

**Abenteuer Resources Corp.
900 – 555 Burrard Street
Vancouver, British Columbia, Canada
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

FORM 51-102F1

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2004.

Date of Report

August 26, 2005

Overall Performance

The Company 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. 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 elsewhere. Management has experience evaluating and financing oil and gas projects and anticipates expanding the Company's activities in the near future, particularly through additional acquisitions.

Oil and Gas Properties

West Kingsford, Saskatchewan – Oil

The Company originally owned a 20% working interest in a horizontal well, battery and disposal well that provided the majority of the net production revenue during the previous two years. During the first quarter of 2003, the Company participated in the drilling of a second horizontal well with a working interest of 26%.

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%.

Effective January 28, 2005, the Company entered into an agreement with Stealth Ventures Ltd. ("Stealth") to purchase additional petroleum and natural gas rights, tangibles and interests of oil and gas rights in the West Kingsford area for \$220,000 plus GST of \$3,080 on the tangibles. The Company has acquired varying interests ranging from 10% to 22% of production held freehold gas leases. This includes two producing horizontal wells, one disposal well and two batteries. As a result, the Company has increased its existing interest in its current production base and anticipates assuming operations of at least one of the batteries. Stealth has one director in common with the Company.

Effective April 30, 2005, the Company acquired the interests of its joint partners in the first horizontal well and now holds a 100% interest.

During the three months ended June 30, 2005, the West Kingsford property produced an average of 18 barrels (2.89 cubic meters) of oil per day. Production during the six months ended June 30, 2005 amounted to 12.2 barrels (1.95 cubic meters) per day.

In early July, however, the pumping mechanism of the first well failed. Due to the long wait for the parts required to repair the pump, production for July and the first part of August will be reduced.

Effective August 11, 2005, the Company entered into a participation agreement with Grand Banks Energy Corporation ("Grand Banks") with respect to the drilling of a vertical well. Under the agreement, the Company will earn a 3.9% interest in the well buy incurring 6% of the drilling, completion and equipping costs. This will enable the Company to participate in the development of additional lands covered by the agreement.

Chime, Alberta – Natural Gas

On September 1, 2004 the Company sold its interests in the Chime-Kakwa area of the Alberta Deep basin to Hillcrest Investments for \$1,150,000, realizing a disposal gain of \$133,950.

Production

During the three months ended June 30, 2005, the Company produced 237.8 cubic meters (1,171 barrels) from its West Kingsford properties.

During the six months ended June 30, 2005, the Company produced 522.9 cubic meters (3,283 barrels) from its West Kingsford properties.

The average price received for oil was \$324.13 per cubic meter (\$51.53 per barrel).

Results of Operations

Revenues after royalty deductions for the three months ended June 30, 2005 decreased from \$84,778 for the three months ended June 30, 2004 to \$81,426

Revenues after royalty deductions for the six months ended June 30, 2005 decreased from \$166,363 for the six months ended June 30, 2004 to \$119,771, a decrease of \$42,592 primarily due to the August 2004 sale of the Chime-Kakwa project.

During the three months ended June 30, 2005, the Company reported a net loss of \$184,516 or \$0.03 per share for 2004 compared to a loss of \$34,847 or \$0.01 per share during the three months ended June 30, 2004.

During the six months ended June 30, 2005, the Company reported a net loss of \$224,319 or \$0.04 per share for 2004 compared to a loss of \$81,723 or \$0.01 per share during the three months ended June 30, 2004.

Expenses for the three months ended June 30, 2005 were \$295,492 compared to \$119,625 during the three months ended June 30, 2004. The increase was as a result of an increase in depletion and amortization, administration expense and oil and gas operating costs

Expenses for the six months ended June 30, 2005 were \$334,090 compared to \$248,066 during the six months ended June 30, 2004. The increase was as a result of an increase in depletion and amortization, administration expense and oil and gas operating costs.

Depletion and amortization increased by \$105,726 from \$21,934 to \$127,120 during the three months ended June 30, 2004 and 2005, respectively, as a result of the acquisition of additional interests in the West Kingsford wells.

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Administration expenses increased by \$105,726 from \$21,394 during the three months ended June 30, 2004 to \$127,120 during the three months ended June 30, 2005. This increase was a result of several factors including moving head office operations from Calgary to Vancouver, investigating potential international opportunities and increased activities to expand the Company's resource property interests.

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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.

	Year ended		
	December 31, 2004	December 31, 2003	December 31, 2002
Total revenues	298,403	304,310	164,876
Interest income	7,686	--	--
Disposal gains	133,950	--	--
General and administration (excluding property write-offs)	560,040	294,040	135,782
Net income (loss)	(120,001)	10,270	29,094
Net income (loss) per share	(0.02)	0.00	0.01
Total assets	991,391	1,730,009	783,152
Total long-term liabilities	19,300	22,100	1,600
Cash dividends	--	--	--

Selected Quarterly Information

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

	Three months ended			
	June 30 2005	March 31 2005	December 31 2004	September 30 2004
Total revenues	81,426	38,345	108,588	98,502
Interest income	--	--	7,686	--
Disposal gains	--	--	133,950	133,950
General and administration (excluding property write-offs)	265,941	78,148	229,329	82,625
Net income (loss)	(184,515)	(39,803)	(188,105)	149,827
Net income (loss) per share	(0.03)	(0.01)	(0.03)	0.025

	Three months ended			
	June 30 2004	March 31 2004	December 31 2003	September 30 2003
Total revenues	84,778	81,585	71,188	66,463
Disposal gains	--	--	--	--
General and administration (excluding property write-offs)	119,625	128,461	95,187	60,896
Net income(loss)	(34,847)	(46,876)	(23,999)	5,567
Net income(loss) per share	(0.01)	(0.01)	(0.01)	--

Share Capital, Stock Options and Share Purchase Warrants

The authorized share capital of the company consists of an unlimited number of voting shares with out nominal or par value and an unlimited number of preferred shares with out nominal or par value. As of June 30, 2005, outstanding share capital of the Company consisted of 6,040,000 voting shares. Subsequent to June 30, 2005, the Company issued 970,000 voting shares as part of a 1,200,000 unit non-brokered private placement for net proceeds of \$230,075. Each unit consists of one share at \$0.25 and one warrant exercisable at \$0.40.

No preferred shares have been issued.

There are 570,000 stock options exercisable at \$0.15 per share until December 15, 2006. In addition, as of June 30, 2005, there were 700,000 share purchase warrants exercisable at \$0.75 per share until July 9, 2005. These have expired. Subsequent to June 30, 2005, the Company issued 970,000 share purchase warrants exercisable at \$0.40 for one year as part of a 1,200,000 unit non-brokered private placement.

Liquidity

The Company's cash and working capital declined from \$544,788 and \$541,363, respectively, at December 31, 2004 to \$195,605 and \$157,536, respectively, at June 30, 2005. The Company has significantly increased its interest in the West Kingsford property, thus accounting for this decline.

The average cash flow from West Kingsford is \$30,000 (\$25,000 net of royalties) per month. Although, (as noted above) July and August cash flows from West Kingsford will be reduced, management believes the Company has sufficient financial resources to meet its present obligations as they become due.

Officers and Directors

J. Lewis Dillman - Director, President and Chief Executive Officer
Raymond Fong -Director
Ostap Haliw - Director
Steven Sobolewski - Secretary
Gerald D. Lamont – Controller

Forward Looking Statements

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. These risks include, 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. 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.

Contact Person

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