

Management Discussion and Analysis

The following discussion is management's analysis of Anterra Corporation's ("Anterra" or the "Company") operating and financial data for the three months ended March 31, 2007 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 consolidated financial statements and notes for the year ended December 31, 2006. The Management Discussion and Analysis ("MD&A") was prepared as of May 24, 2007.

On January 1, 2007, Anterra Corporation and its wholly-owned subsidiaries Anterra Resources Inc. and Anterra Midstream Inc. were amalgamated under the name of Anterra Corporation.

On May 1, 2007, Anterra Corporation completed the amalgamation of the Company with Resolve Energy Inc. under the name of Anterra Energy Inc. Pursuant to the amalgamation each issued and outstanding share of the Company has been converted into (a) 0.5714285 Class A shares of Anterra Energy Inc. and (b) 0.0132 Class B shares of Anterra Energy Inc.

Operating Summary

The Company carries out exploration, development, and production of oil and gas in two core operating areas, Breton and southeast Alberta. The Company also offers fee based third party processing services in both core operating areas. The following table outlines the operations for these two segments for the three months ended March 31, 2007, compared to the same period in 2006 along with the other costs of the Company for the periods.

	Three Months March 31, 2007	Three Months March 31, 2006
Oil and Gas Production		
Revenue	\$ 1,158,696	\$ 1,281,938
Royalties	(99,941)	(146,364)
Gross overriding royalties	-	3,764
Net revenue	1,058,755	1,139,338
Operating costs	475,975	400,541
Oil and gas operating margin	582,780	738,797
Processing		
Revenue	295,907	230,290
Operating costs	177,925	262,053
Processing operating margin	117,982	(31,763)
Other revenue	-	-
Inter-segment revenue and cost	(48,961)	(65,452)
Total Net Revenue	1,305,701	1,304,176
Total Operating Costs	604,939	597,142
Total Operating Margin	700,762	707,034
Expenses		
General and administration	318,764	317,395
Stock compensation	10,664	47,683
Interest	82,268	41,420
Depletion, depreciation, accretion	363,626	396,871
Total Expenses	775,322	803,369
Net Loss Before Tax	(74,560)	(96,335)
Provision For Taxes	(26,186)	(23,312)
Net Loss	(48,374)	(73,023)
Earnings (Loss) per share		
Basic	(0.002)	(0.003)
Fully Diluted	(0.002)	(0.003)
Weighted Average Number of Shares In Thousands	27,842,833	23,865,000
Funds Flow From Operations		
	299,730	259,685
Funds Flow Per Share	0.011	0.011

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. 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.

Quarterly Financial Information

	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006	2nd Quarter 2006
Net Revenue	\$ 1,305,701	\$ 1,046,220	\$ 1,332,735	\$ 1,281,658
Oil and gas operating margin	582,780	204,076	596,740	608,887
Processing operating margin	117,982	45,756	32,209	(41,131)
Net Income (Loss)	(48,374)	(313,877)	(81,891)	(102,561)
Earnings (Loss) per share				
Basic	(0.002)	(0.011)	(0.003)	(0.004)
Fully Diluted	(0.002)	(0.011)	(0.003)	(0.004)
Weighted Average Number of Shares In Thousands	27,843	27,843	27,843	25,733
Funds Flow From Operations	299,730	13,517	340,721	172,283
Funds Flow Per Share	0.011	0.000	0.012	0.007

	1st Quarter 2006	4th Quarter 2005	3rd Quarter 2005	2nd Quarter 2005
Net Revenue	\$ 1,304,176	\$ 1,468,205	\$ 1,385,924	\$ 1,086,000
Oil and gas operating margin	738,797	816,797	770,611	585,696
Processing operating margin	(31,763)	42,207	97,415	(5,177)
Net Income (Loss)	(73,023)	123,907	126,492	84,126
Earnings (Loss) per share				
Basic	(0.003)	0.006	0.006	0.004
Fully Diluted	(0.003)	0.006	0.006	0.004
Weighted Average Number of Shares In Thousands	23,865	22,191	21,979	21,930
Funds Flow From Operations	259,685	640,120	485,967	267,025
Funds Flow Per Share	0.011	0.029	0.022	0.012

Oil & Gas Production

Production during the first quarter of 2007 increased to 224 boe/d from 178 boe/d in the fourth quarter of 2006. The fourth quarter had been impacted by unscheduled workovers at Breton and Matziwin, which took production off stream in the last quarter. However in November, the Company announced the drilling of a successful oil and gas well at Breton, which was dual completed and the oil zone was placed on production at a rate of 30 boe/d in early December 2006. The well was also completed for gas which was placed on production in late January 2007 at restricted rates of 450 mscf/d. Continuing exploitation activities on the Company's core oil and gas properties during 2006 maintained production levels at Breton in central Alberta and Scots Lake and Suffield in southeast Alberta. The Breton wells are now producing in the order of 245 boe/d, comprised of 150 bbls/d and 575 mscf/d of natural gas, while 40 bbls/d are being produced in southeast Alberta. The Company is planning four development wells and a waterflood implementation at

Breton in 2007 to increase oil production in the south half of the field, which is limited by low reservoir pressure.

Oil & Gas Production

	Three Months March 31, 2007	Three Months March 31, 2006
Oil (bbl/d)	160	149
Natural Gas (mcf/d)	369	439
NGLs (bbl/d)	3	8
Total (boe/d)	224	230

Oil & Gas Revenue and Realized Prices

Oil prices maintained strength throughout 2006 and the first quarter of 2007, while gas prices experienced some weakness compared to the first quarter of 2006. The outlook is for commodity prices to remain at current levels during 2007, although some volatility could be expected.

	Three Months March 31, 2007	Three Months March 31, 2006
Oil		
Revenues	\$891,276	\$862,912
Prices \$/bbl	\$61.86	\$64.31
Natural Gas		
Revenues	\$249,790	\$376,611
Prices \$/mcf	\$7.51	\$9.54
NGL's		
Revenues	\$17,630	\$42,415
Prices \$/bbl	\$75.99	\$60.42
Total		
Revenues	\$1,158,696	\$1,281,938
Price \$/bbl	\$57.42	\$61.93

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, 2007, (2006 – \$3,764).

Oil & Gas Royalties Expense

Total royalties including crown royalties were \$99,941 for the first quarter of 2007 as compared to \$64,320 for the fourth quarter of 2006 and \$146,364 for the three months ended March 31, 2006. This represented \$4.95 per boe for the first quarter of 2007 as compared to \$3.92 per boe for the fourth quarter of 2006 and \$7.07 per boe for the three months ended March 31, 2006. Gas volumes, which attract a higher royalty rate than oil, were lower in the first quarter of 2007 compared to the first quarter of 2006 resulting in the average royalty per boe decreasing against the previous year. However, gas volumes increased against the fourth quarter of 2006, which was impacted by operating problems.

Oil & Gas Operating Costs

Total operating costs for the first quarter of 2007 were \$475,975 or \$23.59 per boe, including \$37,158 for inter-divisional processing charges and \$63,626 for well repairs and maintenance. Operating costs were \$637,218 for the fourth quarter of 2006 or \$38.81 per boe, including \$34,320 for inter-divisional processing charges and \$188,313 for repairs and maintenance. Unscheduled workovers at Breton and Matziwin in October and November 2006 resulted in a significant increase in maintenance costs in those months. Operating costs for the first quarter of 2006 year were \$400,541 or \$19.35 per boe, including \$40,725 for inter-divisional processing charges and \$21,852 for repairs and maintenance. Inter-divisional charges were eliminated for consolidation purposes. Unit oil and gas operating costs will remain high until production rates are substantially increased.

Oil & Gas Operating Net Back

The operating net back for the first quarter of \$28.88 per boe compared to \$12.37 per boe for the three months ended December 31, 2006 which was impacted by the increase in operating costs described above. The operating netback has now returned to more normal levels; for the first quarter of 2006 the net back was \$35.51 per boe.

	Three Months March 31, 2007	Three Months March 31, 2006
Average realized price (\$/boe)	\$57.42	\$61.93
Royalties, net of ARTC (\$/boe)	4.95	7.07
Operating expenses (\$/boe)	23.59	19.35
Operating net back (\$/boe)	\$28.88	\$35.51

Processing

Processing revenue for the first quarter of 2007 was \$295,907 compared to \$230,290 for the first quarter of 2006 and \$252,503 for the fourth quarter of 2006. This reflected a return to stronger third party volumes, which had been impacted by a number of difficult business conditions during 2006.

Processing Operating Costs

Processing operating costs for the first quarter of 2007 were \$177,925 (including \$11,803 of inter-divisional charges) compared to \$206,747 (including \$13,257 of inter-divisional charges) in the fourth quarter of 2006 and \$262,053 (including \$24,727 of inter-divisional charges) for the three months ended March 31, 2006. Lower costs during the quarter reflected better experience with maintenance costs. Inter-divisional charges were eliminated for consolidation purposes.

General and Administrative Expenses

General and administrative expenses for the first quarter of 2007 totaled \$318,764, compared to \$244,098 for the fourth quarter of 2006 and \$317,395 for the three months ended March 31, 2006. The increase in general and administrative expenses in the first quarter reflected increased expenses related to year end consulting and professional fees.

Interest Expense

Interest expense for the first quarter of 2007 was \$82,268 compared to \$77,510 in the fourth quarter of 2006 and \$41,420 for the first quarter of 2006, reflecting the higher debt level in the company. This was the result of lower funds flow than expected in 2006 while financing the shortfall on capital programs through bank facilities. Following the amalgamation with Resolve Energy Inc. effective May 1, 2007, interest expense will be reduced.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was \$380,256 in the first quarter of 2007 compared to \$284,443 in the fourth quarter of 2006 and \$396,871 for the first quarter of 2006. The lower number in the fourth quarter of 2006 reflected an adjustment related to the impact of increasing reserves in the year end reserves report.

Net Income and Loss

The loss in the first quarter of 2007 was \$48,374 compared to a loss of \$313,877 in the fourth quarter of 2006 and a loss of \$73,023 in the first quarter of 2006. Unscheduled maintenance shutdowns at producing wells during the last quarter of 2006 resulted in lower production levels and higher maintenance costs. The operating margin for the first quarter of 2007 of \$700,762 improved from \$249,832 in the final quarter of 2006, but earnings were reduced by higher depletion and general and administrative costs.

In 2007 financial results are expected to improve due to new production volumes from Breton and Frontier, and as a result of the financial benefits of the Company's amalgamation with Resolve Energy Inc. At current commodity prices and with growing production volumes, financial results are expected to improve throughout 2007.

Capital Expenditures and Commitments

The Company originally budgeted to spend \$5.8 million in capital expenditures in 2007, subject to quarterly review and capital availability. Following the amalgamation with Resolve Energy Inc, which was approved by both sets of shareholders and became effective May 1, 2007, the budget has been revised to reflect the increased working interests of the combined entity in the new properties of Frontier, Judy Creek, Macleod and Suffield. A proposed capital expenditures budget of up to \$10.1 million for the year will depend on capital availability and initial drilling results at the new properties. The first half of the year is expected to be active with two development wells planned at Breton and four wells planned on the new properties. The first well at Frontier was drilled in May and two additional wells at Breton and Frontier are planned for the second quarter. Management is also planning a waterflood implementation at Breton, where oil production in the south half of the field is limited by low reservoir pressure.

Up to March 31, 2007, the Company had spent \$267,321 on oil and gas capital expenditures and \$11,096 on processing assets.

Pursuant to a flow-through financing completed April 7, 2006, the Company is committed to spending \$1,124,299.80 on qualified exploration and development expenditures by December 31, 2007. As at March 31, 2006, the Company had expended \$1,112,091 on qualified expenditures related to the financing.

Liquidity and Capital Resources

The Company continued to generate positive cash flow from operations in the first quarter of 2007 and expects increasingly positive cash flow from operations to continue throughout 2007. Funds flow from operations for the first quarter of 2007 totaled \$299,730 compared to \$13,517 for the fourth quarter of 2006 and \$259,685 for the first quarter of 2006. The Company has available bank debt as noted below. As indicated in the above Capital Expenditures and Commitments, the Company plans to continue the exploitation of its core properties and facilities and combine it with the selective pursuit of higher risk, high impact exploration prospects. As these plans are developed the Company intends to raise additional capital to fund these initiatives in addition to the funds flow and available bank debt.

Deferred Costs

Deferred costs totaling \$60,187, relate to share issue expenses associated with the amalgamation of the Company with Resolve Energy Inc., which was completed on May 1, 2007.

Bank Debt

At March 31, 2007, the Company had available a \$5,000,000 revolving demand loan facility and an additional \$500,000 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 March 31, 2007, there was a balance outstanding on the loans of \$4,406,560 (2006 - \$3,600,000). These facilities are subject to an annual review by May 1, 2007. The loans are shown as a current liability due to their demand nature despite the lender not having demanded repayment of the loan.

Share Capital

At March 31, 2007 there were 27,842,833 common shares outstanding. At March 31, 2007 there were 1,825,000 stock options outstanding at a weighted average exercise price of \$0.38. At March 31, 2007, there were 1,052,000 warrants outstanding to purchase common shares at an exercise price of \$0.75 per share and expiring on October 7, 2007. There were also 238,670 Broker's warrants outstanding to purchase common shares at an exercise price of \$0.60 per share, which expired on April 7, 2007.

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

At a special meeting of the Company's shareholders on April 26, 2007, the shareholders approved the amalgamation of the Company with Resolve Energy Inc. ("Resolve"). Pursuant to the amalgamation each issued and outstanding share of the Company has been converted into (a) 0.5714285 Class A shares of Anterra Energy Inc. (the company formed by the amalgamation of Anterra and Resolve); and (b) 0.0132 Class B shares of Anterra Energy Inc.

As a consequence of the amalgamation all options of the Company were required to be exercised or terminated prior to May 1, 2007, the effective date of the amalgamation. Accordingly, 375,000 options (200,000 options at an exercise price of \$0.15; 100,000 options at an exercise price of \$0.21; and 75,000 options with an exercise price of \$0.23) with an exercise value of \$68,250 were exercised and the remaining 1,450,000 options were terminated.

Related Party Transactions

For the three months ended March 31, 2007, a corporation owned by an officer and director charged \$17,400 (2006 - \$17,400) to the Company for office space and related services. A legal firm of which a director is a partner charged the Company \$Nil (2006 - \$20,033) for fees and services.

The Company is leasing its office space and related services from the director's corporation. This lease, with a monthly payment of \$5,800, expired on March 31, 2007 and has been extended to December 31, 2007 at a monthly payment of \$10,500.

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

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") section 1530, section 3251 "Equity", section 3855, "Financial Instruments - Recognition and Measurement," and section 3865, "Hedges". These standards have been adopted prospectively. See note 2 to the interim financial statements.

Disclosure Controls and Procedures

As at March 31, 2007, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at March 31, 2007 to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be known to them by others within those entities.

Internal Control Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The design of the Corporation's internal control over financial reporting was assessed as of the date of this Management's Discussion and Analysis.

The weakness in the Corporation's internal controls over financial reporting, discussed below, results in a more than 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.

The Corporation has only six full time employees and one part time employee. Control deficiencies have been identified within the Corporation's accounting and financial function and its financial information systems over segregation of duties and user access respectively. Specifically, the majority of duties are not properly segregated due to the small number of individuals employed in this area. Management is of the opinion that none of the segregation of duty or access control deficiencies has resulted in a misstatement to the financial statements. However, these deficiencies may be considered a material weakness resulting in a more-than remote likelihood that a material misstatement of the Corporation's annual or interim financial statements would not be prevented or detected. As the Corporation grows, the Corporation plans to expand the number of individuals involved in the accounting function. At the present time, the CEO and CFO oversee all material transactions and related accounting records. In addition, the Audit Committee reviews on a quarterly basis the financial statements and key risks of the Corporation and queries management about significant transactions.

It should be noted that a control system, including the Corporation's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal control procedures will prevent all errors or fraud.

During the quarter ended March 31, 2007, there have been no changes to the Corporation's internal controls over financial reporting that have, or are reasonably likely to, materially affect the internal controls over financial reporting.

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.

Forward Looking Statements

Information contained in this MD&A that is not historical fact may be considered "forward looking statements". These forward looking statements some times include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company's objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding recoverable reserves, changes in demand for and commodity prices of crude oil and natural gas, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates and other factors discussed herein.

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.

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