

# Anterra Energy Inc.

## Management Discussion and Analysis

The following discussion is management's analysis of Anterra Energy Inc.'s (formally Anterra Corporation) ("Anterra" or the "Company") operating and financial data for the three months and six months ended June 30, 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 Anterra Corporation for the year ended December 31, 2006. The Management Discussion and Analysis ("MD&A") was prepared as of August 17, 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 an amalgamation with Resolve Energy Inc. under the name of Anterra Energy Inc. Pursuant to the amalgamation each issued and outstanding share of Anterra Corporation 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 and six months ended June 30, 2007, compared to the same period in 2006 along with the other costs of the Company for the periods.

	Three Months June 30, 2007	Three Months June 30, 2006	Six Months June 30, 2007	Six Months June 30, 2006
<b>Oil and Gas Production</b>				
Revenue	1,443,991	1,271,574	2,602,687	2,553,514
Royalties	(113,930)	(111,061)	(213,871)	(257,425)
Gross overriding royalties	3,499	1,517	3,499	5,281
Net revenue	1,333,560	1,162,030	2,392,315	2,301,370
Operating costs	497,728	553,143	973,703	953,685
<b>Oil and gas operating margin</b>	<b>835,832</b>	<b>608,887</b>	<b>1,418,612</b>	<b>1,347,685</b>
<b>Midstream Processing</b>				
Revenue	244,796	168,401	540,703	398,690
Operating costs	190,048	209,532	367,973	471,585
<b>Midstream operating margin</b>	<b>54,748</b>	<b>(41,131)</b>	<b>172,730</b>	<b>(72,895)</b>
Other revenue	-	-	-	-
Intersegment revenue and cost	(46,080)	(48,773)	(95,041)	(114,226)
<b>Total Net Revenue</b>	<b>1,532,276</b>	<b>1,281,658</b>	<b>2,837,977</b>	<b>2,585,834</b>
Total Operating Costs	641,696	713,902	1,246,635	1,311,044
<b>Total Operating Margin</b>	<b>890,580</b>	<b>567,756</b>	<b>1,591,342</b>	<b>1,274,790</b>
<b>Expenses</b>				
General and administration	371,585	347,120	690,349	664,515
Stock compensation	76,462	1,880	87,126	49,563
Interest	65,228	41,171	147,496	82,591
Depletion, depreciation, accretion	471,358	286,626	834,984	683,497
<b>Total Expenses</b>	<b>984,633</b>	<b>676,797</b>	<b>1,759,955</b>	<b>1,480,166</b>
<b>Net Profit (Loss) Before Tax</b>	<b>(94,053)</b>	<b>(109,041)</b>	<b>(168,613)</b>	<b>(205,376)</b>
Provision For Taxes	(5,926)	(6,480)	(32,112)	(29,792)
<b>Net Profit (Loss)</b>	<b>(88,127)</b>	<b>(102,561)</b>	<b>(136,501)</b>	<b>(175,584)</b>
<b>Earnings per Class A share</b>				
Basic	(0.004)	(0.004)	(0.007)	(0.007)
Fully Diluted	(0.004)	(0.004)	(0.007)	(0.007)
Weighted Average Number of Class A Shares In Thousands	20,553,000	25,733,000	18,244,000	25,733,000
<b>Funds Flow From Operations</b>	<b>453,767</b>	<b>172,283</b>	<b>753,497</b>	<b>431,968</b>
Funds Flow Per Class A Share	0.022	0.007	0.041	0.017

## 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. 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.

In this press release, 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 6 mcf : 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

	2nd Quarter 2007	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006
<b>Net Revenue</b>	<b>\$ 1,532,276</b>	<b>\$ 1,305,701</b>	<b>\$ 1,046,220</b>	<b>\$ 1,332,735</b>
Oil and gas operating margin	812,888	582,780	204,076	596,740
Processing operating margin	77,692	117,982	45,756	32,209
<b>Net Income (Loss)</b>	<b>(88,127)</b>	<b>(48,374)</b>	<b>(313,877)</b>	<b>(81,891)</b>
<b>Earnings (Loss) per share</b>				
Basic	(0.004)	(0.002)	(0.011)	(0.003)
Fully Diluted	(0.004)	(0.002)	(0.011)	(0.003)
Weighted Average Number of Shares In Thousands	20,553	27,843	27,843	27,843
<b>Funds Flow From Operations</b>	<b>453,767</b>	<b>299,730</b>	<b>13,517</b>	<b>340,721</b>
Funds Flow Per Share	0.022	0.011	0.000	0.012

	2nd Quarter 2006	1st Quarter 2006	4th Quarter 2005	3rd Quarter 2005
<b>Net Revenue</b>	<b>\$ 1,281,658</b>	<b>\$ 1,304,176</b>	<b>\$ 1,468,205</b>	<b>\$ 1,385,924</b>
Oil and gas operating margin	608,887	738,797	816,797	770,611
Processing operating margin	(41,131)	(31,763)	42,207	97,415
<b>Net Income (Loss)</b>	<b>(102,561)</b>	<b>(73,023)</b>	<b>123,907</b>	<b>126,492</b>
<b>Earnings (Loss) per share</b>				
Basic	(0.004)	(0.003)	0.006	0.006
Fully Diluted	(0.004)	(0.003)	0.006	0.006
Weighted Average Number of Shares In Thousands	25,733	23,865	22,191	21,979
<b>Funds Flow From Operations</b>	<b>172,283</b>	<b>259,685</b>	<b>640,120</b>	<b>485,967</b>
Funds Flow Per Share	0.007	0.011	0.029	0.022

## Oil & Gas Production

Production during the second quarter of 2007 increased to 261 boe/d from 224 boe/d in the first quarter. The second quarter included some contribution from the first well at Frontier and from the Sakwatamau acquisition. In November 2006, 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 of oil is 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. Two of the development wells were drilled during the second quarter.

### Oil & Gas Production

	Three Months June 30, 2007	Three Months June 30, 2006	Six Months June 30, 2007	Six Months June 30, 2006
Oil (bbl/d)	181	149	171	149
Natural Gas (mcf/d)	443	445	406	442
NGLs (bbl/d)	6	6	4	7
Total (boe/d)	261	229	243	229

### Oil & Gas Revenue and Realized Prices

Oil prices maintained strength throughout 2006 and the first half 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 June 30, 2007	Three Months June 30, 2006	Six Months June 30, 2007	Six Months June 30, 2006
<b>Oil</b>				
Revenues	\$1,107,180	\$976,952	\$1,998,457	\$1,839,863
Prices \$/bbl	\$67.20	\$72.06	\$64.71	\$68.21
<b>Natural Gas</b>				
Revenues	\$295,863	\$261,946	\$545,653	\$638,558
Prices \$/mcf	\$7.34	\$6.47	\$7.42	\$7.99
<b>NGL's</b>				
Revenues	\$40,948	\$32,676	\$58,577	\$75,093
Prices \$/bbl	\$78.75	\$62.56	\$77.90	\$61.32
<b>Total</b>				
Revenues	\$1,443,991	\$1,271,574	\$2,602,687	\$2,553,514
Price \$/bbl	\$60.88	\$61.07	\$59.29	\$61.50

### 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 \$3,499 for the three months ended June 30, 2007, (2006 – \$1,517).

### Oil & Gas Royalties Expense

Total royalties including crown royalties were \$113,930 for the second quarter of 2007 as compared to \$99,941 for the first quarter and \$111,061 for the three months ended June 30, 2006. This represented \$4.80 per boe for the second quarter of 2007 as compared to \$4.95 per boe for the first quarter and \$5.33 per boe for the three months ended June 30, 2006. For the six months ended June 30, 2007 total royalties amounted to \$213,871 compared to \$257,425 in the previous year, resulting in a rate of \$4.87 per boe in 2007 compared to \$6.20 per boe in 2006. Gas volumes, which attract a higher royalty rate than oil, were lower in the first half of 2007 compared to the first half of 2006 resulting in the average royalty per boe decreasing against the previous year.

### Oil & Gas Operating Costs

Total operating costs for the second quarter of 2007 were \$497,728 or \$20.99 per boe, including \$34,939 for inter-divisional processing charges and \$27,495 for well repairs and maintenance. Operating costs were \$475,975 for the first quarter of 2007 or \$23.59 per boe, including \$37,158 for inter-divisional processing

charges and \$63,626 for repairs and maintenance. Operating costs for the second quarter of 2006 year were \$553,143 or \$26.57 per boe, including \$37,777 for inter-divisional processing charges and \$112,831 for repairs and maintenance. During the first half of 2007 operating costs declined, in large part due to lower maintenance costs, compared to 2006 when the Company experienced a number of down hole problems and unscheduled workovers. Inter-divisional charges were eliminated for consolidation purposes. Unit oil and gas operating costs are expected to remain high until production rates are substantially increased.

### Oil & Gas Operating Net Back

The operating net back for the second quarter of 2007 was \$35.09 per boe compared to \$28.88 per boe for the three months ended March 31, 2007 reflecting both higher pricing and lower operating costs in the second quarter. For the second quarter of 2006 the net back was \$29.17 per boe.

	Three Months June 30, 2007	Three Months June 30, 2006	Six Months June 30, 2007	Six Months June 30, 2006
Average realized price ( \$/boe)	\$60.88	\$61.07	\$59.29	\$61.50
Royalties, net of ARTC ( \$/boe)	4.80	5.33	4.87	6.20
Operating expenses ( \$/boe)	20.99	26.57	22.18	22.97
Operating net back ( \$/boe)	\$35.09	\$29.17	\$32.24	\$32.33

### Processing

Processing revenue for the second quarter of 2007 was \$244,796 and \$540,703 for the six months ended June 30, 2007 compared to \$168,401 for the second quarter of 2006 and \$398,690 for the six months ended June 30, 2006. The Company experienced stronger third party volumes during the first half of 2007 compared to 2006, as a result of volume increases at Breton and more stable business conditions at Suffield.

### Processing Operating Costs

Processing operating costs for the second quarter of 2007 were \$190,048 (including \$11,141 of inter-divisional charges) and \$367,973 (including \$22,944 of inter-divisional charges) for the six months ended June 30, 2007 compared to \$209,532 (including \$10,996 of inter-divisional charges) for the three months ended June 30, 2006 and \$471,585 (including \$35,723 of inter-divisional charges) for the six months ended June 30, 2006. Lower operating costs during the first half of the year were a result of recently implemented preventative maintenance programs at both locations. Inter-divisional charges were eliminated for consolidation purposes.

### General and Administrative Expenses

General and administrative expenses for the second quarter of 2007 totaled \$371,585 and \$690,349 for the six months ended June 30, 2007, compared to \$347,120 for the three months ended June 30, 2006 and \$664,515 for the six months ended June 30, 2006. The increase in general and administrative expenses in the first half of the year reflect increased expenses related to year end consulting and professional fees and increased business development costs.

### Interest Expense

Interest expense for the second quarter of 2007 was \$65,228 compared to \$82,268 in the first quarter of 2007 and \$41,171 for the second quarter of 2006. Lower funds flow than expected in 2006 contributed to a higher shortfall on capital programs being financed through bank facilities, and increased debt levels in the first quarter of 2007. The amount drawn under the bank loan was reduced following the amalgamation with Resolve Energy Inc. on May 1, 2007, resulting in the reduced interest costs in the second quarter. With increases in capital spending contemplated for the second and third quarters resulting in increases in bank debt, monthly interest costs are expected to increase.

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## **Depletion, Depreciation and Accretion**

Depletion, depreciation and accretion expense was \$471,358 in the second quarter of 2007 compared to \$363,626 in the first quarter and \$286,626 for the second quarter of 2006. The expense for the six months ended June 30, 2007 was \$834,984 compared to \$683,497 during the same period in 2006. The increase in depletion, depreciation and accretion reflect the increased capital spending in the second quarter of 2007.

## **Net Income and Loss**

The loss in the second quarter of 2007 was \$88,127, after charging \$76,462 for stock compensation expense, compared to a loss of \$48,374 in the first quarter of 2007 and a loss of \$102,561 in the second quarter of 2006. The operating margin for the second quarter of 2007 was \$890,580 compared to \$700,762 in the first quarter of 2007 and \$567,756 in the second quarter of 2006. The significantly improved operating margin was offset by the charge for stock compensation expense and higher depletion, depreciation and accretion costs.

In the second half of 2007 financial results are expected to improve due to production increases 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, this trend is expected to continue throughout 2007.

## **Capital Expenditures and Commitments**

Following the amalgamation with Resolve Energy Inc. on May 1, 2007, the budget was 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 was active with two development wells drilled at Breton and the first well at Frontier drilled in May. In addition, a waterflood implementation was commenced at Breton, where oil production in the south half of the field is limited by low reservoir pressure. The Company also acquired a producing oil property at Sakwatamau, in central Alberta.

In the second half of the year, the Company is planning to drill three exploration wells and four development wells.

During the six months ended June 30, 2007, the Company spent \$4,300,938 on oil and gas capital expenditures, including \$176,000 for the acquisition of Sakwatamau properties; and \$18,279 on processing assets.

Pursuant to a flow through financing completed by Resolve Energy Inc. in December 2006, the Company is committed to spending \$4,374,000 on qualified exploration and development expenditures by December 31, 2007. As at June 30, 2007 the Company had expended \$2,175,000 on qualified expenditures related to the April 2006 financing.

Pursuant to a flow-through financing completed April 7, 2006, the Company was committed to spending \$1,124,300 on qualified exploration and development expenditures by December 31, 2007, which, as at June 30, 2007, had been expended.

## **Liquidity and Capital Resources**

The Company continued to generate positive cash flow from operations in the second quarter of 2007 and expects increasingly positive cash flow from operations to continue throughout 2007. Funds flow from operations for the second quarter of 2007 totaled \$453,767 compared to \$299,730 for the first quarter and \$172,283 for the second quarter of 2006. For the six months ended June 30, 2007 funds flow from operations totaled \$753,497 compared to \$431,968 for the same period in 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

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selective pursuit of higher risk, high impact exploration prospects. In order to ensure capital availability for the capital spending program, the Company completed a private placement of flow through Class A shares for gross proceeds of \$2,110,999 on August 7, 2007. As the project plans are developed the Company intends to raise additional capital to fund these initiatives in addition to the funds flow and available bank debt.

### **Bank Debt**

At June 30, 2007, the Company had available a \$5,750,000 revolving demand loan facility and an additional \$1,500,000 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 June 30, 2007, there was a balance outstanding on the loans of \$2,806,560 (2006 - \$2,750,000). These facilities are subject to an interim review in November and an annual review by May 1, 2008. 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 June 30, 2007, there were 22,842,275 Class A Shares and 753,014 Class B Shares outstanding. At June 30, 2007 there were 2,000,000 stock options outstanding at a weighted average exercise price of \$0.56. At June 30, 2007, there were 1,052,000 warrants outstanding, each warrant entitling the holder to acquire 0.5714285 of a Class A share and 0.0132 of a Class B share, at an exercise price of \$0.75 each and expiring on October 7, 2007. In addition, there were 363,990 broker warrants and 500,000 other warrants outstanding, which were assumed under the amalgamation with Resolve, entitling the warrant holder to acquire one class A share at an exercise price of \$0.26. 238,670 Broker's warrants outstanding to purchase common shares of Anterra Corporation at an exercise price of \$0.60 per share, expired on April 7, 2007.

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 June 30, 2007 3,335,400 Class A remained in escrow pursuant to these conditions. In addition, pursuant to an agreement among Resolve, certain Resolve shareholders and the agent, all Class A shares of Resolve issued prior to its initial public offering (4,156,000 shares) are subject to a hold period which expires on December 31, 2007.

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

At a special meeting of Anterra Corporation's shareholders on April 26, 2007, the shareholders approved the amalgamation of Anterra Corporation with Resolve Energy Inc. ("Resolve"). Pursuant to the amalgamation each issued and outstanding share of Anterra Corporation was 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 Anterra Corporation 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.

On May 29, 2007, the Company granted 2,000,000 stock options to purchase Class A shares at an exercise price of \$0.56. 1,266,666 of the shares vested immediately, with the balance vesting equally on the first and second anniversary of the grant date.

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## **Related Party Transactions**

During the period a company owned by a director charged \$45,910 (2006 \$34,800) to the Company for office space and related services. On June 1, 2007 the Company assumed all financial obligations with respect to the office lease with a monthly payment of \$13,196. Prior to this date the monthly lease payment was \$10,557 (2006 - \$5,800). A legal firm, of which a director is a partner, charged the Company \$113,033 (2006 \$65,791) for fees and services. A legal firm, of which another director is a partner, charged the Company \$29,967 (2006 nil).

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 to be drilled on the Judy Creek property and also with respect to future revenues arising from the area of mutual interest for the Judy Creek area.

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 June 30, 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 June 30, 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 seven 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

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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, CFO and Treasurer 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 June 30, 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.

Regulatory risks include possible changes to Canadian federal and provincial laws, which are beyond the Company's control.

### **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](http://www.sedar.com) and on the Company's website at [www.anterra.org](http://www.anterra.org).