



**DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

FORM 51-102F1

Date and Subject of Report

The following Management Discussion & Analysis (“MD&A”) is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Abenteuer Resources Corp. (“Abenteuer” or the “Company”) for the year ended December 31, 2009. The MD&A includes comparisons for the corresponding year ending December 31, 2008. It should be read in conjunction with the audited financial statements for the years ended December 31, 2009 and 2008. The MD&A has been prepared effective April 29th 2010.

The following information has been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). All financial results are reported in Canadian dollars and production numbers are net. The information contained herein may contain forward looking statements. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward looking information. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com or on the company’s website at www.abuoil.com.

Forward Looking Statements

Forward looking statements are statements that are not historical facts and are generally , but not always identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets” and similar expressions, or that events or conditions “will”, “may”, “could” or “should” occur. , The information contained herein may contain forward looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Factors that could cause the actual results to differ materially from those in forward-looking statements, but are not limited to: the risk 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 uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The foregoing list of assumptions is not exhaustive. Additional information on these and other factors that could affect the Company’s operations or financial results are included in the Company’s reports on file with Canadian securities regulatory authorities. Events or circumstances could cause results to differ materially.

Description of Business and Review

Abenteuer Resources Corp (“the Company” or “Abenteuer”) is a Canadian junior oil and gas company incorporated under the laws of Alberta, with its offices in Vancouver and its shares listed for trading on the TSX Venture Exchange under the symbol **ABU**. It’s head office may be found at suite 900 – 555 Burrard St., Vancouver, BC V7X 1M8. The Company is engaged primarily in exploration for, and production of, petroleum and natural gas reserves in a single cost center, being the Western Canadian Sedimentary Basin. As of the date of this report, the Company’s core area of interest is in South Eastern Saskatchewan, which is an area of primarily low risk oil development.



Management is actively looking for additional oil and gas projects in North America and internationally. Management has experience evaluating and financing oil and gas projects and anticipates expanding the Company's activities through acquisitions and additional wells on its existing properties.

The price of oil has fluctuated during 2009, and while it has recovered, it is still low in relation to the same period a year ago. The Company is also facing declining production from its existing wells and ever increasing salt water content in the flow being pumped. In addition, the Company experienced two minor well work overs during the year, which necessitated temporary halts in production.

Oil and Gas Properties

West Kingsford, Saskatchewan – Oil

During the year ended December 31, 2009, the Company continued to operate its oil interests in the West Kingsford area of Saskatchewan in conjunction with its joint venture operating partners.

It has working interests in five wells in south east Saskatchewan. Two of these are horizontal wells (HZ).

Well	WI %	Well	WI %
King 141/08-13-004-07 W2M	45.09	King 4D8-14/2A11-13-004-07 W2	10.5
King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13	King 03-27-004-07 W2	100
King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45		

Production during the years 2009 and 2008

Well	Dec. 31, 2009	Dec. 31, 2008
King 141/08-13-004-07 W2M	238.7	181.4
King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	87.3	109.9
King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	281.2	372.8
King 4D8-14/2A11-13-004-07 W2	241.3	288.1
King 03-27-004-07 W2	422.9	431.5
Annual Total in cubic meters	1,271	1,384
Annual Total in barrels	7,997	8,703
Barrels per day	22	23.8

The average price, net of royalties, received for oil was \$51.96 per barrel (\$326.95 per cubic meter) during the year ended December 31st 2009 and \$83.50 per barrel (\$525.09 per cubic meter) during the year ended December 31st 2008.

Results of Operations

Oil revenues, net of royalties and taxes, for the year ended December 31st, 2009 decreased from \$726,727 during the year ended December 31st, 2008 to \$415,555 during the year ended December 31st, 2009 due to the decrease in the price paid for production and due to a decline in production. The Company's interest and other income decreased from \$22,557 during the year ended December 31st, 2008 to \$ 13,323 for the year ended December 31st, 2009. During the recession of 2009, banks dramatically reduced interest paid on funds on deposit.



Operating expenses for the year ended December 31st, 2009 increased to \$208,711 from \$138,272 during the year ended December 31st, 2008. The increase can be attributed to two minor work-overs, repairs, maintenance and trucking.

Depletion and amortization has increased by \$9,839 from the year end 2008. In addition, the Company's petroleum engineers have revised their estimate of the value of proved reserves as previous calculations had included one time maintenance costs being repeated in subsequent years.

Administrative expenses have increased from \$215,118 in 2008 to \$287,433 in 2009. The increase can be attributed in large measure to a slight increase in professional fees, director's fees and preparations in view of the impending IFRS conversion.

The Company reviewed three international opportunities during 2009. The expenses incurred during these investigations were \$49,406 and have been set-up in a separate line item in the Comprehensive Income Statement.

Selected Annual Information

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's audited financial statements. These sums are being reported in Canadian dollars and did not change as a result of the adoption of policies concerning Financial Instruments.

	Year ended		
	December 31, 2009	December 31, 2008	December 31, 2007
Petroleum and natural gas sales, net	\$ 415,555	\$ 726,727	\$ 548,469
Interest & other income	13,323	22,556	5,945
Expenses, excluding property write-offs	(683,844)	(512,257)	(594,185)
Income tax (expense) recovery	65,526	(37,837)	182,600
Net income (loss)	(238,846)	169,120	142,829
Disposal losses	--	--	--
Net earnings (loss) per share (basic and diluted)	(0.02)	0.02	0.01
Total assets	2,449,417	2,340,282	2,076,309
Total long-term liabilities	82,729	78,795	75,043
Cash dividends	--	--	--



Selected Quarterly Information

The following table summarized the results of operations for the eight most recent quarters.

	Three months ended			
	Dec. 31 2009	Sept. 30 2009	June 30 2009	March 31 2009
Petroleum and natural gas sales, net	122,062	104,411	\$ 106,504	\$82,578
Interest income	---	---	12,415	908
Expenses, excluding property write-offs	(245,245)	(125,896)	(169,576)	(143,127)
Income tax recovery (expense)	55,526	---	--	--
Net income (loss)	(84,607)	(28,970)	(65,627)	(59,642)
Net earnings (loss) per share and diluted earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

	Three months ended			
	Dec. 31 2008	Sept. 30 2008	June 30 2008	March 31 2008
Petroleum and natural gas sales, net	\$86,407	\$198,597	\$ 203,410	\$ 238,313
Interest income	673	1,391	18,552	1,940
Expenses, excluding property write-offs	(157,919)	(106,699)	(152,051)	(95,589)
Income tax recovery (expense)	(37,837)	--	--	--
Net income (loss)	(138,744)	93,289	69,910	144,664
Net earnings (loss) per share and diluted earnings (loss) per share	(0.01)	0.01	0.01	0.01

Fourth Quarter

Total revenue net of all royalties and mineral tax was \$122,062. There was no interest paid during the quarter. Expenses totaled \$245,245 and resulted in a net loss for the fourth quarter of (\$144,536). The loss for the fourth quarter can be attributed to higher than average expenses. These expenses included items related to the investigation of international opportunities. Depletion was up as a result of higher production and accretion was booked for the year in the fourth quarter. Administration was inflated by accruals such as the annual audit and income tax preparation and the issue of option based compensation.

Liquidity

The Company's cash and cash equivalents decreased by \$148,159 from year end 2008. Working capital improved, from \$1,051,289 at December 31st, 2008 to \$1,325,782 at December 31st, 2009, due mainly to a private placement for \$385,000 cash.

The liquidity of the Company could be reduced should it be obliged to retire any assets and the amount set aside for asset retirement obligations proves to be insufficient.

Management believes the Company has sufficient financial resources to meet its present obligations as they become due, as well as, to participate in future drilling opportunities.



Securities Issued During the Period

On October 14, 2009 the Company completed a private placement of 3,850,000 units at \$0.10 per unit, with a unit being one common share and a warrant exercisable at \$0.15 for a period of 2 years.

Capital Stock, Warrants and Options

Authorized share capital:

Unlimited number of voting common shares without nominal or par value

Unlimited number of preferred shares without nominal or par value

Issued share capital - common shares:

	<u>No. of shares</u>	<u>Value</u>
Balance December 31, 2007, 2008	10,733,266	\$ 1,829,228
Issued 2009	3,850,000	285,000
Share issue costs	-	(8,669)
Balance at December 31, 2009	<u>14,583,266</u>	<u>\$ 2,099,825</u>

Warrants

Balance December 31, 2008	-	Nil
Issued 2009	3,850,000	100,000
Issue costs	-	(2,867)
Balance at December 31, 2009	<u>3,850,000</u>	<u>\$ 97,133</u>

Contributed surplus

Balance December 31, 2008	=	217,963
Stock-based compensation (Note 8)	=	26,250
Balance December 31, 2009	=	<u>\$ 244,213</u>

Warrant Continuity Schedule

Balance December 31, 2006	1,422,720	\$79,012
2006 unit warrants expire Feb. 09, 2007	(1,317,333)	(73,159)
2006 broker warrants expire Feb. 09, 2007	<u>(105,387)</u>	<u>(5,853)</u>
Balance December 31, 2007 and 2008	-	-
Private placement October 14, 2009	3,850,000	97,133
Balance December 31, 2009	<u>3,850,000</u>	<u>\$97,133</u>



- Warrants value at October 14, 2009 was calculated using the Black-Scholes option pricing model with risk free interest rate of (1.36%), expected life of (2 yrs) and expected volatility of (68.294%).

	Number of Stock Options	Exercise Price	Expiry Date
	700,000	\$0.20	Nov. 2010
	300,000	\$0.10	Dec. 2011
	250,000	\$0.23	Oct. 2012

	Options Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Grant Date Fair Value	Weighted Average Time to Expiry
Balance Dec. 31, 2007	1,000,000	\$0.20	\$0.08	2.90 yrs
Expired	(300,000)	\$0.20		
Granted	300,000	\$0.10	\$0.02	3.00 yrs
Balance Dec. 31, 2008	1,000,000	\$0.17	\$0.07	2.23 yrs
Granted	250,000	\$0.23	\$0.11	3.00 yrs
Balance Dec. 31, 2009	1,250,000	\$0.18	\$0.08	1.58 yrs

Transaction with Related Parties

During the year the Company paid \$30,000 to J Lewis Dillman, a director and officer of the Company as remuneration for management and administrative services. This was the same as the previous year.

The Company paid \$22,535 to Jamie Lewin, who is a director of the Company for accounting services. The increase over the previous year can be attributed time required to set-up and transfer data to a new ERP General Ledger and implement changes in the general ledger and to preparations related to the financial statements, notes and MD&A, necessitated by the conversion to IFRS.

The Company paid \$7,987 to Steven Sobolewski, who is an officer of the Company for legal fees. The increase over the previous year can be attributed to the review of proposed international projects.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



In addition to the normal course of operations transactions, mentioned previously, the Company also paid monthly Directors' Fees, of \$1,000 per month, commencing in January 2009 to each of the following Directors: Joseph Lewis Dillman, Jamie A Lewin, David Parry, Sean McGrath and Stephen Polakoff.

Critical Accounting Estimates

The Company's accounting policies are presented in note 2 of the accompanying financial statements. The preparation of financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations.



These include:

- the carrying values of property and equipment;
- the valuation of stock-based compensation expense;
- the depletion and amortization of property and equipment; and
- accruals based on the terms of existing joint venture agreements

Key Accounting Policies

a) Revenue Recognition

Revenues associated with sales of petroleum are recorded when reserves are produced and delivered to the purchaser. Oil revenues are net of royalties and Saskatchewan freehold royalty taxes.

b) Petroleum Properties and Production Equipment

Capitalized costs

The Company follows the full-cost method of accounting for oil and gas activities whereby all costs associated with the acquisition of, the exploration for and the development of oil and gas reserves relating to the exploration for and development of oil and natural gas reserves, whether productive or unproductive, are capitalized. Such costs include land and lease acquisitions, geological and geophysical expenditures, drilling of productive and non-productive wells, production and gathering equipment and facilities, carrying costs directly related to unproved properties, corporate costs directly related to acquisition. The carrying value, based on a ceiling test calculation, is limited to a recoverable amount as determined by estimating the present value of future net revenue from proven properties based on forecast prices, costs and the value of unproven properties at the lower of cost and net realizable value.

The costs (including exploratory dry holes) related to cost centers from which there has been no commercial production are not subject to depletion until commercial production commences.

Proceeds from disposal of properties are normally applied as a reduction of the costs of the remaining assets unless the disposal would alter the rate of depletion by more than 20%, in which case a gain or loss on disposal is recorded.

Depletion and depreciation

Capitalized costs are depleted and depreciated using the unit of production method based on gross proved reserves of petroleum and natural gas as determined by independent engineers. For purposes of this calculation, oil and natural gas reserves are converted to a common unit of measurement on the basis that six thousand cubic feet of gas equates to one barrel of oil. In determining its depletion base, the Company includes estimated future costs to be incurred in developing proved reserves and excludes estimated salvage values and the cost of unproved properties. Costs of acquiring and evaluating unproved properties are excluded from the depletion base until it is determined whether proved reserves are attributable to the properties or impairment occurs. Unproved properties are assessed for impairment at least annually.



Financial Instruments - Disclosures

During 2009, CICA Handbook Section 3862, Financial Instruments - Disclosures was amended to require disclosures about the inputs to fair value measurement, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical asset or liability.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and

Level 3 – Inputs that are not based on observable market data.

The Company adopted this amended standard for the year ended December 31, 2009.

International Financial Report Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board confirmed that IFRS will replace current Canadian GAAP for publicly-accountable, profit-oriented enterprises effective January 1, 2011.

The Company’s IFRS conversion is carried out in three phases:

- high-level impact assessment,
- detailed evaluation, and
- implementation and review.

The Company has completed its initial high-level impact assessment to identify key areas that may be affected by the conversion. A detailed evaluation between specific differences between IFRS and Canadian GAAP, and how that impacts the Company’s implementation will occur during 2010.

The following table provides a summary of the changeover plan, the key elements involved and the status of these tasks:

Key Element	Description
Accounting policies	<p>Management has performed an initial review of its accounting policies and the impact of adopting IFRS. During 2010, the Company intends to perform a more comprehensive review of its accounting policies and requirements of IFRS, especially, with respect to:</p> <ul style="list-style-type: none"> • Exploration and evaluation expenditures; • Property, plant and equipment; • Stock-based compensation; • Future income taxes; and • Various financial statement disclosures <p>The detailed evaluation of these and other policies will continue throughout 2010. The Company expects to be able to quantify these differences in the first half of 2010. The transition from Canadian GAAP to IFRS may materially affect reported financial position and results of operations. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.</p>
Information technology and data systems	<p>The initial review of the Company’s information and data systems suggest that they were insufficient and an upgrade has taken place which will enable the capture of information required or reportable under IFRS</p>



Internal control over financial reporting	The final impact of the Company's internal control over financial reporting will not be able to be fully assessed until the final accounting policies under IFRS are determined. Notwithstanding, given the Company's stage of development, the Company does not consider that the adoption of IFRS will have a significant impact on the Company's internal control over financial reporting.
Disclosure controls and procedures	Due to the Company's nature, it does not believe it will require significant revisions to its control environment for changes in processes and controls as a result of the transition to IFRS.
Financial reporting expertise	The Company has performed an initial assessment of the financial expertise required to adopt IFRS and considers that it has sufficient in-house resources to review the requirements of IFRS, and assess any required adjustments to the opening balance sheet under IFRS.
Business activities	As the Company's final IFRS accounting policies are developed and adopted, the Company will consider their impact on all material agreements prior to adoption. Updates on the progress of the conversion process will be provided to the Company's audit committee and disclosed in the Company's MD&A on a quarterly basis throughout 2010.

The following provides a summary of some potential changes to accounting policies in key areas based on current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies under the adoption of IFRS.

- The International Accounting Standards Board ("IASB") has still not made a definitive determination as to whether exploration and evaluation costs should be capitalized or expensed. IFRS 6 allows companies to choose a policy that capitalizes these costs. The policy must be disclosed in the notes to the financial statements. The Company expects to continue capitalizing its exploration and evaluation costs in a manner consistent with its current accounting policy.
- IFRS and Canadian GAAP contain the same basic principles for property, plant, and equipment; however, there are some differences. Specifically, IFRS requires property, plant and equipment to be measured at cost in accordance with IFRS, breaking down material items into components and amortizing each one separately. In addition, unlike Canadian GAAP, IFRS permits property, plant and equipment to be measured at fair value or amortized cost. The Company's initial analysis is that no further componentization was necessary in property, plant, and equipment. The Company will continue to reflect its property, plant and equipment at amortized cost.
- Under IFRS, a provision is to be recognized when (a) there is a present obligation as an result of a past transaction or event; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) a reliable estimate can be made of the obligation. The threshold for recognition of a provision under Canadian GAAP is higher than under IFRS. Therefore, it is possible that some contingent liabilities which would not have been recognized under Canadian GAAP may meet the criteria for recognition as a provision under IFRS.

- The method of accounting for income taxes under IFRS is similar to Canadian GAAP, but one of the exemptions under IFRS may have a significant impact on the Company's financial reporting. Under current IFRS guidelines, the recognition of future income tax ("FIT") assets or liabilities that arise from the initial recognition of assets or liabilities that do not impact profit or loss and other than in a business combination is prohibited. The Company's FIT liability balance is almost exclusively due to the difference between the carrying value and the tax value for the properties that the Company acquired as a result of an acquisition of assets, not a business combination. As a result, the exemption under IFRS would apply and would eliminate the majority of the Company's FIT liability balance recognized under Canadian GAAP. It would also decrease the carrying value of mineral properties by a similar amount because when the FIT liability was recognized, the carrying values of the related mineral properties were grossed up by the same amount. The IASB has recently issued an exposure draft suggesting changes to its income tax standard. The exposure draft has received a significant number of comments and it is uncertain what changes, if any, will be made before the Company's adoption date.
- Under Canadian GAAP, mineral property impairment testing is performed using a two-step test. The first step is to determine if there is an impairment loss by using an undiscounted cash flow analysis. If that analysis identifies an impairment loss, the loss is measured as the amount by which carrying value exceeds fair value. The fair value is often based on discounted cash flows. Under IFRS, assets are tested for impairment using a one-step process based on discounted cash flows. IFRS also allows the reversal of impairment charges from previous years if the fair value exceeds the carrying value of long-lived assets.
- Other IFRS that apply to the Company's operations, but that are not expected to have a significant effect on 2010 financial results, based on the Company's current and expected activities are functional currency, business combinations, share based payments, and decommissioning and retirement obligations.
- The implementation and review phase will begin in the first half of 2010 and continue throughout the fiscal year. This phase includes implementation of the required changes necessary for IFRS compliance. Final decisions on accounting policy choices and IFRS 1 exemptions will be approved and changes to business processes and internal controls, if any, resulting from policy changes will be implemented. Preparation of an opening IFRS balance sheet and IFRS comparatives for 2010 reporting periods will commence in this phase as well. The Company will monitor changes in IFRS leading up to the January 1, 2011 adoption date, and update its conversion efforts as required.

As the Company's final IFRS accounting policies are developed and adopted, the Company will consider their impact on all material agreements prior to adoption.

Updates on the progress of the conversion process will be provided to the Company's audit committee and disclosed in the Company's MD&A on a quarterly basis throughout 2010.

Financial Instruments and Other Instruments

The Company has designated its financial instruments as follows:

- Cash is classified as held-for-trading;
- Receivables are classified as loans and receivables;
- Marketable securities are classified as available-for-sale; and
- Accounts payable and accrued liabilities as other financial liabilities.



The Company does not have any derivatives or embedded derivatives or use any hedges to manage various risks.

Financial Instruments – Presentation and Disclosures:

Fair value

Cash and marketable securities are recorded at fair value and are measured using Level 1 (in accordance with Section 3862 of the CICA Handbook). Receivables and accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Liquidity risk

The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

Credit risk

The Company limits exposure to credit risk by maintaining the significant majority of its cash with a large chartered Canadian banking institution. The significant majority of receivables are from Fairborne Energy which makes payment on a regular basis. The remaining credit risk in receivables is considered low by management as they consist primarily of amounts owing from government authorities in relation to the refund of goods and services taxes in Canada applying to inputs for qualified expenditures.

The Company does not have financial assets that are invested in asset backed commercial paper.

Commodity price risk

The Company monitors commodity prices to determine the appropriate course of action to be taken. However, as the Company has not developed commercial mineral interests, it is not exposed to significant commodity price risk at this time.

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on its cash balances. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. The effect of a one basis point increase or decrease on cash and its impact on net loss is not considered significant. The Company's other financial assets and liabilities are not subject to interest rate risk, as they do not bear interest.

Other Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, in Central and North America. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), the following risk factors, among others, will apply:



Exploration, Development and Operating Risks

The exploration for and development of oil and gas reserves involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing wells. Major expenses may be required to locate and establish petroleum reserves, to develop processes and to construct battery facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial oil operation. Whether a oil reserve will be commercially viable depends on a number of factors, some of which are: the particular attributes of the reserve, such as quantity and quality of the minerals and proximity to infrastructure; oil prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Oil and gas operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of other producing facilities, damage to life or property, environmental damage and possible legal liability.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in North America, as such, the operations of the Company are not exposed to severe uncertainties. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions and floods. Such occurrences could result in damage to oil properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with the Company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.



Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Officers and Directors

J. Lewis Dillman - Director, President
Sean McGrath-Director, CFO
Jamie Lewin - Director
David Parry -Director
Stephen Polakoff - Director
Steven Sobolewski - Secretary

Contact Person

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