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 ended March 31, 2010 and prior periods, as well as estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the audited financial statements and notes for Anterra Energy Inc. for the year ended December 31, 2009. The Management Discussion and Analysis ("MD&A") was prepared as of May 27, 2010.

Overall Performance Summary

During the first quarter of 2010, there was improvement in both oil and gas prices compared to the previous quarter. In addition, production declines reversed and by the end of March, the Company was producing 199 boepd compared to an average 142 boepd in the fourth quarter 2009. As a result, net oil and gas revenues increased by 20% to $0.87 million in the first quarter of 2010 from $0.72 million in the fourth quarter of 2009, and by 44% from $0.60 million in the first quarter of 2009.

The production declines in 2009 were the result of reduced maintenance expenditures, shut-in of uneconomic production and suspension of Company funded capital expenditures, all in response to economic conditions which resulted in postponed maintenance on certain wells and significant declines in gas production. The Company also experienced decline in gas production due to depletion. Expenditures in December and the first quarter of 2010 have brought production back to an average of 180 boepd with a peak at the end of March of nearly 200 boepd. Furthermore, the average sale price per boe for the first quarter 2010 improved to $65.40 from $59.15 in the fourth quarter 2009 and is 68% higher than $38.76 in the first quarter of 2009. During the first quarter, the Company has continued to reflect a negative funds flow from operations because of increased maintenance costs to bring back production, but under current conditions funds flow from operations is expected to remain at breakeven levels through the first half of 2010 until the Company sees more production from new projects.

Market conditions during 2009 limited the Company's ability to raise capital and created financial difficulties for the Company. However, pursuant to an investment agreement with an international investor, dated September 10, 2009, the investor agreed to invest a total of $15 million. The first $3,000,000 of this investment closed during the fourth quarter of 2009. The balance, being $12 million, of the investment was closed on January 15, 2010. The result of this investment was that the Company completed its arrangements to repay existing creditors; brought the Company back into compliance with its lender's covenants; provided funding for workovers and well maintenance aimed at increasing production levels; and allowed the Company to continue with its development plans. At March 31, 2010, the Company has a bank balance of $1.2 million, an unused credit facility of $5 million, and a net working capital surplus including the bank balance of $1.03 million.

Operating Summary

Production during the first quarter of 2010 was 158 boe/d compared to 142 boe/d in the fourth quarter of 2009 and 184 boe/d in the first quarter of 2009. The first horizontal oil well into the lower Shaunavon prospect in SW Saskatchewan is back on production after a workover in December and early January to rectify mechanical problems and clean out the well, however half of the horizontal leg remains obstructed. At Claydon, the Company drilled and abandoned a horizontal well into this formation in December, and further geological work will be required to define the extent of this resource. In addition, through a farmout agreement an infill horizontal well was drilled in December on the Company's Matziwin property in Alberta, and this well is now on production. Under terms of the agreement the partner funded 100% of the drilling, completion and tie-in costs to earn 60% interest in the well for the first 9 months and 55% thereafter. The Company is currently evaluating other potential locations on this property. During the first quarter, the Company has also undertaken well maintenance and workovers to increase production, primarily at Breton, with the result that production for the month of March peaked at 199 boe/d. These gains are continuing into the second quarter of the year and production is currently averaging 180 boepd.

In the first quarter of 2010, the Company acquired five sections of land over the Cardium play in the Breton / Buck Lake area to bring the Company's total Cardium land position to seven sections. These purchases included the acquisition of 10 boepd of Cardium oil production. In addition, the Company completed the acquisition of twelve sections of land in Saskatchewan which are prospective for Bakken oil, to bring the company's total Bakken land holding to 17 sections. In aggregate the Company spent approximately $3.3 million in these acqusitions. The Company continues to hold over 51,000 gross acres of land and 31,000 net acres of land in Alberta and Saskatchewan. During 2010, the Company plans to drill up to five horizontal wells in the Cardium and is currently seeking joint venture partners to participate in the program. Anterra plans a 3-D seismic program over the Bakken lands during the fall with the drilling of a first well scheduled for late 2010 or early 2011. The Company also intends to pursue acquisitions in Alberta and Saskatchewan when and as opportunities arise. Anterra also offers fee based third party midstream processing services and, during the quarter throughput and revenues improved by 13% and 11% respectively compared to the fourth quarter of 2009.

The following table outlines the operations of the Company for the three months ended March 31, 2010, compared to the same period in 2009 along with the other costs of the Company for the periods.

	Three Months March 31, 2010		Three Months March 31, 2009
Oil and Gas Production			
Revenue	932,799		640,783
Royalties	(66,885)		(41,146)
Gross overriding royalties	-		-
Net revenue	865,914		599,637
Operating costs	763,459		485,316
Oil and gas operating margin	102,455		114,321
Midstream Processing			
Revenue	407,293		343,767
Operating costs	200,935		214,453
Midstream operating margin	206,358		129,314
Intersegment revenue and cost	(28,028)		(23,237)
Total Net Revenue	**1,245,179**		**920,167**
Total Operating Costs	936,366		676,532
Total Operating Margin	**308,813**		**243,635**
Expenses			
General and administration	525,631		331,590
Stock compensation	-		9,165
Interest	15,030		55,503
Depletion, depreciation, accretion	552,235		623,441
Creditor settlements	-		-
Total Expenses	**1,092,896**		**1,019,699**
Net Loss Before Tax	**(784,083)**		**(776,064)**
Provision For Taxes	(232,140)		(230,083)
Net Loss	**(551,943)**		**(545,981)**
Earnings (loss) per Class A share			
Basic	(0.003)		(0.014)
Fully Diluted	(0.003)		(0.014)
Weighted Average Number of Class A Shares In Thousands	219,488		38,001
Funds Flow From Operations	**(231,848)**		**(143,458)**
Funds Flow Per Class A Share	(0.001)		(0.004)
Cash Flow from operating activities	(1,565,077)		53,039

Presentation

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

In this MD&A, the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of 6,000 cubic feet (mcf) of natural gas for one barrel (bbl) of oil based on an energy equivalency conversion method. Boe's may be misleading particularly if used in isolation. A boe conversion ratio of 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

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009
Net Revenue	**$ 1,245,179**	**$ 1,068,518**	**$ 1,027,786**	**$ 1,038,393**
Oil and gas operating margin	102,455	87,303	186,595	305,344
Processing operating margin	206,358	98,923	166,190	131,628
Net Loss	**(551,943)**	**(702,770)**	**(396,293)**	**(439,964)**
Loss per share				
Basic	(0.003)	(0.011)	(0.009)	(0.012)
Fully Diluted	(0.003)	(0.011)	(0.009)	(0.012)
Weighted Average Number of Shares In Thousands	219,488	66,411	44,760	38,001
Funds Flow From Operations	**(231,848)**	**(232,011)**	**(38,211)**	**25,315**
Funds Flow Per Share	(0.001)	(0.004)	(0.001)	0.001
Cash flow from operating activities	(1,565,077)	(99,719)	(15,052)	183,420

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

Oil & Gas Production

Production during the first quarter of 2010 increased to an average of 158 boe/d from 142 boe/d in the fourth quarter of 2009 and was 14% lower than the first quarter of 2009. Production volumes declined during 2009 due to a lack of maintenance and development activity, and reductions in the Company's gas production. Efforts to restore production in the latter part of 2009 were delayed because of the Company's financial position and in the first quarter of 2010 because of further delays due to cold weather conditions. However, during the first quarter, production increases were achieved from the workovers at Breton and from the new well at Matziwin, with the result that deliveries for the month of March averaged 199 boe/d. The majority of these gains have continued into the second quarter of the year. During 2009, production levels at Breton in central Alberta declined from approximately 160 boepd to 100 boe/d, but production is currently back up to 135 boe/d comprised of 110 bbls/d of oil and 150 mscf/d of natural gas. The Company's primary focus for 2010 is on the development of non-conventional oil and gas opportunities in the Cardium play at Breton and Buck Lake area, and planning is well underway for the first well of five which the Company plans to drill in 2010.

Oil & Gas Production

	Three Months March 31, 2010	Three Months March 31, 2009
Oil (bbl/d)	117	117
Natural Gas (mcf/d)	228	380
NGLs (bbl/d)	3	3
Total (boe/d)	158	184

Oil & Gas Revenue and Realized Prices

The continuing uncertainty of the global economy has resulted in commodity price volatility. At current commodity price levels of approximately CA$80.00 for oil and under CA$4.00 for gas, revenues in 2010 are expected to remain constant with 2009 levels. During the first quarter of 2010, oil prices increased marginally, while gas prices lowered from CA$5.00 to CA$4.00. However, the average oil price and average gas price for the first quarter were 6% and 11% respectively higher than the prices for the fourth quarter of 2009. With prices continuing at these levels, the Company expects to generate breakeven funds flow from existing operational levels, assuming no unforeseen increase to operating expenses. Incremental production from new development activity should lead to positive funds flow from operations as the year progresses.

	Three Months March 31, 2010	Three Months March 31, 2009
Oil		
Revenues	$813,902	$461,625
Prices $/bbl	$77.22	$43.77
Natural Gas		
Revenues	$100,031	$167,620
Prices $/mcf	$4.88	$4.90
NGL's		
Revenues	$18,866	$11,538
Prices $/bbl	$62.07	$40.48
Total		
Revenues	$932,799	$640,783
Price $/bbl	$65.40	$38.76

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, 2010, (2009 – $nil).

Oil & Gas Royalties Expense

Total royalties including crown royalties were $66,885 for the first quarter of 2010 as compared to $57,630 for the fourth quarter of 2009 and $41,146 for the three months ended March 31, 2009. This represented $4.69 per boe for the first quarter of 2010 as compared to $3.50 per boe for the fourth quarter of 2009 and $2.49 per boe for the three months ended March 31, 2009. The Company's royalty rates have increased during the quarter with the increase in commodity prices, and production levels.

Oil & Gas Operating Costs

Total oil and gas operating costs for the first quarter of 2010 were $763,459 or $53.53 per boe, including $9,327 for inter-divisional processing charges and $89,542 for well repairs and maintenance. In comparison, operating costs were $625,618 for the fourth quarter of 2009 or $47.83 per boe, including $8,323 for inter-divisional processing charges and $112,909 for repairs and maintenance. Operating costs for the first quarter of 2009 were $485,316 or $29.36 per boe, including $12,974 for inter-divisional processing charges and $46,457 for repairs and maintenance. High maintenance costs in the fourth quarter of 2009 and first quarter of 2010 related to well workovers to bring production back on line and site remediation at Breton. These costs have been the primary reason for increasing unit oil and gas operating

costs which are also high due to low production rates per operating well at the Company's producing properties. The unit operating costs are budgeted to improve in 2010 with the addition of new production from the Company's Cardium horizontal wells. Inter-divisional charges were eliminated in 2009 for consolidation purposes.

Oil & Gas Operating Net Back

The operating net back for the first quarter of 2010 was $7.18 per boe compared to $6.91 per boe for the three months ended December 31, 2009 reflecting the high maintenance costs incurred in both quarters as the Company worked to bring production back on line as well as the legacy impact of reduced production from cost saving measures during 2009. For the first quarter of 2009 the net back was $6.92 per boe. The Company incurs high unit operating costs due to the low productivity of most of its wells. Oil and Gas operating net back is a non-GAAP measure but it is derived entirely from GAAP measures and management believes it is commonly used in the industry and for comparison purposes by investors.

	Three Months March 31, 2010	Three Months March 31, 2009
Average realized price ($/boe)	$65.40	$38.76
Royalties ($/boe)	4.69	2.49
Operating expenses ($/boe)	53.53	29.36
Operating net back ($/boe)	$ 7.18	$6.92

Processing

Processing revenue for the first quarter of 2010 was $407,293 compared to $368,919 for the fourth quarter of 2009 and $343,767 for the three months ended March 31, 2009. The Company continued to experience stronger third party volumes during the first quarter of 2010 compared to the previous nine months and this trend appears to be continuing into the second quarter of 2010.

Processing Operating Costs

Processing operating costs for the first quarter of 2010 were $200,935 (including $17,462 of inter-divisional charges) compared to $269,996 (including $12,062 of inter-divisional charges) for the three months ended December 31, 2009. The fourth quarter of 2009 reflected a catch up on maintenance and plant turnaround costs after the Company's action to reduce operating costs in response to the economic conditions during the earlier months of 2009. In 2010, the Company has been able to lower the maintenance charge again. Inter-divisional charges were eliminated for consolidation purposes.

General and Administrative Expenses

General and administrative expenses for the first quarter of 2010 totaled $525,631 compared to $360,280 for the three months ended December 31, 2009, and $331,590 for the three months ended March 31, 2009. During the first quarter of 2010, the Company experienced a higher level of consulting fees and business development costs as the Company ramped up its resources for future development plans, compared to 2009 when these costs had been reduced to respond to the downturn in economic conditions. It is expected that the increased cost level will continue throughout 2010.

Interest Expense

Interest expense for the first quarter of 2010 was $15,030 compared to $70,789 in the fourth quarter of 2009 and $55,503 during the three months ended March 31, 2009.. The reduction in cost is related to paying down the credit facility after the equity investment funds were received in January. The expense includes accrued interest of $6,000 on the debentures issued in settlement of the Company's payables.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was $552,235 in the first quarter of 2010 compared to $532,706 in the fourth quarter of 2009 and $623,441 for the first quarter of 2009. The reduction compared

to the previous year reflects lower production rates; and also the impact of the impairment of certain assets at December 31, 2009.

Net Income and Loss

The net loss in the first quarter of 2010 was $551,943. It reflected a tax recovery of $232,140, and a loss before tax of $784,083. This compared to a net loss of $702,770, and loss before tax of $998,398, in the fourth quarter of 2009; and net loss of $545,981, and loss before tax of $776,064, in the first quarter of 2009. The operating margin for the first quarter of 2010 was $308,813 compared to $186,226 in the fourth quarter of 2009 and $243,635 in the first quarter of 2009.

During the first quarter, the Company has benefited from increases in production and commodity prices. Increased production reflects the maintenance and workover costs which were incurred in the last quarter of 2009 and first quarter of 2010 to reinstate production after the cost reductions of 2009, when the Company was preserving available cash. While overall revenues increased 17% during the quarter, operating costs were also higher as maintenance expenses continued, and general and administrative expenses were higher to prepare the Company for future development plans. Further improvement is expected in the second quarter as additional production at Breton and Matziwin have been brought back on.

Capital Expenditures, Commitments and Contingencies

The Company spent $5,183,845 on capital expenditures during the first quarter, including $7,000 on office assets. The majority of costs, approximately 3.3 million, were incurred on land acquisitions on Cardium lands at Breton / Buck Lake in Alberta, and on Bakken lands in Saskatchewan. Approximately, $0.8 million was incurred on completions commenced in the fourth quarter 2009 and other workovers, and $1.0 million on pipeline and well abandonments.

The Company has now accumulated seven gross sections of Cardium lands and anticipates drilling up to five Cardium wells during 2010. In addition, the Company has now accumulated approximately 17 sections on Bakken lands in Saskatchewan and the Company plans a 3-D seismic program over these lands during the summer, with drilling of a first well scheduled for late 2010 or early 2011. Anterra now believes it has an inventory of over twenty Cardium development drilling locations in Alberta and fifty potential locations in Saskatchewan contingent on results of the 3-D seismic and initial drilling.

Pursuant to a flow-through financing completed by the Company on July 17, 2009, at March 31, 2010, the Company had completed its spending commitment on qualified exploration expenditures.

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

The Company has entered into employment agreements with certain senior management. In addition to defining the terms of employment, the agreement entitles the employees to payments ranging from 6 months to 18 months of compensation for termination without cause or in the event of a change of control. On January 15, 2010 completion of the final installment of the new investment transaction described in the section on Share Capital triggered a change of control and, under the provisions of the agreements, the employees have the option to elect to terminate their agreements, which could result in aggregate payments up to $470,000.

Liquidity , Capital Resources and Subsequent Events

Funds flow from operations for the first quarter of 2010 totaled a negative $231,848 compared to a negative $232,011 for the fourth quarter of 2009 and negative $143,458 for the first quarter of 2009.

Following the equity investment of $12,000,000 on January 15, 2010 (see Share Capital note below) the outstanding amount under the Company’s revolving demand loan facility was paid down. At March 31, 2010, there was $nil outstanding under the Company’s revolving demand loan facility (see Bank Debt below). At March 31, 2010, the Company’s net working capital surplus, including the cash position, is approximately $1.03 million, compared to a working capital deficit of $5.06 million at December 31, 2009.

Following the receipt of investment funds described in the section on Share Capital and completion of the creditor restructuring, at both March 31, 2010 and December 31, 2009, the Company was in compliance with its lenders working capital covenant.

In the first quarter of 2010, the Company has actively pursued and, to date, has expended $3.3 million on land positions in Alberta and Saskatchewan. The Company has also incurred a further $0.8 million on completions and workovers to increase production. The Company has plans to drill up to five horizontal wells in the Cardium later in the year. In order to exploit its opportunities for the year, the Company will need to obtain additional debt and equity financing as the year progresses. The Company is also intending to partially finance the drilling program through joint ventures and is currently seeking partners to participate.

Bank Debt

At March 31, 2010, the Company had available a $5,000,000 revolving demand loan facility with a Canadian chartered bank. The revolving loan bears interest at prime plus 1.25%, an effective rate at quarter end of 3.50%, 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. In addition, the Company provided additional security during 2009 by issuing fixed charges, mortgages and security interests over certain of the Company's oil and gas assets. The availability under the facility is subject to periodic review with the annual review scheduled for May, 2010. As at March 31, 2010, the Company had $Nil drawn under the facility. The loans are shown as a current liability due to their demand nature despite the lender having not demanded repayment of the loan. At both March 31, 2010 and December 31, 2009, the Company was in compliance with its debt covenants.

Share Capital

At March 31, 2010, there were 244,488,032 Class A Shares and nil Class B Shares outstanding. At March 31, 2010, there were 2,666,665 warrants outstanding. No additional Class A Shares, Class B Shares or warrants to purchase shares have been issued since March 31, 2010. At March 31, 2010, there were no stock options outstanding. All previous stock options were cancelled effective April 27, 2009 and no additional options have been issued since that date.

Pursuant to an investment agreement with an international investor, dated September 10, 2009, on January 15, 2010, the Company closed the final tranche of the investment, whereby the investor acquired 150,000,000 Class A Shares at a price of $0.08 per Class A Share for gross proceeds of $12,000,000. In conjunction with the closing, the Company paid finder's fees to two agents in an aggregate amount of $480,000 and issued an aggregate of 1,599,999 warrants, each warrant entitling the holder to purchase one Class A Share at a price of $0.15 per share exercisable for two years from the date of the closing. Following the closing of the final installment of this investment, the investor held 77.7% of the outstanding Class A Shares.

Previously, on October 6, 2009, the Company closed the first tranche of the investment whereby the investor acquired 4,666,666 Class A Shares at a price of $0.075 per Class A Share for gross proceeds of $350,000; and on November 23, 2009, a further 35,333,334 Class A Shares were acquired also at a price of $0.075 per Class A Share for gross proceeds of $2,650,000. In conjunction with the two closings, the Company paid finder's fees to two agents in an aggregate amount of $180,000 and issued an aggregate of 933,334 warrants.

Effective December 29, 2009, all Class B Shares were converted to Class A Shares on notice given to holders of such shares. The 753,014 Class B Shares then outstanding have converted to 7,530,140 Class A Shares.

During the period from July 20, 2009 to December 31, 2009, the Company issued a total 3,623,014 Class A Shares of the Company at a price of $0.10 per share as part of the consideration in the settlement

agreement with the Company's creditors.

Pursuant to the rules of the TSX Venture Exchange, certain shares of the previous directors, officers and insiders of Resolve (which were exchanged for shares of the Company) were subject to escrow conditions, whereby the Class A shares were released from escrow over a period of 36 months. Pursuant to these conditions, at December 31, 2009, 555,900 Class A shares remained in escrow; and at March 31, 2010, all Class A Shares had been released.

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

Related Party Transactions

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

(a) In July 2009, the Company completed a private placement of Units, each Unit comprising one Class A Share and one flow-through Class A Share, for a total of 2,666,740 Class A Shares and 2,666,740 flow-through Class A Shares, at a price of $0.15 per Unit. Directors and officers of the Company subscribed for an aggregate of 1,000,040 Class A Shares and 1,000,040 flow-through Class A Shares.

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

(b) During the first quarter 2010, a legal firm, of which a director is a partner, charged the Company $18,191 (2009 - $6,272) for legal fees and services.

(c) During the year, another legal firm, of which another director is Counsel, charged the Company $2,554 (2009 - $nil) for legal fees and services.

(d) At March 31, 2010 and December 31, 2009, the Company has a receivable for $21,399 due from Alliance Success Holding Group Limited ("Alliance"), which owns 78% of the Company's shares at March 31, 2010, for services paid for by the Company on behalf of Alliance, relating to Alliance's investment in the Company.

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 (See Note 3 to the interim financial statements).

The CICA issued Handbook Section 1582 "Business Combinations" that replaces the previous business combinations standard. This standard applies prospectively to business combinations on or after January 1, 2011 with earlier application permitted. The Company is currently assessing the impact of the standard. The CICA also issued Handbook Sections 1601 "Consolidated Financial Statements", and 1602 "Non-controlling Interests", which replaces existing guidance under Section 1600 "Consolidated Financial Statements". These standards will be effective for the Company for business combinations occurring on or after January 1, 2011 with early application permitted. The Company is currently assessing the impact of the standard.

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

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

IFRS uses a conceptual framework similar to Canadian GAAP, but there could be significant differences in recognition, measurement, and disclosures that will need to be addressed.

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

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

A more detailed analysis and evaluation of the financial impact of these issues and the impact on financial covenants, business contracts and computer systems is expected to be undertaken by the Company during 2010.

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 have considerable impact on the estimates contained herein but 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.

General adverse economic conditions globally, including recession in Canada and a worldwide economic slowdown, recent disruptions to the credit and financial markets in Canada and worldwide and local economic turmoil may adversely affect the value of the Company's business and value of its securities.

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

Forward Looking Statements

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

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

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

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

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

It is anticipated that subsequent events and developments may cause a change to the assumptions made by the Company. The Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents the Company's views as of the date of this document and such information should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as

expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of factors that could affect the Company.

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