

Anterra Energy Inc.

Management 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 and six months ended June 30, 2008 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, 2007. The Management Discussion and Analysis ("MD&A") was prepared as of August 18, 2007.

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 three core operating areas, Breton, the Judy Creek area and southwest Saskatchewan. During 2007, the Company carried out high impact Devonian reef exploration in north central Alberta, balancing the high risk of these projects with lower risk development drilling at Breton in central Alberta and Frontier in southwestern Saskatchewan. The Company now holds over 24,000 gross acres of land and 18,000 net acres of land in Alberta and Saskatchewan. The Company also offers fee based third party midstream processing services at Breton and Suffield. The following table outlines the operations for these two segments for the three months and six months ended June 30, 2008, compared to the same periods in 2007 along with the other costs of the Company for the periods.

	Three Months June 30, 2008	Three Months June 30, 2007	Six Months June 30, 2008	Six Months June 30, 2007
Oil and Gas Production				
Revenue	2,064,712	1,443,991	3,917,978	2,602,687
Royalties	(185,810)	(113,930)	(310,948)	(213,871)
Gross overriding royalties	1,949	3,499	3,484	3,499
Net revenue	1,880,851	1,333,560	3,610,514	2,392,315
Operating costs	799,161	497,728	1,616,005	973,703
Oil and gas operating margin	1,081,690	835,832	1,994,509	1,418,612
Midstream Processing				
Revenue	365,467	244,796	744,156	540,703
Operating costs	264,221	190,048	507,462	367,973
Midstream operating margin	101,246	54,748	236,694	172,730
Other revenue	-	-	-	-
Intersegment revenue and cost	(41,794)	(46,080)	(93,612)	(95,041)
Total Net Revenue	2,204,524	1,532,276	4,261,058	2,837,977
Total Operating Costs	1,021,588	641,696	2,029,855	1,246,635
Total Operating Margin	1,182,936	890,580	2,231,203	1,591,342
Expenses				
General and administration	407,985	371,585	808,571	690,349
Stock compensation	19,653	76,462	99,993	87,126
Interest	84,929	65,228	114,031	147,496
Depletion, depreciation, accretion	644,698	471,358	1,258,662	834,984
Total Expenses	1,157,265	984,633	2,281,257	1,759,955
Net Profit (Loss) Before Tax	25,671	(94,053)	(50,054)	(168,613)
Provision For Taxes	6,677	(5,926)	(16,283)	(32,112)
Net Profit (Loss)	18,994	(88,127)	(33,771)	(136,501)
Earnings per Class A share				
Basic	0.001	(0.004)	(0.001)	(0.007)
Fully Diluted	0.001	(0.004)	(0.001)	(0.007)
Weighted Average Number of Class A Shares In Thousands	32,169,000	20,553,000	32,169,000	18,244,000
Funds Flow From Operations	690,022	453,767	1,308,601	753,497
Funds Flow Per Class A Share	0.021	0.022	0.041	0.041

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 MD&A, the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of 6 thousand cubic feet (mcf) of natural gas for one barrel (bbl) of oil. The 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 2008	1st Quarter 2008	4th Quarter 2007	3rd Quarter 2007
Net Revenue	\$ 2,204,524	\$ 2,056,534	\$ 2,016,578	\$ 1,823,236
Oil and gas operating margin	1,081,690	912,819	956,023	844,839
Processing operating margin	101,246	135,448	134,968	129,374
Net Income (Loss)	18,994	(52,765)	157,413	(48,014)
Earnings (Loss) per share				
Basic	0.001	(0.002)	0.005	(0.002)
Fully Diluted	0.001	(0.002)	0.004	(0.002)
Weighted Average Number of Shares In Thousands	32,169	32,169	28,856	25,483
Funds Flow From Operations	690,022	618,579	471,947	502,189
Funds Flow Per Share	0.021	0.019	0.016	0.020

	2nd Quarter 2007	1st Quarter 2007	4th Quarter 2006	3rd Quarter 2006
Net Revenue	\$ 1,532,276	\$ 1,305,701	\$ 1,046,220	\$ 1,332,735
Oil and gas operating margin	835,832	582,780	204,076	596,740
Processing operating margin	54,748	117,982	45,756	32,209
Net Income (Loss)	(88,127)	(48,374)	(313,877)	(81,891)
Earnings (Loss) per share				
Basic	(0.004)	(0.003)	(0.020)	(0.005)
Fully Diluted	(0.004)	(0.003)	(0.020)	(0.005)
Weighted Average Number of Shares In Thousands	20,553	15,910	15,910	15,910
Funds Flow From Operations	453,767	299,730	13,517	340,721
Funds Flow Per Share	0.022	0.019	0.001	0.021

Oil & Gas Production

Production during the second quarter of 2008 of 225 boe/d compared to 246 boe/d in the first quarter of 2008 and 261 boe/d in the second quarter of 2007. The second quarter was impacted by unscheduled workovers primarily at Breton, which took production offshore during the quarter. The Breton wells are now producing in the order of 160 boe/d, comprised of 90 bbls/d and 430 mscf/d of natural gas but the Company expects the workovers conducted during the second quarter to generate an increase in production. Currently, 35 bbls/d are being produced in southeast Alberta, 20 bbls/d at Sakwatamau and 25 bbls/d in southwest Saskatchewan. The Company is currently tying in gas production from Judy Creek and expects to see 500 mcf/d before the end of the third quarter.

Oil & Gas Production

	Three Months June 30, 2008	Three Months June 30, 2007	Six Months June 30, 2008	Six Months June 30, 2007
Oil (bbl/d)	158	181	178	171
Natural Gas (mcf/d)	375	443	331	406
NGLs (bbl/d)	5	6	4	4
Total (boe/d)	225	261	237	243

Oil & Gas Revenue and Realized Prices

Both oil and gas prices have continued to strengthen throughout the first half of 2008. The outlook is for commodity prices to remain firm during 2008, although some volatility can be expected.

	Three Months June 30, 2008	Three Months June 30, 2007	Six Months June 30, 2008	Six Months June 30, 2007
Oil				
Revenues	\$1,677,979	\$1,107,180	\$3,300,659	\$1,998,457
Prices \$/bbl	\$116.41	\$67.20	\$102.51	\$64.71
Natural Gas				
Revenues	\$348,191	\$295,863	\$553,784	\$545,653
Prices \$/mcf	\$10.21	\$7.34	\$9.24	\$7.42
NGL's				
Revenues	\$38,542	\$40,948	\$63,535	\$58,577
Prices \$/bbl	\$91.77	\$78.75	\$84.71	\$77.90
Total				
Revenues	\$2,064,712	\$1,443,991	\$3,917,978	\$2,602,687
Price \$/bbl	\$100.62	\$60.88	\$91.25	\$59.29

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 \$3,484 for the six months ended June 30, 2008, (2007 – \$3,499).

Oil & Gas Royalties Expense

Total royalties including crown royalties were \$185,810 for the second quarter of 2008 as compared to \$125,138 for the first quarter and \$113,930 for the three months ended June 30, 2007. This represented \$9.06 per boe for the second quarter of 2008 as compared to \$5.58 per boe for the first quarter and \$4.80 per boe for the three months ended June 30, 2007. For the six months ended June 30, 2008 total royalties amounted to \$310,948 compared to \$213,871 in the previous year, resulting in a rate of \$7.24 per boe in 2008 compared to \$4.87 per boe in 2007. The increase in royalty rate reflects the increase in pricing even with the decline in volumes.

Oil & Gas Operating Costs

Total operating costs for the second quarter of 2008 were \$799,161 or \$38.95 per boe, including \$29,402 for inter-divisional processing charges and \$184,210 for well repairs and maintenance. Operating costs were \$816,844 for the first quarter of 2008 or \$36.44 per boe, including \$29,935 for inter-divisional processing charges and \$168,422 for repairs and maintenance. Operating costs for the second quarter of 2007 year were \$497,728 or \$20.99 per boe, including \$34,939 for inter-divisional processing charges and \$27,495 for repairs and maintenance. During the first half of 2008 operating costs increased significantly compared to 2007, in large part due to higher maintenance and well workover costs, particularly at Breton but also with high costs at Sakwatamau and Frontier in the first quarter. In addition, the Company continued to incur high fuel costs at Sakwatamau where gas and diesel is purchased for fuel. 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 2008 was \$52.62 per boe compared to \$40.65 per boe for the three months ended March 31, 2008. The Company benefited from the impact of stronger oil and gas prices but it was largely offset by continuing higher maintenance costs. For the second quarter of 2007 the net back was \$35.09 per boe.

	Three Months June 30, 2008	Three Months June 30, 2007	Six Months June 30, 2008	Six Months June 30, 2007
Average realized price (\$/boe)	\$100.62	\$60.88	\$91.25	\$59.29
Royalties, net of ARTC (\$/boe)	9.06	4.80	7.24	4.87
Operating expenses (\$/boe)	38.95	20.99	37.64	22.18
Operating net back (\$/boe)	\$52.62	\$35.09	\$46.37	\$32.24

Processing

Processing revenue for the second quarter of 2008 was \$365,467 and \$744,156 for the six months ended June 30, 2008 compared to \$244,796 for the second quarter of 2007 and \$540,703 for the six months ended June 30, 2007. The Company experienced stronger third party volumes during the first half of 2008 compared to 2007, 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 2008 were \$264,221 (including \$12,391 of inter-divisional charges) and \$507,462 (including \$34,302 of inter-divisional charges) for the six months ended June 30, 2008 compared to \$190,048 (including \$11,141 of inter-divisional charges) for the three months ended June 30, 2007 and \$367,973 (including \$22,944 of inter-divisional charges) for the six months ended June 30, 2007. Costs were much higher than expected primarily because of maintenance and plant turnaround costs at Breton. This appears more significant when compared to the first half of 2007, which was a period when the Company experienced reduced maintenance work. Inter-divisional charges were eliminated for consolidation purposes. Net margin for processing operations for the second quarter of 2008 was \$101,246 compared to \$135,448 for the first quarter of 2008 and \$54,748 for the second quarter of 2007.

General and Administrative Expenses

General and administrative expenses for the second quarter of 2008 totaled \$407,985 and \$808,571 for the six months ended June 30, 2008, compared to \$371,585 for the three months ended June 30, 2007 and \$690,349 for the six months ended June 30, 2007. Compared to the same period in 2007, the increase in general and administrative expenses in the first half of the year reflect increased expenses for consulting and professional fees, payroll and business development fees. In addition, on January 1, 2008, the office rent increased, but the cost increases were partially offset by an increase in overhead income from joint venture projects.

Interest Expense

Interest expense for the second quarter of 2008 was \$84,929 compared to \$29,102 in the first quarter of 2008 and \$65,228 for the second quarter of 2007. Although capital spending during the third and fourth quarters of 2007 and again in the first quarter of 2008, was significant, the amount drawn under the bank loan was reduced following private placements of equity during 2007, which raised a total of \$5,831,000 (net of costs), resulting in lower than expected interest costs through the end of the first quarter. Interest costs in the second quarter increased as the bank loan was drawn down to pay for the capital program. The interest expense in the fourth quarter of 2007 included \$114,000, which was incurred under the Part XII.6 tax calculation for 2007 spending of flow-through commitments renounced in 2006. \$12,000 has been accrued in the second quarter 2008 and \$8,500 in the first quarter 2008 for Part XII.6 tax on flow-through commitments renounced in 2007.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was \$644,698 in the second quarter of 2008 compared to \$613,964 in the first quarter and \$471,358 for the second quarter of 2007. The expense for the six months ended June 30, 2008 was \$1,258,662 compared to \$834,984 during the same period in 2007. The increase in depletion, depreciation and accretion reflects the significant increase in capital spending during the second half of 2007 and the first quarter of 2008, but the depletion charge was moderated by the 46% increase in proved reserves in the December 31, 2007 reserves report.

Net Income and Loss

Net income in the second quarter of 2008 was \$18,994, compared to a loss of \$52,765 in the first quarter of 2008 and a loss of \$88,127 in the second quarter of 2007. The operating margin for the second quarter of 2008 was \$1,182,936 compared to \$1,048,267 in the first quarter of 2008 and \$890,580 in the second quarter of 2007. Improvement in earnings were restrained as higher oil and gas operating costs primarily related to maintenance reduced the benefits of higher commodity prices in the first half of the year and earnings were further reduced by higher depletion and general and administrative costs.

Higher oil and gas prices, together with a stronger contribution from the midstream processing operations have led to an increase in revenues compared to the first half of 2007, but these positives have been partially offset by cost increases in all areas and reduced production while maintenance and workover issues were addressed. The company expects production to increase in the second half of 2008 as gas from Judy Creek and new oil from Frontier are brought onstream. This trend is expected to continue during the balance of 2008, as the Company continues with the development of its oil and gas exploration and development projects.

Capital Expenditures and Commitments

During the second quarter of 2008, the Company incurred \$660,853 on capital expenditures, primarily on completing projects that had been commenced prior to the quarter. \$220,000 was also incurred re-entering and completing a well at Shadow. This compared to \$2,962,764 spent on capital expenditures during the first quarter of 2008.

As a result of the 2007 drilling program, the Company now has an inventory of over twenty development wells to drill and the focus for 2008 will be on development of the Company's core properties, while pursuing joint ventures to fund future exploration. In the third quarter, the Company has completed a gas well at Judy Creek and is in the process of tying in the well, with first production expected in September. The Company has farmed out its Judy Creek and Shadow projects and is expecting to drill two exploration wells on both properties during the second half of the year. In addition, a farmout of the Frontier property has been completed and at least one new horizontal well is planned for the fourth quarter. The Company will be carried on an estimated \$9.1 million of drilling projects over the balance of 2008 to progress these projects.

Pursuant to flow-through financings completed by the Company during 2007, at June 30, 2008 the Company had an outstanding commitment of approximately \$750,000 to spend on qualified exploration expenditures by December 31, 2008.

The Company has been undergoing an audit by Canada Revenue Agency ("CRA") of its flow-through agreements for 2004 and 2005 taxation years. At this time, discussions with the CRA have not been concluded and, accordingly, the ultimate outcome is not determinable.

Liquidity and Capital Resources

The Company continued to generate positive cash flow from operations in the second quarter of 2008 and, assuming the continuation of high oil and gas prices, expects increasingly positive cash flow from operations to continue throughout 2008. Funds flow from operations for the second quarter of 2008 totaled \$690,022 compared to \$618,579 for the first quarter and \$453,767 for the second quarter of 2007. The

Company currently has available a revolving demand loan facility of \$6,000,000 and an additional \$1,000,000 non-revolving acquisition and development demand loan facility. At June 30, 2008 the outstanding loan balances totaled \$5,227,000 with a working capital deficit of \$6,616,000. After meeting the commitments of the capital expenditure program, the Company's use of the demand loan facility will be at capacity. The Company expects to fund the remainder of the year's development projects largely from available funds flow from operations and through farming out the higher impact projects to partners.

In order to accomplish the project plans for 2008, the Company may raise additional capital to fund these initiatives in addition to the funds flow and available bank debt.

Bank Debt

At June 30, 2008, the Company had available 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. As at June 30, 2008, including bank indebtedness and \$850,000 drawn under the development demand loan facility, the Company had drawn \$5,227,420 (December 31, 2007 - \$421,982). At June 30, 2008, the Company was in compliance with its debt covenants. The availability under the facilities is subject to periodic review with an interim review scheduled for September 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, 2008, there were 32,169,040 Class A Shares and 753,014 Class B Shares outstanding. At June 30, 2008, there were 2,685,000 stock options outstanding at a weighted average exercise price of \$0.55. At June 30, 2008, there were 2,500,000 warrants outstanding, 2,000,000 of which were issued as part of the private placement of units on November 9, 2007 with an exercise price of \$1.10 and an expiry date of November 9, 2008. The balance of 500,000 were assumed under the amalgamation with Resolve, entitling the warrant holder to acquire one class A share at an exercise price of \$0.26, with an expiry date of December 31, 2008.

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, 2008, 2,223,600 Class A shares 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) were subject to a hold period which expired on December 31, 2007.

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

On February 11, 2008, the Company granted 415,000 stock options to directors, officers and employees to purchase Class A shares at an exercise price of \$0.52. 288,333 of the shares vested immediately, with the balance vesting equally on the first and second anniversary of the grant date. Also, on February 11, 2008, the Company granted 250,000 warrants to a consultant providing investor relations activities to purchase Class A shares at an exercise price of \$0.52. The warrants vest as to 25% on each of the three month, six month, nine month and twelve month anniversaries of the grant date, and expire on January 31, 2010.

Related Party Transactions

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

- (a) During the period ended June 30, 2008 a legal firm, of which a director is a partner, charged the Company \$35,314 (2007 - \$113,033) for fees and services. A legal firm of which another director is a partner, charged the Company \$Nil (2007 - \$29,967). As of January 1, 2008, the Company

assumed direct responsibility for the office lease and related services and \$nil was paid for these services to a company owned by a director during the six months ended June 30, 2008 (2007 - \$45,910).

- (b) 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 the Judy Creek property and also with respect to future revenues arising from the area of mutual interest for the Judy Creek area.
- (c) Under an agreement dated October 11, 2007, a company owned by a director farmed in 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

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

On January 1, 2008 the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400 "General Standards of Financial Statement Presentation", Section 1535 "Capital Disclosures", Section 3031 "Inventories", Section 3064 "Goodwill and Intangible assets", Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation", retrospectively with no restatement of prior periods. See Note 2 to the interim financial statements.

The Company has evaluated the impact of these new standards and determined that the adoption of these standards has had no material impact on the Company's net earnings or cash flows.

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

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.anterraenergy.com
