

Abenteuer Resources Corp.
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Calgary, Alberta, Canada
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE PERIOD ENDED June 30, 2004**

Date and Subject of this Report

This Report, made as of August 27, 2004, is integral to and should be read in conjunction with the Company's unaudited financial statements for the three month period ended June 30, 2004 and the Company's audited financial statements for the year ended December 31, 2003. The foregoing documents and additional information relating to the Company are available for viewing at www.sedar.com.

Description of Business

Abenteuer Resources Corp. (The Company, Abenteuer) is a Canadian junior oil and gas company with its offices in Calgary and shares listed for trading on the TSX Venture exchange under the symbol ABU. Abenteuer 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. The following is a brief description of the Company's properties.

Chime, Alberta - Natural Gas

On August 27, 2004, The Company announced that it had reached agreement subject to formal documentation to sell all of its interests in the Chime-Kakwa area of the Alberta Deep Basin for \$1,150,000. Proceeds from the disposition will be used to retire the Company's debt and for new projects.

West Kingsford, Saskatchewan - Oil

The Company owns a 20% working interest in a horizontal well, battery and disposal well. During the first quarter of 2003, the Company participated in the drilling of a second horizontal well with a working interest of 26%. The two wells are producing 12 bopd net to the Company. Effective April 1, 2004 the Company purchased an additional 12% working interest in the second horizontal well which increased their interest from 26% to 38%.

Production

During the quarter ended June 30, 2004, the Company produced an average of 13 barrels of oil and Natural Gas Liquids per day compared to 17 barrels of oil and NGL's per day during the same quarter in 2003 and 94 MCF of gas per day compared to 74 MCF of gas per day during the same quarter in 2003.

The average price received for the oil was \$47.40 per barrel during the second quarter of 2004 compared to \$36.42 per barrel per barrel during the same quarter in 2003.

The average price received for natural gas was \$7.30 per MCF during the first quarter of 2004 compared to \$7.06 per MCF during the same quarter in 2003.

Operating Results

Revenue

Revenue after royalty deductions \$80,848, for the quarter ended June 30, 2004 was higher than \$65,205 in the same quarter in 2003 due primarily to higher prices and higher volumes.

Operating Expense

Operating expenses increased to \$15,777 for the quarter ended June 30, 2004 from \$14,046 in the same quarter in 2003 as a result of more wells on production in Saskatchewan and Alberta.

Corporate Administration and Interest Expense

General Administrative and Interest Expenses decreased to \$21,394 for the quarter ended June 30, 2004 from \$39,651 in the same quarter in 2003.

ABENTEUER RESOURCES CORP. SUMMARY OF QUARTERLY RESULTS

	<u>30-Sep-02</u>	<u>31-Dec-02</u>	<u>31-Mar-03</u>	<u>30-Jun-03</u>
Net Income (Loss)	12,913	6,253	40,587	-11,885
Basic Earning (Loss) per common share	0.00	0.00	0.01	0.00
	<u>30-Sep-03</u>	<u>31-Dec-03</u>	<u>31-Mar-04</u>	<u>30-Jun-04</u>
Net Income (Loss)	5,567	-24,974	-46,876	-34,847
Basic Earning (Loss) per common share	0.00	-0.01	-0.01	-0.01

Financial Condition, Liquidity and Capital Resources

The Company had cash on hand of \$3,307 and a working capital deficiency of \$615,651 at June 30, 2004. The Company has announced the disposition of its interests in the Chime/ Kakwa area of the Alberta Deep Basin. Proceeds from the disposition will be used to retire the Company's debt and to fund new projects.

Capital, Stock, Stock Options And Warrants

Authorized:

Unlimited number of voting common shares without nominal or par value

Unlimited number of preferred shares without nominal or par value

Issued and outstanding as at June 30, 2004:

6,040,000 common shares

Options Outstanding as at June 30, 2004:

490,000 \$0.25 Expiry 2006

40,000 \$0.40 Expiry 2008

FORWARD LOOKING STATEMENTS

The information herein may contain forward-looking statements including expectations of future production, cash flow 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. These risks include, but are not limited to: the 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 uncertainty of reserve 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. Additional information on these and other factors that could affect the Corporation's operations or financial results are included in the Corporation's reports on file with Canadian securities regulatory authorities

Directors and Officers

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