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 June 30, 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 August 26, 2010.

Overall Performance Summary

During the second quarter of 2010, production remained constant compared to the first quarter, despite having wells shut in for workovers at Matziwin and Scots Lake. However, there was a decline in both oil and gas prices compared to the previous quarter, which resulted in a reduction in revenue of 7% to $0.81 million compared to the first quarter at $0.87 million, and an increase of 7% over $0.76 million in the second quarter of 2009. The decline in prices was more than offset by a reduction in operating costs during the quarter and the oil and gas operating margin amounted to $0.20 million compared to $0.10 million in the first quarter.

While production in March was an average 180 boepd, shut in wells at Matziwin, Scots Lake and Breton during April and May resulted in production averaging 156 boepd during the second quarter. Furthermore, the average sale price per boe for the second quarter 2010 declined to $60.96 from $65.40 in the first quarter of 2010, although this was 25% higher than $48.62 in the second quarter of 2009. During the second quarter, the Company generated negative funds flow from operations because of lower prices, and continuing high maintenance costs to bring back production. Under current conditions funds flow from operations is expected to remain close to breakeven levels until the Company sees more production from new projects.

At June 30, 2010, the Company had drawn down $0.87 million on its credit facility of $4.5 million, and had a net working capital surplus including the bank balance of $0.73 million. In the first half of 2010, the Company has expended $3.9 million on land positions in Alberta and Saskatchewan. The Company has plans to drill one horizontal well in the Cardium in September or early October. However, the Company intends to partially finance the well through a joint venture and is currently seeking a partner to participate. Plans to follow up with four more wells depend on the results of the first well and availability of further funding. In order to exploit its opportunities for the year, the Company will need to obtain additional joint venture, debt and equity financing as the year progresses.

Operating Summary

Production during the second quarter of 2010 averaged 156 boe/d compared to 158 boe/d in the first quarter of 2010 and was 12% lower than the second quarter of 2009. Production volumes declined during the second quarter because of shut in wells at Matziwin, Scots Lake and Breton due to maintenance in April and May. In addition, gas sales at both Breton and Judy Creek declined during the quarter. During the second quarter of 2010, oil prices dropped below CA$70 during May and June but have since recovered to a range from CA$70 to CA$80, while gas prices decreased below CA$4.00 during the quarter. The average oil price and average gas price for the second quarter were 7% and 29% respectively lower than the prices for the first quarter of 2010. High maintenance costs in the first quarter of 2010 related to well workovers to bring production back on line and site remediation at Breton. These costs continued into the second quarter and, in addition, the Company incurred workover costs at Matziwin and Scots Lake. However, in June, the Company saw a considerable improvement in maintenance costs as these projects were concluded. Overall, the unit oil and gas operating cost declined from $53.53/boe in the first quarter to $42.65/boe in the second quarter. The resulting oil and gas operating margin for the second quarter of 2010 was $415,047 compared to $308,813 in the first quarter of 2010 and $436,972 in the second quarter of 2009. During the period, the midstream contribution has remained consistent at $214,000 in the second quarter up from $206,000 in the first quarter.

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. 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 $3.9 million in these acquisitions. The Company continues to hold over 51,000 gross acres of land and 31,000 net acres of land in Alberta and Saskatchewan. 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 which the Company plans to drill in September or early October 2010. At this time, the drilling of this well is dependent on the Company finding a partner for the project. The timing of up to four additional wells will depend on the results of the first well and the availability of further funding. The Company is also currently seeking joint venture partners to participate in the follow up program. Anterra plans a 3-D seismic program over the Bakken lands in Saskatchewan and is seeking a partner to participate in this program, which is being delayed until 2011. The drilling of the first well is now scheduled for late 2010 or early 2011, depending on the outcome of the seismic program. 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 were slightly lower by 5% and 2% respectively compared to the first quarter of 2010. Lower volumes in April and May were largely offset by a rebound in June.

The following table outlines the operations of the Company for the three months and six months ended June 30, 2010, compared to the same period in 2009 along with the other costs of the Company for the periods.

	Three Months June 30, 2010	Three Months June 30, 2009	Six Months June 30, 2010	Six Months June 30, 2009
Oil and Gas Production				
Revenue	867,372	783,769	1,800,171	1,424,552
Royalties	(61,008)	(26,260)	(127,893)	(67,406)
Gross overriding royalties	875	-	875	-
Net revenue	807,239	757,509	1,673,153	1,357,146
Operating costs	606,755	452,165	1,370,214	937,481
Oil and gas operating margin	200,484	305,344	302,938	419,665
Midstream Processing				
Revenue	397,170	301,038	804,463	644,805
Operating costs	182,607	169,410	383,542	383,863
Midstream operating margin	214,563	131,628	420,921	260,942
Intersegment revenue and cost	(29,765)	(20,154)	(57,793)	(43,391)
Total Net Revenue	**1,174,644**	**1,038,393**	**2,419,823**	**1,958,560**
Total Operating Costs	759,597	601,421	1,695,963	1,277,953
Total Operating Margin	**415,047**	**436,972**	**723,860**	**680,607**
Expenses				
General and administration	538,472	338,165	1,064,103	669,755
Stock compensation	-	75,208	-	84,373
Interest	20,181	53,169	35,211	108,672
Depletion, depreciation, accretion	597,425	567,442	1,149,660	1,190,883
Total Expenses	**1,156,078**	**1,033,984**	**2,248,974**	**2,053,683**
Net Loss Before Tax	**(741,031)**	(597,012)	**(1,525,114)**	**(1,373,076)**
Provision For Taxes	(197,652)	**(157,048)**	(429,792)	**(387,131)**
Net Loss	**(543,379)**	(439,964)	**(1,095,322)**	(985,945)
Earnings (loss) per Class A share				
Basic	(0.002)	(0.012)	(0.005)	(0.026)
Fully Diluted	(0.002)	(0.012)	(0.005)	(0.026)
Weighted Average Number of Class A Shares In Thousands	244,488	38,001	236,201	38,001
Funds Flow From Operations	**(165,159)**	**25,315**	**(397,007)**	**(118,143)**
Funds Flow Per Class A Share	(0.001)	0.001	(0.002)	(0.003)
Cash Flow from operating activities	(602,237)	183,420	(2,167,314)	236,459

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

	2nd Quarter 2010	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009
Net Revenue	**$ 1,174,644**	**$ 1,245,179**	**$ 1,068,518**	**$ 1,027,786**
Oil and gas operating margin	200,484	102,455	87,303	186,595
Processing operating margin	214,563	206,358	98,923	166,190
Net Loss	**(543,379)**	**(551,943)**	**(702,770)**	**(396,293)**
Loss per share				
Basic	(0.002)	(0.003)	(0.011)	(0.009)
Fully Diluted	(0.002)	(0.003)	(0.011)	(0.009)
Weighted Average Number of Shares In Thousands	244,488	219,488	66,411	44,760
Funds Flow From Operations	**(165,159)**	**(231,848)**	**(232,011)**	**(38,211)**
Funds Flow Per Share	(0.001)	(0.001)	(0.004)	(0.001)
Cash flow from operating activities	(602,237)	(1,565,077)	(99,719)	(15,052)

	2nd Quarter 2009	1st Quarter 2009	4th Quarter 2008	3rd Quarter 2008
Net Revenue	**$ 1,038,393**	**$ 920,167**	**$ 1,249,398**	**$ 2,059,826**
Oil and gas operating margin	305,344	114,321	226,856	967,535
Processing operating margin	131,628	129,314	135,337	223,133
Net Income (Loss)	**(439,964)**	**(545,981)**	**(1,761,937)**	**(69,023)**
Income (Loss) per share				
Basic	(0.012)	(0.014)	(0.048)	(0.002)
Fully Diluted	(0.012)	(0.014)	(0.048)	(0.002)
Weighted Average Number of Shares In Thousands	38,001	38,001	37,050	32,169
Funds Flow From Operations	**25,315**	**(143,458)**	**(35,010)**	**637,295**
Funds Flow Per Share	0.001	(0.004)	(0.001)	0.020
Cash flow from operating activities	183,420	53,039	95,001	1,141,835

Oil & Gas Production

Production during the second quarter of 2010 averaged 156 boe/d compared to 158 boe/d in the first quarter of 2010 and was 12% lower than the second quarter of 2009. Production volumes declined during the second quarter primarily because of shut in wells at Matziwin, Scots Lake and Breton in April and May. In addition, during the quarter, gas sales declined at both Breton and Judy Creek. 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, which the Company plans to drill in September or early October 2010, subject to the Company finding a partner for the project. The timing of up to four additional wells will depend on the results of the first well and availability of funding.

Oil & Gas Production

	Three Months June 30, 2010	Three Months June 30, 2009	Six Months June 30, 2010	Six Months June 30, 2009
Oil (bbl/d)	120	125	119	121
Natural Gas (mcf/d)	195	298	211	338
NGLs (bbl/d)	3	3	3	3
Total (boe/d)	156	177	157	180

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$75.00 for oil and CA$4.00 for gas, revenues in 2010 are expected to remain constant with 2009 levels. During the second quarter of 2010, oil prices dropped below CA$70 during May and June but have since recovered to a range from CA$70 to CA$80, while gas prices decreased below CA$4.00 during the quarter. The average oil price and average gas price for the second quarter were 7% and 29% respectively lower than the prices for the first quarter of 2010. Assuming prices hold at current 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 June 30, 2010	Three Months June 30, 2009	Six Months June 30, 2010	Six Months June 30, 2009
Oil				
Revenues	$790,497	$682,785	$1,604,399	$1,144,410
Prices $/bbl	$72.17	$60.24	$74.65	$52.30
Natural Gas				
Revenues	$61,215	$90,695	$161,246	$258,315
Prices $/mcf	$3.45	$3.34	$4.21	$4.21
NGL's				
Revenues	$15,660	$10,289	$34,526	$21,827
Prices $/bbl	$49.71	$38.97	$55.78	$39.75
Total				
Revenues	$867,372	$783,769	$1,800,171	$1,424,552
Price $/bbl	$60.96	$48.62	$63.18	$43.63

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 $875 for the six months ended June 30, 2010, (2009 – $nil).

Oil & Gas Royalties Expense

Total royalties, including crown royalties, were $61,008 for the second quarter of 2010 as compared to $66,885 for the first quarter of 2010 and $26,260 for the three months ended June 30, 2009. This represented $4.29 per boe for the second quarter of 2010 as compared to $4.69 per boe for the first quarter of 2010 and $1.63 per boe for the three months ended June 30, 2009. The Company's royalty rates have decreased marginally during the quarter with the decrease in commodity prices, and production levels.

Oil & Gas Operating Costs

Total oil and gas operating costs for the second quarter of 2010 were $606,755 or $42.65 per boe, including $16,191 for inter-divisional processing charges and $138,339 for well repairs and maintenance. In comparison, operating costs were $763,459 for the first quarter of 2010 or $53.53 per boe, including $9,327 for inter-divisional processing charges and $89,542 for repairs and maintenance. Operating costs for the second quarter of 2009 were $452,165 or $28.05 per boe, including $13,245 for inter-divisional processing charges and $59,226 for repairs and maintenance. High maintenance costs in the first quarter of 2010 related to well workovers to bring production back on line and site remediation at Breton. These costs continued into the second quarter and, in addition, the Company incurred workover costs at Matziwin and Scots Lake. However, in June the Company saw a considerable improvement as these projects were concluded. Overall, the unit oil and gas operating cost declined from $53.53/boe in the first quarter to $42.65/boe in the second quarter and, with the reduction in maintenance costs in June, it is expected to decline further in the future. However, the high unit costs are 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 2010 for consolidation purposes.

Oil & Gas Operating Net Back

The operating net back for the second quarter of 2010 is $14.03 per boe compared to $7.18 per boe for the three months ended March 31, 2010. These numbers reflect the high maintenance costs incurred in both quarters as the Company worked to bring production back on line, reversing the impact of the cost constraint activities in 2009. For the second quarter of 2009 the net back was $18.94 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 June 30, 2010	Three Months June 30, 2009	Six Months June 30, 2010	Six Months June 30, 2009
Average realized price ($/boe)	$60.96	$48.62	63.18	43.63
Royalties ($/boe)	4.29	1.63	4.49	2.06
Operating expenses ($/boe)	42.65	28.05	48.09	28.71
Operating net back ($/boe)	$14.03	$18.94	10.60	12.86

Processing

Processing revenue for the second quarter of 2010 was $397,170 compared to $407,293 for the first quarter of 2010 and $301,038 for the three months ended June 30, 2009. There was some reduction in volumes in April and May, compared to March, but in June these volumes recovered. The Company continued to experience stronger third party volumes during the second quarter of 2010 compared to 2009 and this trend appears likely to continue throughout 2010.

Processing Operating Costs

Processing operating costs for the second quarter of 2010 were $182,607 (including $12,378 of inter-divisional charges) compared to $200,935 (including $17,462 of inter-divisional charges) for the three months ended March 31, 2010. In 2010, the Company has been able to lower maintenance charges to a more consistent level after some significant maintenance and plant turnaround costs at the end of 2009. Inter-divisional charges were eliminated for consolidation purposes.

General and Administrative Expenses

General and administrative expenses for the second quarter of 2010 totaled $538,472 and $1,064,103 for the six months ended June 30, 2010; compared to $525,631 for the three months ended March 31, 2010, and $338,165 for the three months ended June 30, 2009. The comparable cost for the six months ended June 30, 2009 was $669,755. During the first half of 2010, the Company has experienced a higher level of consulting fees and business development costs as the Company has ramped up its resources to prepare for future development plans; compared to 2009 when these costs had been reduced to respond to the downturn in economic conditions. With the development plans reasonably in place, in July the Company determined to restructure some of these costs to lower levels for the balance of the year.

Interest Expense

Interest expense for the second quarter of 2010 was $20,181 compared to $15,030 in the first quarter of 2010 and $53,169 during the three months ended June 30, 2009. The reduction in cost is related to paying down the credit facility after the equity investment funds were received in January. The expense for the quarter includes accrued interest of $5,928 on the debentures issued in settlement of the Company's payables and $9,000 for bank renewal fees.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense was $597,425 in the second quarter of 2010 compared to $552,235 in the first quarter of 2010 and $567,442 for the second quarter of 2009.

Net Income and Loss

The net loss in the second quarter of 2010 was $543,379. It reflected a tax recovery of $197,652, and a loss before tax of $741,031. This compared to a net loss of $551,943, and loss before tax of $784,083, in the first quarter of 2010; and net loss of $439,964, and loss before tax of $597,012, in the second quarter of 2009. The operating margin for the second quarter of 2010 was $415,047 compared to $308,813 in the first quarter of 2010 and $436,972 in the second quarter of 2009.

During the second quarter, the Company has maintained production levels despite major workovers at Matziwin and Scots Lake but has seen a reduction in commodity prices, which has reduced revenue by 7% compared to the first quarter. The reduction in revenue was more than offset by a 21% reduction in oil and gas operating costs compared to the first quarter. During this period, the processing contribution has remained consistent quarter to quarter. A marginal improvement in results is expected in the third quarter as consistent production at Breton, Matziwin and Scots Lake occurs and the expected maintenance schedule is reduced.

Capital Expenditures, Commitments and Contingencies

The Company spent $108,952 on capital expenditures during the second quarter, as the Company consolidated its position and made preparations to drill its first well on the Cardium lands in the Breton/Buck Lake area. The Company had previously spent approximately 3.9 million on land acquisitions on Cardium lands at Breton / Buck Lake in Alberta, and on Bakken lands in Saskatchewan in the first quarter.

The Company has now accumulated seven gross sections of Cardium lands and anticipates drilling up to five Cardium wells during 2010 and 2011, with the drilling of the first well in September or early October dependent on the Company finding a partner for the project and the timing of the balance of the wells being dependent on the results of the first well and the availability of further funding. 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 but has delayed this program from the summer to later this year, with the drilling of a first well now scheduled for later in 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, by 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 entitled 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. On July 13, 2010, as part of an arrangement to restructure executive management and retain the services of certain officers, the Company agreed to issue 600,000 Class A Shares, at a price of $0.10 per share, to two officers of the Company and agreed to pay certain employees approximately $328,000 in aggregate compensation, in order to satisfy the obligations under the provisions of the employment agreements.

Liquidity, Capital Resources and Subsequent Events

Funds flow from operations for the second quarter of 2010 totaled a negative $165,159 compared to a negative $231,848 for the first quarter of 2010 and $25,315 for the second quarter of 2009.

At June 30, 2010, there was $870,737 drawn down under the Company's revolving demand loan facility (see Bank Debt below) and the Company's net working capital surplus, including the cash position, was approximately $0.73 million, compared to a working capital deficit of $5.06 million at December 31, 2009. The working capital surplus at June 30, 2010 includes $1.23 million in deposits under the Licensee Liability

Rating ("LLR") requirement with the Energy Resources Conservation Board which has increased by $1.16 million during the first half of the year as a result of the impact of the commodity price decline as reflected in the deemed value of the Company's producing assets when compared to the deemed value of its reclamation liabilities.

At June 30, 2010, the Company was in compliance with its lenders working capital covenant.

In the first half of 2010, the Company has expended $3.9 million on land positions in Alberta and Saskatchewan, and has plans to drill one horizontal well in the Cardium in September or early October, subject to the Company finding a partner for the project. The Company plans to drill up to four more wells depending on the results of the first well and availability of further funding. 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 June 30, 2010, following the Bank's annual review in May, when the Bank reduced the available amount under the revolving loan from $5,000,000, the Company had available a $4,500,000 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 3.75%, 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 next review scheduled for November, 2010. As at June 30, 2010, the Company had drawn down $870,737 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 June 30, 2010 and December 31, 2009, the Company was in compliance with its debt covenants.

Share Capital

At June 30, 2010, there were 244,488,032 Class A Shares and nil Class B Shares outstanding. At June 30, 2010, there were 2,666,665 warrants outstanding. No additional warrants to purchase Shares have been issued since June 30, 2010. On July 13, 2010, the Company agreed to issue 600,000 Class A Shares, at a price of $0.10 per share, to two officers of the Company, in satisfaction of obligations under their employment agreements.

At June 30, 2010, there were no stock options outstanding. On July 13, 2010, the Company granted 18,500,000 stock options to directors, officers and consultants to purchase Class A shares at an exercise price of $0.10. Of the total options granted, one third vested immediately, with the balance vesting equally on the first and second anniversary of the grant date. Included in these options were 750,000 options granted to consultants providing investor relations activities.

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 June 30, 2010, all Class A Shares had been released.

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

Related Party Transactions

In addition to the transactions disclosed elsewhere in this MD&A, 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 six months ended June 30, 2010, a legal firm, of which a director is a partner, charged the Company $44,935 (2009 - $32,341) for legal fees and services.

(c) During the six months ended June 30, 2010, another legal firm, of which another director is Counsel, charged the Company $2,554 (2009 - $nil) for legal fees and services.

(d) At June 30, 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 June 30, 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 and liquidity and capital resources. 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.