

**Abenteuer Resources Corp.**  
**3270 450 1<sup>st</sup> ST. SW**  
**Calgary, Alberta, Canada**  
**T2P 5H1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE PERIOD ENDED September 30, 2004**

**Date and Subject of this Report**

This Report, made as of November 24, 2004, is integral to and should be read in conjunction with the Company's unaudited financial statements for the three month period ended September 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](http://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 September 1, 2004, the Company sold 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 14 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 September 30, 2004, the Company produced an average of 17 barrels of oil and Natural Gas Liquids per day compared to 9.2 barrels of oil and NGL's per day during the same quarter in 2003 and 117 MCF of gas per day for the months of July and August 2004 compared to 74 MCF of gas per day during the third quarter in 2003.

The average price received for the oil was \$46.06 per barrel during the third quarter of 2004 compared to \$36.90 per barrel per barrel during the same quarter in 2003.

The average price received for natural gas was \$6.00 per MCF during the third quarter of 2004 compared to \$5.70 per MCF during the same quarter in 2003.

## **Operating Results**

### *Revenue*

Revenue after royalty deductions \$98,502 for the quarter ended September 30, 2004 was higher than \$56,791 in the same quarter in 2003 due primarily to higher prices and higher volumes.

### *Operating Expense*

Operating expenses increased to \$19,901 for the quarter ended September 30, 2004 from \$16,494 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 \$16,641 for the quarter ended September 30, 2004 from \$28,838 in the same quarter in 2003.

## **ABENTEUER RESOURCES CORP. SUMMARY OF QUARTERLY RESULTS**

	31-Dec-02	31-Mar-03	30-Jun-03	30-Sep-03
Net Income (Loss)	6,253	40,587	-11,885	5,567
Basic Earning (Loss) per common share	0.00	0.01	0.00	0.00
	31-Dec-03	31-Mar-04	30-Jun-04	30-Sep-04
Net Income (Loss)	-24,974	-46,876	-34,847	149,827
Basic Earning (Loss) per common share	-0.01	-0.01	-0.01	0.025

## **Financial Condition, Liquidity and Capital Resources**

The Company had cash on hand of \$3,307 and a working capital deficiency of \$615,651 at September 30, 2004. The Company may require additional capital to meet all of its current and expected future obligations. As a consequence, the Company may sell assets or issue securities, including equity securities, at some time in the future. There is no assurance that the Company will successfully secure the required capital by such means or through operations.

## **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 September 30, 2004:

6,040,000 common shares

Options Outstanding as at September 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**

Raymond Fong    President, Director

Ostap Haliw    Director

W. Robert Bell    Secretary, Director

## **Contact Person**

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