



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010**

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 nine months ended September 30, 2010. The MD&A includes comparisons for the corresponding period ending September 30, 2009. It should be read in conjunction with the financial statements for the nine months ended September 30, 2010 and the financial statements for the period ended September 30, 2009. The MD&A has been prepared effective November 29, 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. Its 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 resource projects in North America and internationally. Management has experience evaluating and financing resource projects.

The price of oil has fluctuated during the period, and while it has recovered, it is still low in relation to the same period two years 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 was obliged to shut down one well during the month of March, April, May and most of June 2010 to perform an upgrade on a battery.

Oil and Gas Properties

West Kingsford, Saskatchewan – Oil

During the nine months ended September 30th, 2010, 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 %
1	King 141/08-13-004-07 W2M	45.09	4	King 4D8-14/2A11-13-004-07 W2	10.5
2	King 91/06 HZ 1D08-13-1D06-18-04-06 W2M	13	5	King 01-27-004-07 W2	100
3	King 92/07 HZ 2C5-18-1D7-13-04-07 W2M	45			

Production during the nine month period ended September 30, 2010 and 2009.

Location	Sept 30, 2010	Sept 30, 2009
Well # 1	195.8	163.6
Well # 2	55	67.2
Well # 3	177	208.8
Well # 4	140.55	184.1
Well # 5 ¹	243.60	305
Period Total in cubic meters	811.95	928.7
Period Total in barrels	5,107.16	5,841.52
Barrels per day	18.91	21.63

The average price, net of royalties, received for oil was \$59.52 per barrel (\$374.80 per cubic meter) during the nine months ended September 30, 2010 and \$50.21 per barrel (\$316.05 per cubic meter) during the nine months ended September 30, 2009.

¹ Well # 5 resumed production June 28th, 2010 due to an upgrade of the battery

Results of Operations

Oil revenues, net of royalties and taxes, for the nine months ended September 30, 2010 increased from \$293,293 during the nine months ended September 30, 2009 to \$303,967 due to an increase in the price paid for production of approximately \$9 per barrel. The Company's interest and other income decreased from \$13,323



during the nine months ended September 30, 2009 to \$ 3,618 for the nine months ended September 30, 2010. Banks have still not increased the interest being paid on funds on deposit.

Operating expenses for the nine months ended September 30, 2010 decreased to \$91,352 from \$152,198 during the nine months ended September 30, 2009. The decrease can be attributed to the fact that during the second quarter of 2009 one well required a minor work-over and another required to be re-lined. These are considered normal operating expenses in the industry

Depletion and amortization for the period has decreased by \$23,571 from the same period during 2009 as a result of Well #5 on Section 27 being shut down during four months. Depletion is directly related to production volume.

Administrative expenses are in large measure made up of management fees, professional fees, director's fees and office rent. They have decreased from \$186,936 in 2009 to \$150,210 in 2010. Part of the decrease can be attributed to the statement of property investigations as a separate line item.

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	22,557	5,945
Expenses, excluding property write-offs	(683,844)	(512,257)	(594,185)
Income tax (expense) recovery	(65,526)	(67,907)	182,600
Net income (loss)	(238,846)	169,120	142,829
Disposal losses	--	--	--
Net earnings (loss) per share (basic & diluted)	(0.02)	0.02	0.01
Total assets	2,449,417	2,340,280	2,076,309
Total long-term liabilities	82,729	78,795	75,043
Future income tax liability	29,987	65,512	27,676
Cash dividends	--	--	--



Selected Quarterly Information

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

	Three months ended			
	Sept 30 2010	June 30 2010	Mar. 31 2010	Dec. 31 2009
Petroleum and natural gas sales, net	108,211	90,367	105,389	122,061
Interest income	3,449	---	169	---
Expenses, excluding property write-offs	(106,186)	(146,654)	(99,080)	(245,245)
Income tax recovery (expense)	(1,500)	13,500	---	30,026
Net income (loss)	3,974	(42,787)	6,478	(142,564)
Net earnings (loss) per share and diluted earnings (loss) per share	(0.00)	0.00	0.00	(0.01)

	Three months ended			
	Sept. 30 2009	June 30 2009	March 31 2009	Dec. 31 2008
Petroleum and natural gas sales, net	104,412	\$ 106,504	\$82,578	\$86,407
Interest income	---	12,415	908	673
Expenses, excluding property write-offs	(125,896)	(169,576)	(143,127)	(157,919)
Income tax recovery (expense)	5,800	13,700	16,000	(67,907)
Net income (loss)	(15,684)	(36,957)	(43,641)	(138,744)
Net earnings (loss) per share and diluted earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.01)

Third Quarter Analysis

Total revenue net of all royalties and mineral tax was \$108,211. There is a marked improvement this quarter with Well #5 being back on line. International property investigation expenses are about half of what they were during the second quarter. An additional \$11,547 was spent this quarter on well repairs. The strong net income for the third quarter, can be attributed the return to operation of Well #5 and to average increase of \$9 per barrel paid on sales.

Proposed Transaction with SMW

On September 22, 2010, Abenteur signed a letter of intent with SMW Gold Ltd. ("SMW"), a private company incorporated in Cyprus that controls two gold licenses in Egypt, wherein Abenteur can acquire all of the issued and outstanding shares of SMW in exchange for 25,000,000 units of the Company. Each unit will consist of a common share of Abenteur and a share purchase warrant entitling the holder to acquire an additional share of Abenteur at \$1.20 for a period of 30 months. The transaction will constitute a reverse takeover.

In conjunction with this transaction, the Company will be required to complete a minimum \$12,000,000 financing at \$0.80 per share and to complete a spin-out of its existing oil and gas assets into a new subsidiary which is intending to obtain a separate TSX Venture Exchange ("TSXV") listing. The transaction is subject to TSXV, Court and Shareholder approval.



Liquidity

The Company's cash position decreased by \$108,888 during the nine month period ended September 30, 2010. Working capital was reduced from \$1,325,782 at December 31st, 2009 to \$1,243,348 at September 30, 2010. Both of these are mainly due of lost sales, during a four month shut down of one well.

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 nine months ended September 30, 2010, the Company issued 50,000 common shares as a result of share purchase warrants being exercised.

Capital Stock, Warrants and Options

Capital

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:

Share Capital	Number of Shares	Value
Balance December 31, 2008	10,733,266	\$1,829,228
Private Placement October 2009	3,850,000	285,000
Issuance costs	-	(8,669)
Balance at December 31, 2009	<u>14,583,266</u>	<u>2,105,559</u>
Exercise of share purchase warrants	<u>50,000</u>	<u>8,762</u>
Balance at September 30, 2010	<u><u>14,633,266</u></u>	<u><u>\$2,114,321</u></u>

Warrants

Balance December 31, 2008	Nil	Nil
Private Placement October 2009	3,850,000	\$100,000
Issuance Costs	-	(2,867)
Balance at December 31, 2009	<u>3,850,000</u>	<u>97,133</u>
Exercise of warrants Feb. 2010	<u>(50,000)</u>	<u>(1,262)</u>
Balance September 30, 2010	<u><u>3,800,000</u></u>	<u><u>\$ 95,871</u></u>



Contributed surplus

Balance December 31, 2008	\$217,963
Stock-based compensation	26,250
Balance December 31, 2009 and September 30, 2010	<u>\$244,213</u>

Stock Options

(i) Expiry date

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

* Subsequent to the end of the period, 400,000 options at \$0.20 were exercised and the remaining 300,000 expired unexercised.

Transaction with Related Parties

During the nine months ended September 30, 2010, the Company:

- a) paid management fees of \$22,500 (2009 - \$22,500) to a company controlled by an officer and director of the Company;
- b) paid legal fees of \$ Nil (2009 - \$7,987) to an advisor who is an officer of the Company;
- c) paid accounting services of \$16,489 (2009 - \$17,678) to a proprietorship owned by a director of the Company;
- d) paid \$45,000 (2009 - \$45,000) in Directors' 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, commencing in January 2010 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 fair value hierarchy are:

Level 1 – Unadjusted quote 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 Accounting Standards

As of the nine months ending Sept 30th, 2010 the Company has introduced the Statement of Financial Position and the Statement of Shareholders' Equity. The Statement of Comprehensive Income is virtually the same as under Canadian GAAP and there will be no major reordering of revenues and expenses, so it will not be reproduced on a quarterly basis in the MD&A.

The Company will continue to increase the breath and scope of its knowledge of IFRS and will include and new findings in later quarterly MD&A's.

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, , 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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