

## 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 nine months ended September 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 November 28, 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. Comparative share numbers have been restated to reflect the Class A share conversion factor.

## Operating Summary

The Company carries out exploration, development, and production of oil and gas in three core operating areas, Breton, southeast Alberta and southwest Saskatchewan, and is actively pursuing high impact Devonian reef exploration prospects in the Swan Hills area, where the company purchased producing properties at Sakwatamau and completed a successful well at Judy Creek in October. The Company also offers fee based third party processing services at Breton and Suffield. The following table outlines the operations for these two segments for the three months and nine months ended September 30, 2007, compared to the same period in 2006 along with the other costs of the Company for the periods.

	Three Months September 30, 2007	Three Months September 30, 2006	Nine Months September 30, 2007	Nine Months September 30, 2006
<b>Oil and Gas Production</b>				
Revenue	1,673,343	1,229,046	4,276,030	3,782,560
Royalties	(134,676)	(99,763)	(348,547)	(357,188)
Gross overriding royalties	2,832	1,999	6,331	7,280
Net revenue	1,541,499	1,131,282	3,933,814	3,432,652
Operating costs	696,660	534,542	1,670,363	1,488,227
<b>Oil and gas operating margin</b>	<b>844,839</b>	<b>596,740</b>	<b>2,263,451</b>	<b>1,944,425</b>
<b>Midstream Processing</b>				
Revenue	325,793	242,968	866,496	641,658
Operating costs	196,419	210,759	564,392	682,344
<b>Midstream operating margin</b>	<b>129,374</b>	<b>32,209</b>	<b>302,104</b>	<b>(40,686)</b>
Intersegment revenue and cost	(44,056)	(41,515)	(139,097)	(155,741)
<b>Total Net Revenue</b>	<b>1,823,236</b>	<b>1,332,735</b>	<b>4,661,213</b>	<b>3,918,569</b>
Total Operating Costs	849,024	703,786	2,095,659	2,014,830
<b>Total Operating Margin</b>	<b>974,212</b>	<b>628,949</b>	<b>2,565,554</b>	<b>1,903,739</b>
<b>Expenses</b>				
General and administration	437,042	267,648	1,127,391	932,163
Stock compensation	10,282	6,929	97,408	56,492
Interest	34,981	60,590	182,477	143,181
Depletion, depreciation, accretion	601,581	474,244	1,436,565	1,157,741
<b>Total Expenses</b>	<b>1,083,886</b>	<b>809,411</b>	<b>2,843,841</b>	<b>2,289,577</b>
<b>Net Loss Before Tax</b>	<b>(109,674)</b>	<b>(180,462)</b>	<b>(278,287)</b>	<b>(385,838)</b>
Provision For Taxes	(61,660)	(98,571)	(93,772)	(128,363)
<b>Net Loss</b>	<b>(48,014)</b>	<b>(81,891)</b>	<b>(184,515)</b>	<b>(257,475)</b>
<b>Earnings per Class A share</b>				
Basic	(0.002)	(0.005)	(0.009)	(0.017)
Fully Diluted	(0.001)	(0.005)	(0.006)	(0.017)
Weighted Average Number of Class A Shares In Thousands	25,483,100	15,910,188	20,683,700	15,110,875
<b>Funds Flow From Operations</b>	<b>502,189</b>	<b>340,721</b>	<b>1,255,686</b>	<b>772,689</b>
Funds Flow Per Class A Share	0.020	0.021	0.061	0.051

## 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 6,000 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

	3rd Quarter 2007	2nd Quarter 2007	1st Quarter 2007	4th Quarter 2006
<b>Net Revenue</b>	<b>\$ 1,823,236</b>	<b>\$ 1,532,276</b>	<b>\$ 1,305,701</b>	<b>\$ 1,046,220</b>
Oil and gas operating margin	844,839	835,832	582,780	204,076
Processing operating margin	129,374	54,748	117,982	45,756
<b>Net Loss</b>	<b>(48,014)</b>	<b>(88,127)</b>	<b>(48,374)</b>	<b>(313,877)</b>
<b>Loss per share</b>				
Basic	(0.002)	(0.004)	(0.003)	(0.020)
Fully Diluted	(0.001)	(0.004)	(0.003)	(0.020)
Weighted Average Number of Shares In Thousands	25,483	20,553	15,910	15,910
<b>Funds Flow From Operations</b>	<b>502,189</b>	<b>453,767</b>	<b>299,730</b>	<b>13,517</b>
Funds Flow Per Share	0.020	0.022	0.019	0.001

	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006	4th Quarter 2005
<b>Net Revenue</b>	<b>\$ 1,332,735</b>	<b>\$ 1,281,658</b>	<b>\$ 1,304,176</b>	<b>\$ 1,468,205</b>
Oil and gas operating margin	596,740	608,887	738,797	816,797
Processing operating margin	32,209	(41,131)	(31,763)	42,207
<b>Net Income (Loss)</b>	<b>(81,891)</b>	<b>(102,561)</b>	<b>(73,023)</b>	<b>123,907</b>
<b>Earnings (Loss) per share</b>				
Basic	(0.005)	(0.007)	(0.005)	0.009
Fully Diluted	(0.005)	(0.007)	(0.005)	0.009
Weighted Average Number of Shares In Thousands	15,910	14,705	13,637	12,681
<b>Funds Flow From Operations</b>	<b>340,721</b>	<b>172,283</b>	<b>259,685</b>	<b>640,120</b>
Funds Flow Per Share	0.021	0.012	0.019	0.050

## Oil & Gas Production

Production during the third quarter of 2007 increased to 277 boe/d from 261 boe/d in the second quarter. During the quarter, the Company drilled two new successful oil wells at Breton, and with continuing exploitation activities on the Company's core oil and gas properties during 2007 have maintained production levels at Breton in central Alberta, and Scots Lake and Suffield in southeast Alberta. The Breton wells are producing in the order of 250 boe/d, comprised of 150 bbls/d and 575 mscf/d of natural gas, while the Company is now producing 70 bbls/d from southeast Alberta and southwest Saskatchewan. The Company also commenced 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 September 30, 2007	Three Months September 30, 2006	Nine Months September 30, 2007	Nine Months September 30, 2006
Oil (bbl/d)	211	153	184	150
Natural Gas (mcf/d)	367	368	397	417
NGLs (bbl/d)	5	5	5	6
Total (boe/d)	277	219	255	226

## Oil & Gas Revenue and Realized Prices

Oil prices have shown increasing strength throughout 2007, while gas prices have continued to show weakness since the start of the year. The outlook is for commodity prices to remain at current levels during 2007, although continuing volatility can be expected.

	Three Months September 30, 2007	Three Months September 30, 2006	Nine Months September 30, 2007	Nine Months September 30, 2006
<b>Oil</b>				
Revenues	\$1,469,106	\$1,021,105	\$3,467,563	\$2,860,969
Prices \$/bbl	\$75.78	\$72.63	\$68.98	\$69.72
<b>Natural Gas</b>				
Revenues	\$171,530	\$177,731	\$717,182	\$816,288
Prices \$/mcf	\$5.08	\$5.25	\$6.61	\$7.17
<b>NGL's</b>				
Revenues	\$32,707	\$30,210	\$91,285	\$105,303
Prices \$/bbl	\$66.72	\$70.09	\$73.50	\$63.59
<b>Total</b>				
Revenues	\$1,673,343	\$1,229,046	\$4,276,030	\$3,782,560
Price \$/bbl	\$65.60	\$61.04	\$61.45	\$61.35

## 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 \$2,832 for the three months ended September 30, 2007, (2006 – \$1,999).

## Oil & Gas Royalties Expense

Total royalties including crown royalties were \$134,676 for the third quarter of 2007 as compared to \$113,930 for the second quarter and \$99,763 for the three months ended September 30, 2006. This represented \$5.28 per boe for the third quarter of 2007 as compared to \$4.80 per boe for the second quarter and \$4.95 per boe for the three months ended September 30, 2006. For the nine months ended September 30, 2007 total royalties amounted to \$348,547 compared to \$357,188 in the previous year, resulting in a rate of \$5.01 per boe in 2007 compared to \$5.79 per boe in 2006. Gas revenues, which attract a higher royalty rate than oil, have been lower during 2007 compared to 2006 resulting in the average royalty per boe for the nine month period decreasing against the previous year.

## Oil & Gas Operating Costs

Total operating costs for the third quarter of 2007 were \$696,660 or \$27.31 per boe, including \$38,935 for inter-divisional processing charges and \$90,360 for well repairs and maintenance. Operating costs were \$497,728 for the second quarter of 2007 or \$20.99 per boe, including \$34,939 for inter-divisional processing charges and \$27,495 for repairs and maintenance. Operating costs for the third quarter of 2006 year were \$534,542 or \$26.55 per boe, including \$35,160 for inter-divisional processing charges and \$123,255 for repairs and maintenance. During the first half of 2007 operating costs declined, in large part due to lower maintenance costs, however during the third quarter maintenance costs increased with significant repairs at a couple of the company's wells at Breton and Matziwin. In addition, the Company incurred high fuel costs at the new property at Sakwatamau. 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.

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## Oil & Gas Operating Net Back

The operating net back for the third quarter of 2007 was \$33.01 per boe compared to \$35.09 per boe for the three months ended June 30, 2007 reflecting higher pricing but offset by higher operating costs in the third quarter. For the third quarter of 2006 the net back was \$29.54 per boe.

	Three Months September 30, 2007	Three Months September 30, 2006	Nine Months September 30, 2007	Nine Months September 30, 2006
Average realized price ( \$/boe)	\$65.60	\$61.04	\$61.45	\$61.35
Royalties, net of ARTC ( \$/boe)	5.28	4.95	5.01	5.79
Operating expenses ( \$/boe)	27.31	26.55	24.00	24.14
Operating net back ( \$/boe)	\$33.01	\$29.54	\$32.44	\$31.42

## Processing

Processing revenue for the third quarter of 2007 was \$325,793 and \$866,496 for the nine months ended September 30, 2007 compared to \$242,968 for the third quarter of 2006 and \$641,658 for the nine months ended September 30, 2006. The Company continued to experience stronger third party volumes during the third quarter 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 third quarter of 2007 were \$196,419 (including \$5,121 of inter-divisional charges) and \$564,392 (including \$28,065 of inter-divisional charges) for the nine months ended September 30, 2007 compared to \$210,759 (including \$6,355 of inter-divisional charges) for the three months ended September 30, 2006 and \$682,344 (including \$42,079 of inter-divisional charges) for the nine months ended September 30, 2006. Lower operating costs have been achieved throughout 2007 as a result of implementing preventative maintenance programs at both locations. Inter-divisional charges were eliminated for consolidation purposes.

## General and Administrative Expenses

General and administrative expenses for the third quarter of 2007 totaled \$437,042 and \$1,127,391 for the nine months ended September 30, 2007, compared to \$267,648 for the three months ended September 30, 2006 and \$932,163 for the nine months ended September 30, 2006. The increase in general and administrative expenses during the quarter and the nine months to date reflect increased expenses related to consulting and professional fees and increased business development costs.

## Interest Expense

Interest expense for the third quarter of 2007 was \$34,981 compared to \$65,228 in the second quarter of 2007 and \$60,590 for the third quarter of 2006. Although capital spending has increased in 2007, in particular during the third quarter, the amount drawn under the bank loan was reduced following the amalgamation with Resolve Energy Inc. on May 1, 2007, and again following the private placement of flow-through shares at the end of July, resulting in the reduced interest costs in the third quarter. With further increases in capital spending contemplated for the fourth quarter resulting increases in monthly interest costs are expected.

## Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was \$601,581 in the third quarter of 2007 compared to \$471,358 in the second quarter and \$474,244 for the third quarter of 2006. The expense for the nine months ended September 30, 2007 was \$1,436,565 compared to \$1,157,741 during the same period in 2006. The increase in depletion, depreciation and accretion reflect the increased capital spending during 2007.

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## **Net Income and Loss**

The loss in the third quarter of 2007 was \$48,014, compared to a loss of \$88,127 in the second quarter of 2007 and a loss of \$81,891 in the third quarter of 2006. The operating margin for the third quarter of 2007 was \$974,212 compared to \$890,580 in the second quarter of 2007 and \$628,949 in the third quarter of 2006. Improvements in operating margin have continued throughout 2007 but they have been offset by higher administrative expenses and higher depletion, depreciation and accretion costs as the Company expands to meet its goals.

The improvement in financial results has continued in the third quarter, although regulatory delays to the drilling programs of the high impact projects has limited the pace of growth. Production increases have continued from Breton and Frontier, and at current commodity prices and with growing production volumes, including production from Judy Creek this trend is expected to continue in the fourth quarter of 2007.

## **Capital Expenditures, Commitments and Contingencies**

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, McLeod and Suffield. The 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. During the first nine months of the year the Company has been active with two development wells drilled at Breton and three wells drilled at Frontier. 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. In April, the Company also acquired a producing oil property at Sakwatamau, in central Alberta, and is scheduled to drill a well prior to year end.

In the fourth quarter of the year, the Company is planning to drill a further development well at Judy Creek, an exploration well at McLeod and an exploration well at Sakwatamau in which the Company has farmed out 80%.

During the nine months ended September 30, 2007, the Company spent \$6,714,288 on oil and gas capital expenditures, including \$176,000 for the acquisition of Sakwatamau properties; and \$29,162 on processing assets.

Pursuant to a flow-through financing completed by the Company in July 2007, the Company is committed to spending \$2,111,000 on qualified exploration and development expenditures by December 31, 2008. As at September 30, 2007, there were no qualified expenditures related to this financing.

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 September 30, 2007, \$3,516,000 had been expended on qualified expenditures related to this 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 September 30, 2007, had been expended.

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 , Capital Resources and Subsequent Events**

The Company continued to generate positive funds flow from operations in the third quarter of 2007 and expects increasingly positive funds flow from operations to continue throughout 2007. Funds flow from operations for the third quarter of 2007 totaled \$502,189 compared to \$453,767 for the second quarter and \$340,721 for the third quarter of 2006. For the nine months ended September 30, 2007 funds flow from operations totaled \$1,255,686 compared to \$772,689 for the same period in 2006. The Company has

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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. 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 for 2008 the Company intends to raise additional capital to fund these initiatives in addition to the funds flow and available bank debt.

Subsequent to the end of the quarter, the Company completed a further private placement of 4,000,000 units, at a price of \$0.85 per unit for aggregate gross proceeds of \$3,400,000. Each unit consists of one Class A share ("Share") and one-half on one purchase warrant ("Warrant") of Anterra. Each whole Warrant will entitle the holder to purchase one Share at an exercise price of \$1.10 per Share expiring on November 9, 2008.

### **Bank Debt**

At September 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 September 30, 2007, including bank indebtedness, there was a balance outstanding on the loans of \$3,305,600 (2006 - \$4,150,000). 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 September 30, 2007, there were 26,365,606 Class A Shares and 753,014 Class B Shares outstanding. At September 30, 2007 there were 2,000,000 stock options outstanding at a weighted average exercise price of \$0.56. At September 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. These warrants expired on October 7, 2007. In addition, there were 358,990 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 September 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

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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.

### **Related Party Transactions**

During the period a company owned by a director charged \$90,058 (2006 - \$52,200) 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 \$208,509 (2006 - \$77,378) for fees and services. A legal firm, of which another director is a partner, charged the Company \$30,118 (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.

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**

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 September 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 September 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

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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 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 September 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 changes to Canadian federal and provincial laws, which are beyond the Company's control.

#### **Alberta Royalty Review**

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

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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.anterraenergy.com](http://www.anterraenergy.com).

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