quarter.

Bank Debt

At March 31, 2009, the Company had a \$6,000,000 revolving demand loan facility and an additional \$1,000,000 non-revolving acquisition and development demand loan facility with a Canadian chartered bank. The revolving loan bears interest at prime plus 3/4 % and the non-revolving loan at prime plus 1%, and the loans are secured by a general assignment of book debts and a \$10,000,000 first floating charge debenture over all assets of the Company. At the request of the Bank, the Company has provided additional security by issuing fixed charges, mortgages and security interests over certain of the Company’s oil and gas assets. As at March 31, 2009, including bank indebtedness, the Company had drawn \$5,142,366. At March 31, 2009, the Company was not in compliance with its working capital covenant. Also, the Company was not in compliance with the covenant at December 31, 2008 and, accordingly, it requested a waiver from the Bank (See Note 10 “Capital Disclosures” to Financial Statements). The Bank responded by notifying the Company that it is in default of its obligations to the Bank in respect of the working capital covenant. The Bank is entitled to make demand of the credit facilities at any time but, currently, has not notified the Company of a desire to demand loan repayment. The Company continues to progress with the settlement on amounts owed to unsecured creditors and is in communication with the Bank on this initiative. The Company expects sufficient settlement with its creditors to again meet its Bank obligations. The availability under the facility is subject to periodic review with the annual review scheduled in May. The Company anticipates that, following completion of the Bank’s annual review, the Bank will reduce the loan facility and establish additional terms and conditions, including completion of the settlement with unsecured creditors by the end of the second quarter. The loans are shown as a current liability due to their demand nature despite the lender having not demanded repayment of the loan.

Share Capital

At March 31, 2009, there were 38,001,398 Class A Shares and 753,014 Class B Shares outstanding. At March 31, 2009, there were 2,996,667 stock options outstanding at a weighted average exercise price of \$0.51. At March 31, 2009, there were no warrants outstanding. The number of shares have not changed since the end of the quarter and no additional options or warrants have been issued. On March 6, 2009, the Board approved the cancellation of all the Company's stock options subject to receiving the consent of all option holders. All consents have been received and cancellation of the options was ratified by the Board on April 27, 2009. The Company has proposed a resolution, for approval by shareholders at the upcoming Annual General Meeting, granting the board of directors the option to issue new stock options within the existing Stock Option Plan.

Pursuant to the rules of the TSXV, the shares of the previous directors, officers and insiders of Resolve (which were exchanged for shares of the Company) are subject to escrow conditions, whereby 10 percent of Class A shares were released from escrow upon receipt of a listing notice on the TSX Venture Exchange. The remaining 90 percent of the escrowed Class A shares shall be released in equal 15 percent tranches every six months thereafter, for a period of 36 months. As at March 31, 2009, 1,111,800 Class A shares remained in escrow pursuant to these conditions

The Company has not paid dividends on its common shares to date.

Related Party Transactions

Except as disclosed elsewhere the Company had the following related party transactions:

- (a) The Company completed a private placement of 5,832,358 flow-through Class A Shares in October and November 2008, at a price of \$0.30 per share. Directors and officers of the Company subscribed for an aggregate of 636,358 Class A Shares.

The above transaction was completed on the same terms as to other arms length participants in the private placements.

- (b) During the period, a legal firm, of which a director is a partner, charged the Company \$6,272 (2008 - \$12,985) for legal fees and services.
- (c) An officer of the Company has an agreement with the Company whereby a company controlled by the officer has a 2% gross overriding royalty on all revenues from the earning well drilled on a lease of the Company and also with respect to future revenues arising from the area of mutual interest for the Judy Creek area. During the period, the officer received \$867 (2008 - \$Nil) from this royalty.
- (d) Under an agreement dated October 11, 2007, a company owned by a director participated in a farmin on a property owned by the Company paying 30% of the costs of a test well for a 30% interest before payout and a 15% interest after payout in the scheduled farmout lands. There are no amounts owing and no revenue was received during the period or during 2008.

All related party transactions in the normal course of operations have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

Changes in Accounting Policies including initial adoption

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests" which replace CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1601 and 1602 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. See Note 3 to the interim financial statements.

The Company is assessing the impact on its financial statements of these new standards, but management does not anticipate that this will have a material impact on the Company's financial position or results of operations.

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit oriented enterprises that are responsible to large or diverse groups of stakeholders. The Company will need to begin reporting under IFRS in the first quarter of 2011 with comparative data for the prior year. IFRS uses a conceptual framework similar to Canadian GAAP, but there could be significant differences in recognition, measurement, and disclosures that will need to be addressed.

The Company has been reviewing the requirements to IFRS but progress on adoption has been delayed due to restrictions on the Company's available resources under the current economic conditions. Position papers are being prepared on issue-specific accounting differences between Canadian GAAP and IFRS and the impact on financial reporting. As a number of the IFRS standards are still changing, the position papers will have to be updated to reflect any changes from the final standards. The Company will continue to assess the impact of the proposed standards on its financial statements and disclosure as additional information becomes available. Financial impacts cannot be reasonably determined at this time.

Based on the initial assessments the Company has identified that the following areas have the greatest potential impact to the Company's accounting: property, plant and equipment, asset retirement obligations and employee benefits. There will also be a significant amount of effort to comply with IFRS' requirements for initial adoption of IFRS.

A more detailed analysis and evaluation of the financial impact of these issues and the impact on financial covenants, business contracts and computer systems is expected to be undertaken by the Company during 2009.

Business Risks

Crude oil and natural gas exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing government law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance is also maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

Financial risks include commodity prices, interest rates and the Canadian/United States exchange rate, all of which are beyond the Company's control. The Company sells all of its production on the spot market and does not currently have a hedge program in place.

The Company relies on access to capital markets for new equity to supplement internally generated cash flow and debt to finance its growth plans. Periodically, these markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placement or public offerings. This may be further complicated by the limited market liquidity for shares of smaller companies, restricting access to some institutional investors. Periodic fluctuations in energy prices may also affect lending policies of the Company's bankers, whether for existing loans or new borrowings. This in turn could limit growth prospects over the short run or may even require the Company to dedicate cash flow, dispose of properties or raise new equity to reduce bank borrowings under circumstances of declining energy prices or disappointing drilling results.

The Company is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other

parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Company's ongoing capital program, potentially delaying the program and the results of such program until the Company finds a suitable alternative partner.

Regulatory risks include changes to Canadian federal and provincial laws, which are beyond the Company's control. The Government of Alberta has completed a comprehensive review of the province's oil and natural gas royalty structure. Anterra is currently evaluating how the potential changes may impact the Company's operations.

Forward Looking Statements

This MD&A contains forward looking information related to the Company's planned drilling program, production, revenue, commodity prices, royalties, capital expenditures, operating costs, general and administrative expenses, funds flow from operations, financing plans, liquidity and capital resources, and debt settlement. Forward-looking information is based on expectations and estimates as of the date of this document, and is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward-looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "objective", "projection", "forecast", "continue", "strategy", "position" or the negative of those terms or other variations of them or comparable terminology.

Further examples of such forward-looking information in this document include but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions, which may prove to be incorrect including: the amounts recorded for depletion, depreciation and accretion, the provision for asset retirement obligations and the ceiling test, which are based on estimates of reserves, production rates, petroleum and natural gas prices, future costs and other relevant assumptions. Stock-based compensation expense is based upon estimates using the Black-Scholes option pricing model.

Risks include, but are not limited to, the availability and costs of financing, general economic conditions and risks associated with the oil and gas industry (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the financial health of the Company's joint venture partners; health, safety and environmental risks; and the uncertainty of dealing with government and obtaining regulatory approvals).

At this time, the most significant risk relates to the uncertainty of future oil and gas prices and the current volatility in these markets. Revenues and funds flow from operations will be impacted positively or negatively depending on the ultimate variance to the Company's forecast assumptions. Furthermore, the outcome of commodity price changes are expected to impact the Company's capital spending plans and the ability of joint venture partners and other sources of capital funding to provide financing for the Company's projects.

Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, ability to attract and retain employees on a cost effective basis, commodity and marketing risk and seasonality. The Company is subject to significant drilling risk and uncertainties including the ability to find oil and gas reserves on an economic basis. The Company is also exposed to risks relating to the inability to obtain timely regulatory approvals, surface access, access to third party gathering and processing facilities, transportation and other third party related operational risks. Financial risks that Anterra is exposed to include, but are not limited to, access to debt or equity markets and fluctuations in commodity prices, interest rates and the Canadian/US dollar exchange rate.

It is anticipated that subsequent events and developments may cause a change to the assumptions made by the Company. The Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents the Company's views as of the date of this document and such information should not be relied upon as

representing the Company's views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of factors that could affect the Company.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.anterraenergy.com.
