



---

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 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 quarter ended March 31, 2009. The MD&A includes comparisons for the corresponding three month period ending March 31, 2008. It should be read in conjunction with the interim financial statements for the three month period ended March 31, 2009 and the audited financial statements for the year ended December 31, 2008. The MD&A has been prepared effective May 20<sup>th</sup> 2009.

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](http://www.sedar.com) or on the company's website at [www.abuoil.com](http://www.abuoil.com).

### **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**. 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 two additional horizontal wells, on the parts of the properties, which it currently has under control.

The world price of oil declined dramatically at the end of 2008. The price has recovered substantially but 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.

### **Oil and Gas Properties**

#### *West Kingsford, Saskatchewan – Oil*

During the quarter ended March 31, 2009, the Company continued to operate its oil and gas 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	%	Well	%
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 1<sup>st</sup> Quarter 2009

Well	March 31, 2009	March 31, 2008
King 141/08-13-004-07 W2M	39.3	49.3
King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	20.6	25.1
King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	62.8	135.1
King 4D8-14/2A11-13-004-07 W2	62.5	60.7
King 03-27-004-07 W2	116.6	138.1
<b>Quarter Total in cubic meters</b>	301.8	408.31
<b>Quarter Total in barrels</b>	1,898.3	2,568
<b>Barrels per day</b>	20.8	28.2

The average price, net of royalties, received for oil was \$48.13 per barrel (\$302.73 per cubic meter) during the quarter ended March 31<sup>st</sup> 2009 and \$103.38 per barrel (\$650.23 per cubic meter) during the quarter ended March 31<sup>st</sup> 2008.

### Results of Operations

Oil revenues, net of royalties and taxes, for the quarter ended March 31<sup>st</sup>, 2009 decreased from \$238,313 during the quarter ended March 31<sup>st</sup>, 2008 to \$82,578 during the quarter ended March 31<sup>st</sup>, 2009 due to the decrease in the price paid for production and due to a decline in production. The Company's interest income decreased from \$1,940 during the quarter ended March 31<sup>st</sup>, 2008 to \$907 for the quarter ended March 31<sup>st</sup>, 2009. The decrease in revenue on investment is the result of a smaller cash balance in the bank account and the fact that the rate paid on the bank float has fallen dramatically as a result of the recession.

Operating expenses for the quarter ended March 31<sup>st</sup>, 2009 increased to \$65,041 from \$14,491 during the period ended March 31<sup>st</sup>, 2008. The increase can be attributed mainly to the expenses incurred as a result of the need to rework one well

Depletion and amortization has decreased by \$17,276 from the same quarter in 2008 as a result of the drop in production.

Administrative expenses are in large measure made up of management fees, professional fees and office rent. They have increased from \$31,519 in 2008 to \$45,783 in 2009. This is mainly due to the implementation of Director's fees.

### 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, 2008	December 31, 2007	December 31, 2006
Petroleum and natural gas sales, net	\$ 726,727	\$ 548,469	\$ 622,354
Interest income	22,556	5,945	7,424
Expenses, excluding property write-offs	(574,272)	(594,185)	(655,126)
Income tax (expense) recovery	(62,015)	182,600	--
Net income (loss)	175,011	142,829	(25,348)
Disposal losses	--	--	--
Net earnings (loss) per share (basic & diluted)	0.02	0.01	(0.00)
Total assets	2,340,281	2,076,309	2,037,764
Total long-term liabilities	78,795	75,043	71,469
Cash dividends	--	--	--

### Selected Quarterly Information

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

	Three months ended			
	March 31 2009	December 31 2008	September 30 2008	June 30 2008
Petroleum and natural gas sales, net	\$82,578	\$86,407	\$198,597	\$ 203,410
Interest income	907	673	1,391	18,552
Expenses, excluding property write-offs	(143,127)	(157,919)	(106,699)	(152,051)
Income tax recovery (expense)	--	(67,907)	--	--
Net income (loss)	(59,642)	(138,744)	93,289	69,910
Net earnings (loss) per share and diluted earnings (loss) per share	(0.01)	(0.01)	0.01	0.01

	Three months ended			
	March 31 2008	December 31 2007	September 30 2007	June 30 2007
Petroleum and natural gas sales, net	\$ 238,313	\$ 151,529	\$ 128,234	\$ 139,065
Interest income	1,940	1,257	854	885
Expenses, excluding property write-offs	(95,589)	(191,067)	(109,558)	(119,209)
Income tax recovery (expense)	--	-	-	-
Net income (loss)	144,664	(120,229)	19,530	20,761
Net earnings (loss) per share and diluted earnings (loss) per share	0.01	(0.01)	0.00	0.00



## Liquidity

The Company's cash and cash equivalents increased by \$200,633 over the same period in 2008. This is mainly due to the increase in the price received for oil sales. Working capital improved from \$879,845 at March 31<sup>st</sup>, 2008 to \$1,023,950 at March 31<sup>st</sup>, 2009.

The significant improvement in the Company's working capital position can be attributed to the fact that the price of oil spiked significantly during 2008. This would have been higher had the increased price received for oil sales been maintained until the end of 2008. Markets are showing a moderate recovery in the second quarter of 2009.

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

During the quarter ended March 2009, the Company issued no additional securities

## Capital Stock and Options

Authorized	unlimited common shares without par value
Issued and outstanding as at March 31 <sup>st</sup> , 2009	10,733,266

Schedule of options outstanding as at March 31<sup>st</sup>, 2009:

Number of Shares	Exercise Price	Expiry Date
700,000	\$ 0.20	November 2010
<u>300,000</u>	<u>\$ 0.10</u>	December 2011
<u>1,000,000</u>	<u>\$ 0.17</u>	Weighted Average

## Transaction with Related Parties

During the year the Company paid \$7,500 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.

In addition, the Company paid \$6,028 to Jamie Lewin, who is also an officer and director of the Company for accounting services.

In addition, the Company paid \$1,070 to Steven Sobolewski, who is an officer of the Company for legal fees.

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, for January, February and March 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 and natural gas and all other items are recorded when reserves are produced and delivered to the purchaser. Oil revenues are net of royalties and Saskatchewan freehold royalty taxes.

### b) Petroleum and Natural Gas 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



---

## International Financial Reporting Standards (“IFRS”)

### Abenteuer Resources Corp’s Qualitative Plan for Conversion to IFRS

#### ACCOUNTING POLICIES

##### IFRS 1 – First Time Adopters

For those adopting the standards for the first time, there is a special regime called IFRS 1. Once companies get past year one, they use the same IFRS as the rest of the world. Adopting IFRS is a major change in accounting policy and ordinarily in such circumstances, companies are obliged to restate the previous three years. This would be costly and inconvenient for any company.

IFRS 1 allows a first time adopting company 13 possible exemptions. Abenteuer will be taking advantage of a number of these exemptions – fair value or revaluation, recognition and decommissioning liabilities related to PP&E, leases, and joint ventures.

Fair Value or Revaluation – under IFRS 1 an entity can chose to use the cost method for property, plant, investment properties and eligible intangibles instead of revaluing. In addition, company can pick and chose within a class, that is to say, keep the cost value of capitalized exploration and development costs and revalue land; however, the method chose made must be honored for all future periods. Regardless of the choice, componentization is obligatory and prior to changeover, all assets must be tested for impairment. In addition, revaluation must be done by a third party expert.

**Abenteuer** will chose to keep the capitalized cost of exploration and development costs as being fair value and perhaps revalue land, as a conversion policy. Initially this will mean that PP&E will have to be componentized. The first step will involve setting up Cash Generating Units (CGU’s), which will mean that each well will be depreciated separately and splitting the land off as a non-depreciating item. In addition, the costs in each well will have to be divided into tangible and intangible costs.

Currently land has a unique value on Abenteuer’s books. As mentioned above it should be revalued by an independent party. Capitalized exploration and development costs are currently held in common pools and are categorized as tangible or intangible. These costs, as well as the accumulated depletion pool, from the full-cost accounting method of the previous GAAP will be allocated to the wells on a percentage basis, of oil and gas reserve volume or value, at December 31, 2008. Capitalized costs and reserves will have to be subjected to an impairment test, before the conversion date.

Under this exemption, adjustments will be made to opening retained earnings.

1.2 Recognition and Decommissioning Related to PP&E – PP&E are tangible items that are held for use in the production or supply of goods and services and are expected to be used during more than one period. In the oil and gas sector, such items would include batteries, collection systems and pumps. IFRS 1 provides an exemption from the regular standard, which would require a company to go back and depreciate, period by period, the above mentioned PP&E items, once they have been recognized. The exemption allows a company to calculate the accumulated depreciation, as at the date of transition, using the depreciation policy adopted by the entity under IFRS.

**Abenteuer** does have battery and gathering system costs in its PP&E, which are currently in a cost pool and have not been depreciated. The Company will opt for this exemption.



1.3 Leases – This exemption allows first time adopters to use transition rules in the IFRIC 4, “Determining whether an Arrangement contains a Lease” to determine whether or not an existing arrangement at date of transition contains a lease under IFRIC 4.

**Abenteuer** has a number of existing arrangements, which are currently classified under surface leases and mineral leases. These will be examined using the rules found in IFRIC 4 and if found to be compatible, will be dealt with appropriately.

1.4 Joint Ventures – On the basis of IFRS 1, at the date of transition, a parent (investor) must use the investee’s (joint venture operating partner) carrying value of assets and liabilities, with no exceptions.

**Abenteuer** has two joint venture operating partners. The Company will have to consult with them prior to conversion, to ascertain the value of any assets (i.e. battery & collection systems) and liabilities (i.e. unbilled AFE expenses) carried on their books for the Company.

### **IAS Affecting Abenteuer – Production Stage**

An oil well follows a definite life cycle – exploration, evaluation, development, production and closure. Since Abenteuer is currently a production stage company, we must describe and apply the key principles of IAS 16 in relation to producing oil and gas wells and IAS 36, including - measurement post initial recognition, componentization, depreciation/amortization/depletion and impairment testing.

#### 2.1 IAS 16 – Property, Plant & Equipment (CICA 3061)

IAS 16 permits the revaluation of property, plant and equipment to fair value. In addition, it requires the depreciable amount to be the asset cost less its residual value, rather than using the greater of the asset cost less its residual value or the asset cost less its salvage value.

**Abenteuer** will be using IAS 16 to look at the revaluation of the land, battery and collection systems in its PP&E.

IAS 16(10) states that the costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

**Abenteuer** will be including: well relining, well work overs and upgrades to the battery and collection system.

IAS 16 Disclosures – Disclosures for each class of property & CGU includes: measurement bases used for determining gross carrying amount, depreciation or depletion methods used and a reconciliation of the carrying amount at the beginning and at the end of each period. The reconciliation will include additions, acquisitions, revaluations, impairments, depreciation and other changes.

**Abenteuer** will set up a Project Cost Statement for each CGU (well), which will be included in the Notes to the Financial Statements and that will reconcile all changes between the beginning and end of each period.



---

2.2 IAS 36 - Impairment of Assets (CICA 3051 & 3061)

After recognition as an asset, an item of PP&E shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

IAS 36(9) an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. Common indicators of impairment are: decline in market value of entities producing same commodity, deterioration in expected future commodity prices, increase in production costs, increase in expected cost of dismantling assets and restoring a site. Impairment losses are recognized in the P&L.

IAS 36(36) states that if an item of property, plant or equipment is revalued, the entire class shall be revalued.

IAS 36(37) the following are classes: land, buildings, wells, equipment.

IAS 36(32) the fair value of land shall be determined from market based evidence by an appraisal undertaken by a professionally qualified valuator.

IAS 36(41) transfers of the revalued surplus will go directly to retained earnings and not to the P&L.

**Abenteuer** will engage a professional appraiser to value its land holdings.

2.3 IAS 8 – Changes in Accounting Estimates and Errors (CICA 1100 & 1506)

Methods of depreciating assets is no different than current GAAP methods and depletion is still on a per volume unit basis. The residual value of an asset shall be reviewed at least each financial year end.

2.4 IAS 37 & IFRIC 1 & 5 – Closure and Environmental Liabilities (CICA 1508)

These standards provide guidance on how revisions to these provisions are accounted for.

**Abenteuer** will revise its Asset Retirement Obligation (ARO) at transition date using the \$20,000 deposit currently required from well operators by Saskatchewan Energy and Resources, as the base, and then the percentage of costs they are responsible for on each well.

2.5 IAS 31 – Joint Ventures (CICA 3055)

**Abenteuer** will use the following standards:

IAS 31(13) states that the operation of some joint ventures involves the use of assets and other resources of the venturer, rather than the establishment of a separate entity.

IAS 31(21) states that a venturer shall recognize in its financial statements:

Its share of the jointly controlled asset,  
Its share of any liabilities incurred, and  
Its share of output or revenue from the joint venture.

### 3. IAS Affecting Abenteuer – Exploration and Evaluation Stage

In the Exploration and Evaluation phases, the accounting treatment of exploration and evaluation expenditures can have a fundamental impact on the financial statements of an oil and gas entity, especially a junior.

#### 3.1 IFRS 6 – Exploration for and Evaluation of Mineral Resources. (CICA 3061 & AcG Oil & Gas)

This IFRS was issued in 2004. IFRS 6 has not proved adequate, especially for the oil and gas industry in Canada. As a result, the IASB has undertaken the Extractive Activities Project, which is anticipated, will significantly revise IFRS 6. Key considerations of the Project, which are expected to be finished before 2011 are:

- (a) When should an asset be recognized on the balance sheet?
- (b) How should reserves be recognized on the balance sheet?
- (c) What reserve information should be disclosed in the financial reports?
- (d) How should reserves be defined?

IFRS 6 applies only to expenditures incurred during the exploration and evaluation phases. The starting point is when the legal right to explore is obtained. Prior to this incurred costs would need to be expensed.

IFRS 6 allows users to retain the accounting policies applied previously even if those policies don't comply with the ISAB Framework. If a capitalization policy is adopted, assets are initially measured at cost

IFRS 6(15) an entity shall classify exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired and apply the classification consistently.

Events which trigger impairment with R&E assets are as follows:

- (a) Right to explore about to expire or renewal not expected.
- (b) Further E&E expenditure not budgeted.
- (c) Decision to discontinue due to lack of discovery.

In all likelihood, **Abenteuer** would wait until an AFE was signed with an operating partner, before capitalizing any exploration costs and then capitalize as tangible or intangible.

### 4. IAS Affecting Abenteuer – Development Stage

In the development stage of a well, when management has made a decision to proceed with developing the well, expenditures made are outside the scope of IFRS 6 and must be treated in accordance with IAS 16 as PP&E. IAS 16 excludes E&E assets and mineral rights and reserves, and includes PP&E used to develop or maintain those assets.

#### 4.1 IAS 16 – Property, Plant and Equipment (CICA 3061)

IAS 16 states that the cost of an item of PP&E shall be recognized as an asset, if and only if:



- 
- (a) It is probable that future economic benefits associated with the item will flow to the entity, and
  - (b) The cost of the item can be measured reliably.

Stop capitalizing, when the item is in the condition necessary for it to be capable of operating in the manner intended by management.

IAS 16(73) the financial statements shall disclose, for each class of property, a reconciliation of all costs from the beginning to the end of the period.

**Abenteuer** will follow IAS 16 during all of the development stage, that is to say;

- (a) After managements decision to continue and while the well blows and is stacked,
- (b) While the well is being lined and the well head set-up,
- (c) During the initial flow when product coming from the well is substantially salt water or a very light emulsion.

## FINANCIAL STATEMENTS

### 1. Financial Statement Presentation

In September 2007, the IASB issued a revised IAS 1. The main change was to implement the Statement of Comprehensive Income, similar to that which Canada and the US now use. IAS 1 is effective for all years commencing January 1, 2009. The structure and the format of IFRS financial statements is very different from those issued under the current Canadian GAAP. In addition to the structure and format, IFRS financial statements have very heavy disclosure requirements, when compared to the requirements of the CICA. This means that the Notes to the financial statements could easily double.

There is a change of terminology. There is a separate Statement of Changes in Equity. There is a different ordering of assets, liabilities and equity changes. There are no more extraordinary items. The preparer of the annual and interim statements must now issue a Statement of Compliance with IFRS, which is similar to the CFO Certification of Internal Controls.

IAS 1 contains guidance on the objective, structure, content, and types of financial statements for all annual financial statements. Interim financial statements are covered in IAS 34.

**Abenteuer** will be using IAS 1 for the IFRS Balance Sheet, it is obliged to include in the year end MD&A for 2009 and to start using on January 1, 2010. The Company will use IAS 34 for all Interim Financial Statements prepared after January 1, 2010.

1.1 IAS 1 – Preparation of Financial Statements (CICA 1000, 1400, 1505, 1508, 1510, 1520, 1530, 1535, 1540, 1751, 3000, 3020, 3210, 3240, 3251, 3260)

IAS 1(15) financial statements shall present fairly the financial position, financial performance and cash flows of the entity.

IAS 1(16) an entity whose financial statements comply with IFRS shall make an explicit and unreserved statement of such compliance in the Notes.

**Abenteuer** will make its first Statement of Compliance in the Notes, which will accompany the Balance Sheet of January 1, 2010.



IAS 1(29) an entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.

IAS 1(33) offsetting is generally not permitted.

**Abenteuer** will discontinue the current practice of offsetting certain payables and receivables and royalties against revenue.

IAS 1(42) an entity can change the presentation of its financial statements from the IFRS format only if the changed presentation provides information that is reliable and more useful to users and provided that comparability is not impaired.

Abenteuer will be following IFRS financial statement presentation.

## 2. IFRS Complete Set of Financial Statements

IFRS	Canadian GAAP
Statement of Financial Position	Balance Sheet
Statement of Comprehensive Income	Income Statement and Comprehensive Income Statement
Statement of Changes in Equity	Statement of Retained Earnings - with changes in Equity in Notes
Statement of Cash Flows	Cash Flow Statement
Notes	Notes

**Abenteuer** will be following the new terminology used in naming financial statements.

## 3. IFRS Ordering of Statement of Financial Position

Please see next page.



Statement of Financial Position As at December 31, 2010	Dec 31, 2010	Dec 31, 2009
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment		
Goodwill		
Other intangible assets		
Financial assets available for sale		
<b>Current assets</b>		
Inventories		
Trade receivables		
Other current assets		
Cash and cash equivalents		
<b>Total Assets</b>		

<b>EQUITIES AND LIABILITIES</b>	Dec 31, 2010	Dec. 31, 2009
Equity attributable to owners		
Share capital		
Retained earnings		
Other components of equity		
<b>Total equity</b>		
Non-current liabilities		
Long term borrowing		
Deferred tax		
Long term provisions		
<b>Total non-current liabilities</b>		
Current liabilities		
Trade and other payables		
Short-term borrowings		
Current portion long-term borrowings		
Current tax payable		
Short term provisions		
<b>Total current liabilities</b>		
<b>Total liabilities</b>		
<b>Total equity and liabilities</b>		

Notice that Cash and cash equivalents are now the last asset presented, rather than the first. Unlike Canadian GAAP, deferred taxes cannot be shown as current, but must always be shown as non-current assets or liabilities.

**Abenteuer** currently exports its trial balance from the financial accounting system to Excel and then the T/B accounts are reconfigured, by ranges, to give the current Balance Sheet. The T/B accounts will be reconfigured to conform to the IFRS ordering for the Statement of Financial Position.

#### 4. IFRS Statement of Comprehensive Income

There is no major reordering of revenues and expenses on the Statement of Comprehensive Income.

IAS 1(106) suggests that a single statement of Comprehensive income be used; however, the use of two statements is also acceptable. The first statement would be a simple profit and loss statement. The statement of Comprehensive Income would begin with the profit or loss and show the other components of comprehensive income.



IAS 1(91) an entity may present components of other comprehensive income either as:

- (a) Net of related tax effects, or
- (b) Before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.

Individual line items from the statement must be disclosed in the Notes, as for example

Line: Net change in Cash flow from financial assets (\$1,740)

Note:

Available for sale financial assets:	
Gains arising during the year	1,500
Less: Reclassification of gains included in profit or loss	(7,00)
Income tax	2,100
Net change	(3,400)
Cash flow from financial assets	
Gains (losses) arising during the year	(5,000)
Less: Reclassification for gains included in profit or loss	2,700
Less: Amounts transferred to initial carrying amount of asset	800
Income tax on other comprehensive income	(240)
Net change	(1,740)

IAS 1(86) expenses may be classified by nature of function.

IAS 1(87) an entity shall not present any items of income or expense as extraordinary items, in the Statement of Comprehensive Income or in the Notes.

**Abenteuer** will probably opt for the single statement of comprehensive income, as that is what is currently used. Since revenue must now be presented with no netting of royalties, the Company may opt for expenses by function and show royalties as a Cost of sale. All the appropriate Note disclosures required by IFRS will be made.

## 5. IFRS Statement of Changes in Equity

This statement is replacing the Statement of Retained Earnings and the other disclosure required for changes in equity that are usually shown in the Notes.

### 5.1 Statement of Changes in Equity – separate line items

IFRS
Total comprehensive income for period attributable to non-controlling interests
Total comprehensive income for period attributable to owners
The effects of retrospective application for each component of equity (i.e. share capital, retained earnings) * It seems that Contributed surplus is gone.
For each component of equity show:
Reconciliation of opening closing balances
Profit or loss
Each item of other comprehensive income
Contributions by owners
Distributions to owners



**Abenteuer** will change over from the Statement of Retained Earnings to the Statement of Changes in Equity with the extended schedule and reconciliation.

## 6. Statement of Cash Flows

Notice the new terminology, the cash Flow Statement has become the Statement of Cash Flows. Its objective is to provide information on timing and certainty of cash flows for users' economic decisions.

### 6.1 IAS 7 Statement of Cash Flows

#### IAS 7(7) (9)

Cash equivalents:

- (a) Are held for the purpose of meeting short term cash requirements rather than for investment purposes,
- (b) Are highly liquid with a maturity of 3 months or less.

**Abenteuer** may have to exclude any GIC's it is holding from the cash equivalents class or disclose a policy in the Notes, which justifies the choice.

IAS 7(8) the direct method is preferred for operating activities as it provides more useful information that is to say, cash receipts and cash payments.

**Abenteuer** uses the indirect method, which starts with net income and adjusts for non-cash items such as depreciation and changes in inventories, payables and receivables. The Company will probably stay with the indirect method as users are more accustomed to this format.

IAS 7(40) investing and financing activities that do not require cash are excluded from the Statement of Cash Flows; rather they are disclosed in the Notes. Examples of this are: acquisition of assets by a finance lease, acquisition of an entity using shares and conversion of debt to equity.

## 7. Interim Financial Statements (CICA 1751)

### IAS 34 Interim Financial Statements

The IFRS Interim Statements give the preparer the choice between a complete set of statements or a condensed Statement of Changes in Equity and a condensed year-to-date cumulative Statement of Cash Flows.

IAS 34(10) IFRS mandates minimum disclosures in the Interim Statements:

- (a) Same accounting policies and methods of computation as in the annual
- (b) Comments about seasonality or cyclicity of the interim operations.
- (c) The nature and amount of items affecting assets, liabilities, equity, net income or cash flow that are unusual because of their nature, size or incidence.
- (d) The nature and amount of changes in estimates used in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if material.
- (e) Issuances, repurchases and repayments of debt and equity securities.
- (f) Material subsequent events to the interim report.



- 
- (g) Acquisitions, disposals, investments and restructurings.
  - (h) Changes in contingent liabilities.
  - (i) Impairments

IAS 34(25) unusual items, changes in accounting policies, estimates and errors are recognized and disclosed on the basis of materiality in relation to interim period data to avoid misleading inferences that might result from non-disclosure.

**Abenteuer** will be following all guidance found in IAS 34, when the Company begins to prepare its first set of Interim Financial Statements.

## **8. Notes to Financial Statements**

IAS 1(112) the Notes shall contain:

- (a) A Statement of Compliance with IFRS
- (b) A summary of accounting policies
- (c) Supporting Notes for the statements
- (d) Contingent liabilities and unrecognized contractual arrangements
- (e) Non-financial disclosure on financial risks, management objectives and policies.
- (f) Estimation uncertainties.

IAS 1(113) the Notes shall be presented in a systematic order and with cross references to the statements.

**Abenteuer** will adhere to the IFRS requirements concerning disclosure and Notes.

## **INFORMATION TECHNOLOGY**

### **1. Componentization**

Fixed assets are one example of an IFRS accounting topic that will have a major impact on information systems. Under current Canadian GAAP, when a company purchases a new building, it capitalizes the cost of a building and depreciates it over the life of the building. Under IFRS the company allocates total costs to applicable asset components: building, roof, fixtures, etc., and then capitalizes the components and depreciates the over their useful lives which may differ.

The analysis says that to account for fixed assets under IFRS the IT system would need to track and allocate real estate costs and modify or replace fixed assets system to support different depreciable categories.

The technical implications of these changes could involve new data requirements, changes to the chart of accounts, changes to reporting tools, and modifications to account for documentation and archiving.

**Abenteuer** will redesign its Chart of Accounts to take into account the new requirements for componentization of PP&E.

### **2. Financial Accounting System**

In November 2008, Abenteuer signed a one year contract with the new owner of Fore Front, the Oil & Gas accounting package that the company has used since its inception in 2000. This contract automatically renews at the end of a year unless the prescribed notice is given. The company must pay the balance due, if



it wishes to end the contract before year end. In 2000 this was the package that Officers and Directors were using in the company from which Abenteuer was being spun off. It does have advantages and disadvantages.

The program is located on a server in Calgary and accessed over the Internet. This guarantees back-up and archiving. Technicians are readily available when there are problems. However there are a number of disadvantages. There is a lack of documentation on how to use this custom software, which is written in MS Access. The platform is not always stable and technicians must be paid \$120 per hour. The user fees are now \$850 per month. Data is only available for view or printing one month at a time. Printing cannot be synchronized and so a blank page is inserted after each printed page. There is no cheque writing capability in the software.

**Abenteuer** will investigate what software other oil and gas juniors are using as well as what is generally available with the intention of finding a new financial package.

### **3. Hardware**

The current computer is aging and has extensive maintenance performed on it over the last two years.

Abenteuer will look into upgrading its hardware at the same time that it upgrades its software. Perhaps the two systems will be run side by side, until the current Fore Front contract runs out, so that a smooth change over will take place.

### **4. Archiving**

If the Company discontinues using Fore Front, a suitable method of backing up the new program data will be required.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's internal controls over financial reporting commence at the base with operational controls and then build on them all the way through to the release of financial reports to stakeholders.

### **1. Operational Controls**

Accounts Payable:

- (a) A cheque is only issued for a duly prepared invoice.
- (b) A cheque is not authorized by the person who prepares it.
- (c) Each cheque must be authorized by two signatories.
- (d) All invoices are marked with the payment date and number of the payment cheque.
- (e) The bank is reconciled monthly, by someone who doesn't sign cheques.

Computer Systems:

- (a) User names and passwords are required to access the financial accounting system.
- (b) The financial accounting system is backed up off site.
- (c) Financial transactions are not performed over the Internet.

Templates:

- (a) Excel templates are used for financial reporting.
- (b) These templates insure consistency and comparability between periods.
- (c) IFRS conforming templates will be used after conversion.



---

## 2. Conversion Controls

### IFRS and IAS

- (a) An IFRS and IAS check list will be prepared and used.
- (b) A reconciliation between Canadian GAAP and IFRS will be prepared.
- (c) IFRS statements will be examined for material weaknesses

## 3. Governance Controls

### Audit Committee:

- (a) The Company has an audit committee
- (b) The committee is composed of a majority of independent directors.
- (c) The directors have filed Personal Information Forms.

### Review:

- (a) Financial statements are reviewed by the CEO and CFO.
- (b) Financial statements are reviewed by the Audit Committee.

### Certification:

- (a) The CFO will certify in the Notes that the statements conform to IFRS.
- (b) The CEO and CFO will file public certifications as to the state of the statements.

## DISCLOSURE AND COMMUNICATIONS

### 1. Conversion to IFRS

#### Management Discussion and Analysis:

- (a) The eleven IFRS discussion questions being used by management, the board and the audit committee were disclosed in the 2008 second quarter MD&A.
- (b) A non-numeric IFRS conversion plan is being disclosed in the March 31, 2009 MD&A.
- (c) Implementation progress concerning the IFRS plan will be disclosed in quarterly MD&A's during 2009.
- (d) Guidance found in CSA Staff Notice 52-320 will be followed for all interim and annual MD&A disclosures.

## TRAINING

1. The CFO has attended four IFRS, one day long conversion seminars sponsored by the ICABC in addition to a half day seminar sponsored by the Company's auditors.
2. If a seminar particular to Oil & Gas conversion is offered in the City or elsewhere during 2009, the CFO will enroll.
3. The CEO and Audit Committee are being trained by their exposure to the 11 questions, by the conversion plan and by the review of the statements and MD&A.

## IMPLEMENTATION

1. Given the heavy demands placed on time, during the first quarter of 2009 by preparation of the annual audit and preparation of interim statements and MD&A for the period January 1 to March 31, 2009; implementation won't start until the second quarter.



2. Componentization of the Company's PP&E will be the first area to get attention. This will involve drafting changes to the Chart of Accounts.
3. During the second quarter, a decision will be taken on Information Technology, which may require the set-up of a new system
4. By the third quarter, the Company will be setting up IFRS templates for reporting and preparing an IFRS check list.
5. The year end MD&A will include a sample of the IFRS Statement of Financial Position that will be used starting January 1, 2010 as well as reconciliation between Canadian GAAP and IFRS.

\*\*\*\*\*

#### **Officers and Directors**

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

#### **Contact Person**

J. Lewis Dillman, President and CEO  
Abenteuer Resources Corp.  
900 – 555 Burrard Street  
Vancouver, British Columbia V7X 1M8  
Tel: 604-893-7011, Fax: 604-893-7081,  
Email [abuoil@hotmail.com](mailto:abuoil@hotmail.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.