FORM 51-102F4
BUSINESS ACQUISITION REPORT

ITEM 1. – IDENTITY OF COMPANY

1.1 Name and Address of Company

Anterra Energy Inc. ("**Anterra**")
1420, 1122 - 4th Street S.W.
Calgary, Alberta T2R 1M1

1.2 Executive Officer

For further information contact Dr. Gang Fang, President and Chief Executive Officer of Anterra, at (403) 215-3280 or at FangG@anterraenergy.com.

ITEM 2. – DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

Pursuant to a plan of arrangement (the "**Arrangement**") which was completed effective March 14, 2013, Anterra acquired all of the issued and outstanding shares in Terrex Energy Inc. ("**Terrex**"). Following the Arrangement, Terrex and 1725145 Alberta Ltd., a wholly-owned subsidiary of Anterra, amalgamated to form Terrex Energy Inc. ("**New Terrex**"), a wholly-owned subsidiary of Anterra.

Terrex was a Calgary-based, junior oil company, listed on the TSX Venture Exchange and engaged in the exploration for and the development, exploitation and production of petroleum and natural gas in the Western Canadian Sedimentary Basin. Terrex was focused on growing reserves through the application of enhanced oil recovery methods to improve oil production from existing mature fields. For further information regarding Terrex and its business activities prior to the Arrangement, see Appendix D attached to the management information circular of Terrex dated February 13, 2013 (the "**Information Circular**") incorporated by reference herein. A copy of the Information Circular is available under Terrex's SEDAR profile at www.sedar.com.

2.2 Date of Acquisition

The Arrangement was completed effective March 14, 2013.

2.3 Consideration

Pursuant to the Arrangement, each holder of Terrex common shares ("**Terrex Shares**") received, in exchange for each Terrex Share held, 0.307 of a Class A common share in the capital of Anterra (an "**Anterra Share**"), resulting in the issuance of 31,813,614 Anterra Shares. Each issued and outstanding warrant of Terrex ("**Terrex Warrant**") was exchanged for a replacement warrant of Anterra entitling the holder thereof, for the remaining term of the Terrex Warrant, to acquire Anterra Shares equal to that number of Terrex Shares which were otherwise issuable upon exercise of the Terrex Warrants previously held, multiplied by 0.307, with an exercise price per Anterra Share equal to the exercise price per Terrex Share subject to such Terrex Warrant divided by 0.307, rounded up to the nearest $0.01.

In connection with the Arrangement, Terrex and Anterra entered into a settlement agreement (the "**Sandstorm Settlement Agreement**") with Sandstorm Metals & Energy Ltd. ("**Sandstorm Parent**") and 0905896 BC Ltd. ("**Sandstorm Metals**" and collectively with Sandstorm Parent, "**Sandstorm**") for the satisfaction and settlement of Terrex's obligations under a hydrocarbon purchase agreement (the "**HPA**") with Sandstorm. Pursuant to the Sandstorm Settlement Agreement, the obligations of Terrex (other than the delivery of purchased production) under the HPA were suspended as of October 1, 2012, as were the enforcement proceedings initiated by Sandstorm on Terrex's default under the HPA. The Sandstorm Settlement Agreement provided for the advance of $500,000 to Terrex by Sandstorm on a non-refundable basis for working capital until March 31, 2013. The agreement also provided that Sandstorm would be

responsible for approximately $50,000 of the obligations relating to the Personnel Settlements upon closing of the Arrangement. At the closing of the Arrangement, the HPA was terminated in exchange for the following consideration to Sandstorm from Terrex:

1. a payment of $3.5 million cash (including repayment of the $500,000 advance), funded by Anterra;

2. the delivery of title to certain equipment from Terrex having a value of $3 million;

3. the issuance by Anterra of a $4 million principal amount, 5 year secured convertible debenture (bearing interest at 6% and convertible at $0.10 per Anterra Share);

4. the issuance from treasury of 20,801,303 Terrex Shares (which were exchanged for approximately 6.39 million Anterra Shares under the Arrangement); and

5. the issuance from treasury of 3 million Anterra Shares.

Pursuant to the Arrangement, in settlement of Terrex's severance and success fee obligations to its then current and former officers, employees and consultants, an aggregate of 1,866,560 Anterra Shares were issued at a price of $0.05 per Anterra Share.

2.4 Effect on Financial Position

Anterra presently has no plans for material changes in the business or affairs of New Terrex that may have a significant effect on the results of operations and financial position of Anterra.

2.5 Prior Valuation

Not applicable.

2.6 Parties to Transaction

The Arrangement was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*), associate or affiliate of Anterra.

2.7 Date of Report

May 28, 2013.

ITEM 3. – FINANCIAL STATEMENTS

The following documents are attached to this business acquisition report:

(a) the 2012 audited financial statements of Terrex, which comprise the balance sheets as at December 31, 2012 and December 31, 2011, the statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the year then ended, together with the notes thereto and the auditors' report thereon.

(b) the unaudited *pro forma* consolidated statement of financial position of Anterra, after giving effect to the Arrangement, as at December 31, 2012 and the unaudited *pro forma* consolidated statement of income (loss) and comprehensive income (loss) of Anterra, after giving effect to the Arrangement, for the year ended December 31, 2012.

Anterra has not requested nor obtained the consent of the auditors of Terrex to their auditor's report on the financial statements set out in (a) above, as permitted under NI 51-102.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Terrex Energy Inc.

We have audited the accompanying financial statements of Terrex Energy Inc. (the "Company"), which comprise the balance sheets as at December 31, 2012 and December 31, 2011 and the statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the years then ended a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Terrex Energy Inc. as at a December 31, 2012 and December 31, 2011, and its financial performance and its cash flows for the years then ended in accordance International Financial Reporting Standards.

Calgary, Canada
May 8, 2013

Grant Thornton LLP
Chartered accountants

BALANCE SHEETS

As at December 31, *($000's)*		**2012**	2011
Assets			
Current assets:			
Cash and cash equivalents		**$ 501**	$ 4,069
Accounts receivable		**164**	727
Deposits and prepaids		**228**	156
Assets held for sale	*(Note 5)*	**3,000**	-
		3,893	4,952
Exploration and evaluation	*(Note 6)*	**-**	14,598
Property, plant and equipment, net	*(Note 6)*	**15,373**	8,831
		$ 19,266	$ 28,381
Liabilities			
Current			
Accounts payable and accruals		**$ 1,476**	$ 2,922
Unearned revenue – current	*(Note 8)*	**13,847**	577
		15,323	3,499
Decommissioning liabilities	*(Note 9)*	**4,023**	3,493
Unearned revenue – long-term	*(Note 8)*	**-**	13,693
		19,346	20,685
Shareholders' (Deficiency) Equity			
Capital stock	*(Note 10)*	**14,035**	14,035
Warrants	*(Note 10)*	**295**	332
Contributed surplus	*(Note 10)*	**1,112**	1,027
Deficit		**(15,522)**	(7,698)
		(80)	7,696
		$ 19,266	$ 28,381

Commitments and subsequent events *(Notes 14 and 16)*

See accompanying notes to the financial statements.

On behalf of the Board:

"Owen C. Pinnell"
Director

"Gang Fang"
Director

2012 Financial Statements

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Year Ended December 31, *($000's) except per share amounts*		**2012**	2011
Revenue			
Oil and gas revenues		**$ 5,282**	$ 7,851
Royalties		**(498)**	(1,265)
		4,784	6,586
Expenses			
Operating		**3,896**	4,645
Transportation		**497**	623
Administrative		**2,002**	2,126
Share based payments	*(Note 10)*	**48**	295
Accretion of decommissioning liabilities	*(Note 9)*	**89**	86
Depletion and depreciation	*(Note 6)*	**895**	1,258
Impairment (reversal) expense		**(680)**	1,984
Exploration and evaluation costs expensed		**5,861**	-
		12,608	11,017
(Loss) and comprehensive (loss) before income taxes		**(7,824)**	(4,431)
Deferred tax reduction		**-**	233
(Loss) and comprehensive (loss), for the year		**$ (7,824)**	$ (4,198)
(Loss) per share			
Basic and diluted		**$ (0.094)**	$ (0.051)
Weighted average common shares outstanding (*000's*)		**82,826**	82,776

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY

Year Ended December 31, *($000's)*	**2012**	2011
Share capital		
Balance, beginning of year	**$ 14,035**	$ 14,010
Common shares issued under option plan	**-**	23
Common shares issued under private placements	**-**	-
Share issue costs	**-**	2
Balance, end of year	**$ 14,035**	$ 14,035
Share purchase warrants		
Balance, beginning of year	**$ 332**	$ –
Warrants (expired) issued	**(37)**	332
Balance, end of year	**$ 295**	$ 332
Contributed surplus		
Balance, beginning of year	**$ 1,027**	$ 739
Share based payments	**48**	295
Common shares issued under option plan	**-**	(7)
Warrants expired	**37**	-
Balance, end of year	**$ 1,112**	$ 1,027
Deficit		
Balance, beginning of year	**$ (7,698)**	$ (3,500)
Comprehensive loss	**(7,824)**	(4,198)
Balance, end of year	**$ (15,522)**	$ (7,698)
Total shareholders' (deficiency) equity	**$ (80)**	$ 7,696

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

Year Ended December 31, *($000's)*		**2012**	2011
Cash provided by (used in)			
Operations			
Net loss		**$ (7,824)**	$ (4,198)
Items not involving cash			
Share based payments		**48**	295
Depletion and depreciation		**895**	1,258
Impairment (reversal) expense		**(680)**	1,984
Exploration and evaluation costs expensed		**5,861**	-
Accretion of decommissioning liabilities		**89**	86
Deferred income tax reduction		**-**	(233)
		(1,611)	(808)
Changes in non-cash working capital	*(Note 17)*	**577**	198
		(1,034)	(610)
Financing			
Unearned revenue		**-**	14,700
Issuance of equity		**-**	15
Issue costs		**-**	2
		-	14,717
Investing			
Property acquisitions		**-**	(13,222)
Expenditures on property and equipment		**(580)**	(8,576)
Changes in non-cash working capital	*(Note 17)*	**(1,954)**	2,182
		(2,534)	(19,616)
Change in cash and cash equivalents		**(3,568)**	(5,509)
Cash and cash equivalents,			
Beginning of year		**4,069**	9,578
End of year		**$ 501**	$ 4,069

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2012 and 2011

1. BUSINESS AND STRUCTURE OF TERREX

Terrex Energy Inc. (the "Company" or "Terrex") is a Calgary, Alberta based corporation engaged in the acquisition, development and production of petroleum and natural gas reserves in the Western Canadian Sedimentary Basin. The Company's common shares are listed and trade on the TSX Venture Exchange under the symbol "TER". The Company's head office is located at 1540, 700 – 6 Avenue S.W., Calgary, Alberta T2P 0T8, and its registered office is located at 1600, 333 – 7 Avenue S.W., Calgary, Alberta T2P 2Z1.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") and have been prepared on a going concern basis using historical costs, except as disclosed Note 3, significant accounting policies. These statements are presented in Canadian dollars, which is the functional currency of the Company.

These audited financial statements were authorized for issue by the Company's Board of Directors on May 8, 2013.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The timely preparation of financial statements in conformity with IFRS, requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. By their nature these estimates are subject to measurement uncertainty. Actual results may differ from these estimates, and differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimate is revised and in future years affected.

(a) Estimates and assumptions

Information about areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 5 - valuation and impairment of assets held for sale
Note 6 - valuation and impairment of oil and gas assets
Note 8 - measurement and valuation of unearned revenue
Note 9 - measurement of decommissioning liabilities
Note 10 - measurement of share based payment expense
Note 11 - valuation of financial instruments

(b) Judgments

In the process of applying the Company's accounting policies, management has made certain judgments, apart from those involving estimates, which have effect on amounts recognized in the financial statements. Those having the most significant effect are noted below:

i) Exploration and evaluation assets

Costs incurred to explore for and develop oil and natural gas may be classified as either exploration and evaluation or development and production depending upon existing facts and circumstances. Costs incurred relating to properties that have been assigned proved or probable reserves and for which the technical feasibility and commercial viability have been established, are classified as development and production properties. Costs incurred relating to new prospects or projects where no proved or probable reserves are assigned are classified as exploration and evaluation assets. Costs associated with Enhanced Oil Recovery ("EOR") programs on producing properties, where no proved or

probable reserves are attributable to the EOR program are designated as exploration and evaluation assets. The decision to transfer assets from exploration and evaluation is based upon estimated proved and probable reserves used in the determination of the technical feasibility and commercial viability of the area or project.

ii) Reserve base

Oil and gas development and production properties are depreciated on a unit of production basis at a rate determined in reference to proved and probable reserves determined in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities". Proved plus probable reserves are determined using estimates of oil and natural gas in place, recovery factors, future commodity prices, and estimated future costs of developing and extracting the reserves. Future development costs are estimated using assumptions as to the capital cost of wells and associated production facilities required to produce the reserves.

Proved and probable reserves are estimated using independent reserve evaluations and represent the estimated quantities of oil, natural gas, and natural gas liquids that geological, geophysical and engineering data can demonstrate, with a specified degree of certainty, to be recoverable in future years from known reservoirs which are considered to be commercially viable. Proved reserves are those that can be estimated with a relatively high degree of certainty and probable reserves are those additional reserves less certain to be recovered than proved reserves.

iii) Depletion of oil and gas assets

Oil and gas properties are depleted using a depletion rate determined using the unit of production method based upon proved plus probable reserves. The determination of the depletion rate could be impacted to the extent that actual future production is different from current proved plus probable forecast production, which could result from significant changes in any of the factors or assumptions used in estimating reserves.

iv) Determination of cash generating units

Oil and gas properties are grouped into cash generating units ("CGU") for purposes of impairment testing. Management has evaluated and grouped the Company's oil and gas properties into cash generating units on the basis of their ability to generate independent cash flows, similar reserve characteristics, geographical location and shared infrastructure.

v) Impairment indicators and calculation of impairment

At each reporting date, management assesses whether or not circumstances indicate the possibility that the carrying value of oil and gas assets are not recoverable or impaired. Such circumstances include physical damage of facilities, deterioration of commodity prices, changes in the regulatory environment, changes in cost structure, or a reduction in estimates of proved plus probable reserves.

When management judges a potential impairment is indicated, property plant and equipment are tested for impairment by comparing the carrying values to recoverable amounts. The recoverable amounts of cash generating units are determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions that are subject to change as new information becomes available including information on future commodity prices, forecasted production volumes, quantities of reserves, discount rates, and future development and operating costs.

vi) Decommissioning liabilities

Decommissioning costs will be incurred by the Company at the end of the operating life of certain of its properties and facilities. The ultimate decommissioning liability is uncertain and can vary in response to changes in relevant regulatory requirements, improved restoration and reclamation techniques, or changes in the interest free discount factor. The expected timing and amount of expenditures can also change in response to reserve revisions and changes in in regulatory requirements or their interpretation. Accordingly, significant revisions to the Company's decommissioning liability could occur which would affect future financial results.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are applied consistently to all years presented in these financial statements.

(a) Cash and cash equivalents

Cash consists of amounts on deposit with banks and other liquid investments with a original maturities of three months or less from inception.

(b) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial instruments are initially recognized at fair value. The subsequent measurement of financial instruments and resulting gains and losses, is based upon the initial classification of each financial instrument.

Each financial instrument is classified into one of the following categories:

- fair value through profit or loss,
- loans and receivables,
- held to maturity investments,
- available for sale, and
- financial liabilities at amortized cost

Financial assets and financial liabilities at "fair value through profit or loss" are either classified as "held for trading" or "designated at fair value through profit or loss" and are measured at fair value with changes in fair values recognized in income (loss).

Financial assets classified as "loans and receivables", "held-to-maturity", and financial liabilities classified as "financial liabilities measured at amortized cost" are measured at amortized cost using the effective interest method of amortization and impairment losses are recorded in income when incurred.

Financial assets classified as "available for sale" are measured at fair value, with changes in fair value recognized in other comprehensive income and transferred to income (loss) when the asset is derecognized.

Financial assets, comprised of cash and cash equivalents, accounts receivable and deposits, are classified as "loans and receivables".

Financial liabilities comprised of accounts payable and accruals are classified as "financial liabilities measured at amortized cost". All derivative instruments are classified as "fair value through profit or loss".

(c) Assets held for sale

Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable, the asset is available in its present condition and an active sales program has been initiated. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell with impairments recognized in the statement of income (loss) in the period measured.

Non-current assets held for sale are not depleted or depreciated and are presented in current assets.

(d) Property, plant, and equipment and exploration and evaluation assets

i) Exploration and evaluation assets

Pre-license costs are recognized as exploration and evaluation expense in the statement of income (loss) as incurred.

All exploratory costs incurred subsequent to acquiring the right to explore for oil and natural gas and before technical feasibility and commercial viability of an area have been established are capitalized. Such costs can typically include costs to acquire land rights, geological and geophysical costs and exploratory well costs. Additionally, costs associated with Enhanced Oil Recovery ("EOR") projects on producing properties, where no proved or probable reserves are attributable to the EOR program, are capitalized as exploration and evaluation assets.

Exploration and evaluation costs are accumulated in cost centers by well, field or area pending determination of technical feasibility and commercial viability, and are not depreciated.

The technical feasibility and commercial viability of extracting oil and natural gas from exploration and evaluation assets is generally considered to be determinable when proved or probable reserves are determined to exist. Upon determination of proved or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified as development and production assets, net of any impairment.

A review of exploration and evaluation asserts by field or area is conducted, at least annually, to determine if technical feasibility and commercial viability exist. If management decides not to continue the exploration and evaluation activity, the unrecoverable costs are charged to exploration and evaluation expense in the period in which the determination occurs.

ii) Development and production costs

Items of property, plant, and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion, depreciation and impairment costs. Costs include exploration and evaluation expenditures transferred from exploration and evaluation assets, lease acquisition, geological and geophysical, drilling and completion, production facilities, and decommissioning costs and other costs directly attributable to development and production activities, net of any government incentive programs.

When major components of an item of property, plant, and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items.

Gains or losses on disposal of an item of property and equipment, including oil and natural gas properties and exploration and evaluation assets, are determined by comparing the proceeds of disposal with the carrying amount of property and equipment and are recognized in the statement of income (loss).

iii) Subsequent costs

Significant costs incurred subsequent to commencement of production, and the costs of replacing components of property, plant and equipment, are recognized as oil and gas assets only when it is probable that they increase the future economic benefits embodied in the specific asset to which they relate. Such capitalized costs generally represent costs incurred in developing and producing proved and probable reserves and bringing on or enhancing production from such reserves. The costs of day-to-day servicing of property, plant, and equipment are recognized in the statement of income (loss).

iv) Depletion and depreciation

The net carrying amount of development and production assets is depleted using the unit-of-production method by reference to the ratio of production for the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development necessary to produce the reserves. These estimates are reviewed, at least annually, by independent reserve evaluators. Depreciation of office equipment is provided for on a declining balance basis using a rate of 20% per year.

(e) Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such an indication exists, the recoverable amount of the asset is estimated. Exploration and evaluation assets are assessed for impairment when they are reclassified to property and equipment and also when facts any circumstance suggest that the carrying amount exceeds the recoverable amount.

For the purpose of assessing impairment, oil and gas assets, are tested at the CGU level. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected from production of proved and probable reserves. Fair value less cost to sell is assessed utilizing market valuation based on an arms-length transactions between active participants.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amounts. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or depreciation, if no impairment loss had been recognized.

Impairment losses on property, plant, and equipment are recognized in the statement of income (loss) as impairment of oil and gas properties and are separately disclosed. An impairment of exploration and evaluation assets is recognized as exploration and evaluation expense.

ii) Financial assets

At each reporting date, a financial asset is assessed to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates one or more events have had a negative effect on the estimated future cash flows of that asset.

All impairment losses are recognized in the statement of income (loss) in the period incurred. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

(f) Decommissioning liabilities

A decommissioning liability is recognized when, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Decommissioning liabilities are calculated by discounting expected future cash flows at a risk free rate. A corresponding amount equal to the initial estimated liability is capitalized and is recognized in the appropriate asset category. The increase in the provision due to the passage of time is recognized in the statement of income (loss). Actual expenditures incurred are charged against the accumulated liability. Revisions to the estimated amount and timing of the obligations are reflected as increases or decreases to the decommissioning liability.

(g) Revenue recognition

Revenue from the sale of petroleum and natural gas is recorded when the significant risks and rewards of ownership of the product is transferred to the buyer which is usually when legal title passes to the external party. For crude oil, this is generally at the time the product reaches a trucking terminal; for natural gas, this is generally at the time product enters a sales pipeline; and for natural gas liquids, at the time the product reaches a gas plant. Revenue is measured net of discounts, customs, duties and royalties.

Other revenue is recognized in the period that the service is provided to the customer.

(h) Share based payments

The Company has instituted a stock option plan pursuant to which stock options are granted to employees, consultants, officers, and directors. Stock options granted under the plan are accounted for under the fair value method. A share based payment expense is recognized in accordance with the vesting period of the option and a corresponding credit is recorded as contributed surplus. On exercise of the option, the consideration received together with the amount previously recorded as contributed surplus is credited to share capital.

(i) Income taxes

Income tax expense or recovery comprises current and deferred income tax. Income tax expense is or recovery is recognized in the statement of income (loss) except to the extent that it relates to items recognized directly in shareholders' equity.

Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been substantively enacted by the reporting date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets and tax liabilities are only offset when they are within the same legal entity and same tax jurisdiction.

(j) Flow-Through common shares

The Company has financed a portion of its capital program through the issuance of flow-through common shares, under the terms of which, income tax attributes associated with qualifying expenditures are renounced to subscribers. Flow-through shares issued are recorded at the fair value of common shares on the date of issue and the premium received on issuing flow-through shares is initially recorded as a current liability. When the qualifying expenditures are incurred and renounced, a deferred income tax liability is recognized in relation to the expenditures, the liability is reversed and the net amount recognized as deferred income tax expense.

(k) Per share information

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are computed to recognize the dilutive effect of stock options and warrants, using the treasury stock method. This method assumes that proceeds received from the exercise of in-the-money options and warrants are used to purchase common shares at the average market price for the period and the weighted average number of shares outstanding is adjusted for the net change. Diluted per share amounts are not disclosed when the effect of options and warrants are not dilutive.

(l) Business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities acquired as part of the business combination are measured at fair value at the date of acquisition. The excess, if any, of the consideration over the fair value of the net asset acquired is recognized as goodwill. The deficiency, if any, of the consideration below the fair value of the net asset acquired is recognized as a gain in net earnings. All transaction costs related to the business combination are expensed when they are incurred.

(m) Future accounting standards and interpretations not yet adopted

Standards issued but not yet effective are outlined below. The Company intends to adopt these standards when they become applicable.

IFRS 9 Financial Instruments: Classification and Measurement, the new standard will replace the current multiple classification and measurement rules in IAS 39 for financial assets and liabilities with a single model having only two classification categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements revises the definition of control and focuses on the need for variable returns and the power to impact those returns for control to be present. IFRS 10 replaces IAS 27 and SIC 12.

IFRS 11 Joint Arrangements defines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. The standard replaces IAS 31 and SIC 13.

IFRS 12 Disclosure of Interests in Other Entities sets out extensive disclosure requirements relating to an entity's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard replaces requirements previously included in IAS 27, IAS 31 and IAS 28.

IFRS 13 Fair Value Measurement is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards.

IAS 28 Investments in associates and Joint Ventures, has been amended to conform to the changes made in IFRS 10 and 11.

Except as noted, all of the above pronouncements are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is evaluating the impact of adopting these standards and does not anticipate a material impact to its financial statements as a result of their adoption.

5. ASSETS HELD FOR SALE

During the year, certain non-current assets were identified as no longer being necessary for the Company's development plans for the Strathmore property, and the Company instituted an active program to identify a buyer for the assets. Accordingly, these assets have been reclassified as Assets Held for Sale and are recorded at their estimated fair value less costs to sell of $3 million. On reclassification, an asset impairment in the amount of $0.8 million was recognized.

6. OIL AND GAS ASSETS

($000's)	Exploration & Evaluation Property	Property Plant & Equipment	Total
Cost			
As at December 31, 2010	$ 1,482	$ 2,984	$ 4,466
Acquisitions	4,620	8,602	13,222
Additions	8,496	79	8,575
Decommissioning costs	-	1,600	1,600
As at December 31, 2011	14,598	13,265	27,863
Additions	578	2	580
Decommissioning costs	-	440	440
Transferred to assets held for sale *(note 5)*	(3,000)	-	(3,000)
Transferred to property plant & equipment	(5,505)	5,505	-
E & E costs expensed	(5,861)	-	(5,861)
As at December 31, 2012	$ 810	$ 19,212	$ 20,022
Accumulated depreciation and depletion			
As at December 31, 2010	$ -	$ 1,192	$ 1,192
Provision	-	1,258	1,258
Impairments	-	1,984	1984
As at December 31, 2011	-	4,434	4,434
Provision	-	895	895
Impairments	810	(1,490)	(680)
As at December 31, 2012	$ 810	$ 3,839	$ 4,649
Net book value			
December 31, 2011	$ 14,598	$ 8,831	$ 23,429
December 31, 2012	$ -	$ 15,373	$ 15,373

7. ACQUISITIONS

On March 31, 2011, with an effective date of January 1, 2011, the Company acquired certain producing oil and natural gas properties in the Two Creek area of central Alberta for cash of $13 million. The property consists of a 100% working interest in 4,320 acres of land, including related infrastructure. The Company is accounting for this acquisition as a business combination and accordingly has expensed all related purchase transactions costs. The following table outlines the allocation of the purchase price as at the acquisition date:

Asset *($000's)*	Amount
Property, plant, and equipment	$ 9,543
Exploration and evaluation	$ 4,620
Decommissioning liabilities	$ (941)
Total net assets acquired	$ 13,222

The Company has allocated an amount related to the properties' potential for enhanced oil recovery to exploration and evaluation costs. This amount will be moved to development costs once proved plus probable reserves have been attributed to the costs associated with enhanced recovery activities. Acquisition costs of $30,307 were incurred relating to the transactions and are included in general and administrative expenses. The Company has begun to prepare an enhanced oil recovery plan for the Two Creek property.

Revenue from the Two Creek Property, for the year ended December 31, 2011, was $5.1 million and net operating income, after royalties, operating costs and transportation, was $1.8 million.

8. UNEARNED REVENUE

On March 24, 2011, the Company entered into a Hydrocarbon Purchase Agreement with Sandstorm Metals & Energy Ltd. ("Sandstorm"). Under the agreement, effective April 1, 2011, Sandstorm will purchase 15% of all hydrocarbons produced from the Company's Strathmore property, 25% of hydrocarbons produced from the Two Creek Jurassic A Pool, and for the five year period ending March 31, 2016, 25% of hydrocarbons produced from the Two Creek Jurassic B Pool. The Two Creek Jurassic A and B Pools comprise the Two Creek property acquired on March 31, 2011. As consideration for future production to be purchased under the agreement, Terrex received an upfront deposit of $14.7 million and will receive ongoing per unit payments of $15.00/bbl of crude oil, $8.00/bbl of natural gas liquids, and $1.00/mcf of natural gas to be produced and sold to Sandstorm. Under the agreement, Sandstorm is responsible for royalties associated with the production purchased.

The Company considers the agreement to be for the delivery of a non-financial item in accordance with its expected sale requirements within the exemption in IAS 32 and 39 and the $14.7 million deposit has been recorded as unearned revenue to be recognized as revenue as production volumes are delivered to Sandstorm.

Terrex has guaranteed Sandstorm minimum annual amounts totaling $14.7 million, to be realized by Sandstorm on its subsequent sale of production volumes delivered under the agreement. Additionally, Terrex has committed to implement chemical flood programs at Strathmore and Two Creek within 24 and 36 months respectively, of the effective date. The guaranteed minimum annual amounts are secured by a floating charge debenture which grants Sandstorm a security interest on the assets of the Company.

Prior to year end, the Company received written notice indicating that Terrex was in default under the terms of the Hydrocarbon Purchase Agreement due to the Company's failure to fulfill certain drilling obligations pursuant to the terms of the Hydrocarbon Purchase Agreement. Subsequent to December 31, 2012 Anterra Energy Inc. ("Anterra") acquired 100% of the issued and outstanding share of Terrex by way of an Arrangement Agreement. In connection with the Arrangement Agreement, Sandstorm and Terrex entered into a settlement agreement whereby all the obligations of Terrex under the Hydrocarbon Purchase Agreement were satisfied. (See note 16, Subsequent Events)

9. DECOMMISSIONING LIABILITIES

Decommissioning liabilities represent the present value of estimated remediation and reclamation costs associated with the Company's property, plant and equipment. The total undiscounted amount of estimated cash flows required to settle the liabilities is $4.1 million which has been discounted using a risk free rate of 2.36%. Due to the Company's long reserve life, the majority of these liabilities are not expected to be settled until well into the future. Settlements will be funded from general resources at the time of retirement and removal.

Changes to the decommissioning liabilities are as follows:

Year Ended December 31, *($000's)*	**2012**	2011
Balance, beginning of year	**$ 3,493**	$ 1,807
Increase in liabilities relating to corporate acquisitions (note 7)	-	941
Increase in liabilities relating to change in discount rate	**86**	959
Increase in liabilities due to change in inflation rate	**355**	-
Accretion of decommissioning liability	**89**	86
Decommissioning liability, end of year	**$ 4,023**	$ 3,493

10. SHARE CAPITAL

Authorized

An unlimited number of common voting shares and an unlimited number of preferred shares, issuable in series with rights and privileges to be set by the directors of the Company prior to issue.

Issued and outstanding

(a) Common shares

(000's)	Number	Stated Value
Balance December 31, 2010	82,691	$ 14,010
Issued pursuant to option plan	135	23
Issue costs	-	2
Balance December 31, 2011 and 2012	82,826	$ 14,035

(b) Warrants

(000's)	Number	Stated Value
Balance December 31, 2010 and December 31, 2011	6,248	$ 332
Expired	(1,098)	(37)
Balance December 31, 2012	5,150	$ 295

Number of Warrants	Exercise Price	Expiry Date
3,150,000	$ 0.3072	Aug. 21, 2013
2,000,000	$ 0.1850	Jul. 15, 2013

(c) Stock options

Options outstanding	Number	Weighted Average Exercise Price
Balance December 31, 2010	15,125,000	$ 0.185
Granted	1,540,000	$ 0.145
Exercised	(135,000)	$ 0.115
Expired	(3,015,000)	$ 0.178
Balance December 31, 2011	13,515,000	$ 0.183
Expired	(5,400,000)	$ 0.181
Balance December 31, 2012	8,115,000	$ 0.184

The Company has instituted a stock option plan under which options to purchase common shares may be granted to employees, officers, directors and consultants of the Company. The Board has approved the reservation of 16,039,120 common shares, being 20% of the outstanding common shares as at July 15, 2010 for issuance under the plan. All options awarded under the plan have a maximum term of five years.

A total of 15,125,000 options have been granted under the plan at exercise prices ranging from $0.115 per share to $0.205 per share. Of the options granted, 8,115,000 remain outstanding as at December 31, 2012. Of the options granted, 6,900,833 options vested immediately upon grant, 226,667 vest as to 1/2 each on the anniversary at the grant date in 2012 and 2013 and 6,387,500 options, designated as Performance Options, vest as to 1/3 each on satisfaction of the following performance targets:

20 day Volume Weighted Average Trading Price	Vesting
$0.222	1/3 of Performance Options
$0.333	1/3 of Performance Options
$0.407	1/3 of Performance Options

As at December 31, 2011 the first tranche of Performance Options vested as the 20 day Volume Weighted Average Trading Price of the Company's stock exceeded $0.222, thus 1/3 of all outstanding Performance Options have vested.

Outstanding Options

Exercise Price	Outstanding Options	Weighted Average Exercisable Options		Weighted Average Exercise Price	Years to Expiry
$0.185	7,000,000	3,533,333	$	0.185	2.47
$0.195	525,000	350,000	$	0.195	2.55
$0.115	250,000	166,667	$	0.115	2.94
$0.205	250,000	166,667	$	0.205	3.41
$0.180	90,000	60,000	$	0.180	3.51
Total, December 31, 2012	8,115,000	4,276,667	$	0.184	2.55
Total, December 31, 2011	13,515,000	9,030,000	$	0.183	3.55

(d) Contributed surplus

The fair value of the options issued has been recognized as share based payment expense and a corresponding amount credited to shareholders' equity as contributed surplus.

Contributed Surplus *($000's)*	Amount
Balance December 31, 2010	$ 739
Share based payments	295
Stock options exercised	(7)
Balance December 31, 2011	$ 1,027
Share based payments	48
Warrants expired	37
Balance December 31, 2012	$ 1,112

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. Average assumptions for grants issued for the period ended December 31, 2011 are as follows:

Risk-free interest rate	1.0%
Expected life	5 years
Pre-vest forfeiture rate	20%
Expected volatility	53%

11. FINANCIAL INSTRUMENTS

Financial instruments of the Company consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accruals. Cash and cash equivalents, receivables and deposits are classified as loans and receivables and are measured at amortized cost. Accounts payable and accruals are classified as financial liabilities at amortized cost. At December 31, 2012 and 2011, there were no significant differences between carrying amounts reported on the statement of financial position and the estimated fair values of these financial instruments due to the short terms to maturity.

The Company's activities expose it to a variety of financial risks. These include:

- credit risk;
- liquidity risk; and
- market risk

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its obligations and arise principally from the Company's receivables from oil and natural gas marketers. The Company's maximum exposure to credit risk is the carrying amounts of cash and cash equivalents, accounts receivable and deposits. The majority of the Company's accounts receivable and other current asset balances are with entities in the oil and gas industry and subject to normal industry credit risks. All receivable balances at December 31, 2012 were current. The Company regularly assesses the financial strength of its marketing customers and may, where circumstances warrant, request the posting of collateral. All cash deposits are held by established financial institutions with minimal credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to generate or obtain sufficient cash to meet its obligations as they come due. The Company generates a certain amount of cash flow from operations which is used to partially fund operating and capital activities. Cash flow from current operations is not sufficient to fund a capital program necessary to increase production and develop reserves. To maintain liquidity, it will be necessary for the Company to adjust its capital structure through the issuance of additional equity or debt and by making modifications to its capital expenditure program.

(c) Market risk

Market risk is the risk that the fair value or future cash flows from financial assets or liabilities will fluctuate due to movements in market prices and is comprised of:

- Commodity price risk

The Company is exposed to commodity price movements as part of its normal oil and gas operations. Under guidelines established by the Board of Directors, Terrex may enter into economic hedge transactions relating to crude oil, natural gas and electricity prices to mitigate volatility in commodity prices and the resulting impact on cash flows.

- Foreign exchange rate risk

The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the US dollar to the extent that crude oil and natural gas prices are based upon reference prices denominated in US dollars. The majority of the Company's expenses are denominated in Canadian dollars.

12. CAPITAL MANAGEMENT

The Company's capital structure is comprised of shareholders' equity, non-cash working capital and unearned revenue. As at December 31, 2012, capital as determined above, totaled $15.7 million excluding cash and cash equivalents of $0.5 million.

In managing its capital the Company's intent is to ensure sufficient financial flexibility to execute on the Company's planned capital investment program including the development of existing properties and pursuing additional opportunities consistent with the Company's overall operational strategy. To this end, the Company planned to adjust

its capital structure through the issuance of additional equity, arrangement of debt facilities, and amendments to capital spending as opportunities and business conditions dictate.

At its current stage of development, execution of the Company's business strategy is dependent on access to capital. The existing economic environment has proven extremely challenging for small companies like Terrex and traditional sources of capital have been very limited. As a result, Terrex has not been able to adjust its capital structure as planned and to the extent required to meet its objectives. (See note 16, Subsequent events)

13. INCOME TAXES

The Company has incurred losses for income tax purposes. The existence and timing of future taxable income sufficient to utilize the losses is uncertain and, accordingly future income tax reductions associated with the losses have not been recognized in the financial statements except to the extent of $233,505 being the net deferred tax liability associated with the renunciation of flow-through share resource expenditures in the prior year.

Reconciliation of Effective Tax Rate

A reduction of future income tax differs, from that which would be expected from applying the effective Canadian federal and provincial income tax rates of 25.0% (2011 – 26.5%) to the loss before income taxes of $7.8 million as follows:

($000's)	**December 31, 2012**	December 31, 2011
Income (Loss) before deferred income tax recovery	**$ (7,824)**	$ (4,431)
Canadian statutory rate	**25.0%**	26.5%
Expected future income tax (reduction)	**(1,956)**	(1,174)
Increase (decrease) resulting from:		
Effect of stock based compensation	**12**	78
Other non-deductible amounts	**4**	4
Flow-through shares	**-**	257
Change in tax rate	**-**	62
Change in unrecognized deferred income tax	**1,940**	540
Deferred income tax reduction	**$ -**	$ (233)

Unrecognized Deferred Income Tax Balances

Deferred income tax assets and liabilities in the Company's financial statements were comprised of the following:

($000's)	**December 31, 2012**	December 31, 2011
Property, plant and equipment	**$ 1,191**	$ (218)
Decommissioning liabilities	**1,005**	873
Non-capital losses	**1,089**	646
Share issue costs	**129**	173
Unrecognized deferred income tax asset	**$ 3,414**	$ 1,474

Change in Unrecognized Deferred Income Tax Asset

($000's)	**2012**	2011
Balance beginning of year	**$ 1,474**	$ 934
Unrecognized changes	**1,940**	773
Recognized changes in statement of loss and comprehensive loss	**-**	(233)
	$ 3,414	$ 1,474

The petroleum and natural gas properties and facilities owned by the Company have an approximate federal tax basis of $28 million in 2012 and $25.8 million in 2011 available for future use as deductions from taxable income. Included in this tax basis are estimated non-capital loss carry forwards of $4.3 million in 2012 and $2.6 million in 2011. These losses expire in 2030 and 2029 respectively. The following is a summary of the estimated Terrex's tax pools:

($000's)	**December 31, 2012**	December 31, 2011
Canadian oil and gas property expenses	**$ 11,055**	$ 11,055
Canadian development expenses	**1,574**	1,090
Canadian exploration expenses	**506**	360
Un-depreciated capital costs	**10,001**	10,053
Share issuance capital costs	**514**	692
Non-capital losses	**4,356**	2,585
	$ 28,006	$ 25,835

The future income tax reduction of $1.9 million (2011 – $0.5 million) would be recognized in the statement of loss, comprehensive loss and deficit and the components of future income tax of $3.4 million (2011 – $1.5 million) and would be recognized as an asset on the balance sheet, except that the Company has elected not to recognize such amounts due to uncertainties relating to the existence and timing of taxable income necessary to realize the benefits of the taxable losses. The components of future income tax reflect the tax impact of share issuance costs not recognized through the statement of loss, comprehensive loss and deficit.

14. COMMITMENTS

As at December 31, 2012 the Company has committed to certain payments as follows:

($000's)	2013	2014	2015	2016	2017	Thereafter
Accounts payable	$ 1,476	$ -	$ -	$ -	$ -	$ -
Office facilities	70	70	70	58		-
Hydrocarbon Purchase Agreement						
Minimum payments	1,800	2,200	2,600	2,400	2,400	2,600
Capital Commitments	1,500	-	-	-	-	-
Total	$ 4,846	$ 2,270	$ 2,670	$ 2,458	$ 2,400	$ 2,600

15. RELATED PARTY DISCLOSURES

(a) Related Party Transactions

In January of 2012, Terrex formed a special committee (the "Special Committee") of the Board of directors to help identify and evaluate potential financing strategies for the Company. The special committee engaged Nova Bancorp Securities Ltd. ("Nova Bancorp") to assist management and the Special Committee in the process. Pursuant to the terms of the engagement the Company paid fees of $80,000 to Nova Bancorp. The Special committee subsequently extended the engagement of Nova Bancorp and also engaged Mr. Harry Knutson to assist the Special Committee and management in securing financing for the Company. Nova Bancorp and Mr. Knutson received $30,000 and $20,000 respectively pursuant to these engagements during the year. Mr. Knutson is the Chairman of Terrex and Chairman and Chief Executive Officer of Nova Bancorp.

(b) Compensation of Key Management Personnel

Compensation of the Company's Board of Directors and members of the Executive team is as follows:

($000's)	**December 31, 2012**	December 31, 2011
Short term benefits	**$ 603**	$ 630
Total compensation	**$ 603**	$ 630

Short-term benefits comprise salaries and fees, annual bonuses, cash, and other benefits.

The Company currently does not offer any pension or other post-retirement benefits.

The share-based compensation reported represents the cost to the Company of key management's participation in share-based compensation plans, as measured by the fair value that the individual received based on the value of the shares granted in the current period.

16. SUBSEQUENT EVENTS

On December 21, 2012, the Company and Anterra Energy Inc. ("Anterra") announced that they had entered into an agreement (the "Arrangement Agreement") whereby Anterra would acquire 100% of the issued and outstanding shares of the Company in exchange for Class A common shares of Anterra. The transaction was completed on March 14, 2013, after receipt of all shareholder, court and regulatory approvals. Under the terms of the Arrangement Agreement, holders of Terrex shares received, in exchange for each Terrex share held, 0.307 of an Anterra share.

Following the Arrangement Agreement, Terrex was delisted from the TSX Venture Exchange as of the end of business on March 23, 2013.

In connection with completion of the Arrangement Agreement, Terrex and Anterra entered into a settlement agreement (the "Settlement Agreement") with Sandstorm Metals & Energy Ltd. and 0905896 BC Ltd. (collectively, "Sandstorm"). Pursuant to the Settlement Agreement, the obligations of Terrex, under a hydrocarbon purchase agreement dated March 18, 2011, were terminated in exchange for $3 million cash, funded by Anterra, the delivery of certain equipment from Terrex having a value of $3 million, and the issuance by Anterra of a $4 million principal amount, 6%, 5 year secured convertible debenture, the issuance of 3 million Anterra Shares, and the issuance of 20,801,303 Terrex Shares which will be exchanged for approximately 6.4 million Anterra shares.

17. SUPPLEMENTAL DISCLOSURES

(a) Statement of Loss Presentation

The Company's statement of loss is presented primarily based upon the nature of expenses, with the exception of employee compensations costs which are included in both operating and general and administrative expense line items.

The following table details the allocation of total compensation costs included in the statement of loss.

($000's)	**December 31, 2012**	December 31, 2011
Operating	**$ 296**	$ 268
General and administrative	**663**	691
Total employee compensation costs	**$ 959**	$ 959

(b) Supplemental Cash Flow Information

Changes in non- cash working capital are comprised of the following.

($000's)	**December 31, 2012**	December 31, 2011
Source (use) of cash		
Accounts receivable	**$ 563**	$ (281)
Accounts payable and accrued liabilities	**(1,445)**	1,816
Prepaid expenses	**(72)**	1,041
Flow Through Shares	-	233
Unearned revenue	**(423)**	(429)
Total change in non –cash working capital	**$ (1,377)**	$ 2.380
Relating to:		
Operating activities	**$ 577**	$ 198
Investing activities	**(1,954)**	2,182
	$ (1,377)	$ 2,380

Anterra Energy Inc.
Pro Forma Consolidated Statement of Financial Position (Unaudited)
As at December 31, 2012
Amounts in 000's of Canadian dollars unless otherwise noted

	Anterra	Terrex	Pro Forma Adjustments	Note	Anterra Pro Forma
Assets					
Current assets					
Cash and cash equivalents	–	$501	–		$501
Accounts receivable	3,171	164	–		3,335
Deposits and prepaids	376	228	–		604
Assets held for sale	–	3,000	(3,000)	2(a)	–
Total current assets	**3,547**	**3,893**	**(3,000)**		**4,440**
Property, plant and equipment	35,303	15,373	$(142)	2(b)	50,534
Exploration and evaluation	4,547	–	–		4,547
Total assets	$**43,397**	**$19,266**	**$(3,142)**		**$59,521**
Liabilities and shareholders' equity					
Liabilities					
Current liabilities					
Bank debt	$5,748	–	$(2,998)	2(c)	$2,750
Accounts payables	5,728	1,476	(602)	2(d)	6,602
Unearned revenue	–	13,847	(13,847)	2(e)	–
Total current liabilities	$**11,476**	**$15,323**	**$(17,447)**		**$9,352**
Decommissioning liabilities	6,035	4,023	974	2(f)	11,032
Convertible debenture	–	–	3,393	2(g)	3,393
Deferred tax liability	1,199	–	(1,199)	2(h)(g)	–
Total liabilities	$**18,710**	**$19,346**	**$(14,279)**		**$23,777**
Shareholders' Equity					
Share capital	31,110	14,035	(5,029)	2(i)	40,116
Warrants	–	295	(295)	2(j)	–
Contributed surplus	2,831	1,112	(1,112)	2(j)	2,831
Debenture equity component	–	–	455	2(g)	455
Deficit	(9,254)	(15,522)	17,118	2(k)	(7,658)
Total shareholders' equity	$**24,687**	**$(80)**	**$11,137**		**$35,744**
Total liabilities and shareholders' equity	**$43,397**	**$19,266**	**$(3,142)**		**$59,521**

See accompanying notes to the unaudited pro forma financial statements

Anterra Energy Inc.
Pro Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) (Unaudited)
For the Year Ended December 31, 2012
Amounts in 000's of Canadian dollars unless otherwise noted

	Anterra	Terrex	Pro Forma Adjustments	Note	Anterra Pro Forma
Revenue					
Oil and gas revenues	$7,815	$5,282	$713	3(a)	$13,810
Royalties	(920)	(498)	25	3(a)	(1,393)
	$6,895	**$4,784**	**$738**		**$12,417**
Expenses					
Operating	3,516	4,393	1	3(a)	7,910
Depletion and depreciation	1,499	895	–		2,394
Impairment	180	(680)	–		(500)
Administrative	2,134	2,002	–		4,136
Share based payments	197	48	–		245
Finance expense	238	–	(9)	3(b)	229
Accretion of decommissioning liabilities	86	89	–		175
Exploration and Evaluation costs expensed	–	5,861	–		5,861
	$7,850	**$12,608**	**$(8)**		**$20,450**
Income (Loss) before income tax	**$(955)**	**$(7,824)**	**746**		**$(8,033)**
Deferred income tax recovery	142	–	1,057	3(c)	1,199
Income (Loss) and Comprehensive Income (loss)	**$(813)**	**$(7,824)**	**$1,803**		**$(6,834)**
Income (Loss) per share, basic and diluted	$(0.003)				$(0.017)
Weighted average common shares outstanding (000's)	246,438				390,811

See accompanying notes to the unaudited pro forma financial statements

Anterra Energy Inc.
Notes to the Pro Forma Consolidated Financial Statements
For the year ended December 31, 2012 (unaudited)

Unless otherwise stated, currency amounts presented in these notes are in Canadian dollars and tabular amounts are in thousands of Canadian dollars.

1. Basis of Presentation

The unaudited pro forma consolidated statement of financial position as at December 31, 2012 and the unaudited pro forma consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2012 of Anterra Energy Inc. ("Anterra") have been prepared to reflect the acquisition of Terrex Energy Inc. ("Terrex') by Anterra.

On March 14, 2013, Terrex and Anterra Energy Inc. entered into an agreement (the "Arrangement Agreement") whereby Anterra acquired 100% of the issued and outstanding common shares of Terrex ("Terrex Shares") in exchange for Class A common shares of Anterra ("Anterra Shares"). The transaction was completed by way of a plan of arrangement in accordance with the provisions of the *Business Corporations Act* (Alberta) (the "Arrangement"), with Anterra being the continuing entity. Under the terms of the Arrangement, holders of Terrex Shares received, in exchange for each Terrex Share held, 0.307 of an Anterra Share.

In connection with completion of the Arrangement, Terrex and Anterra entered into a settlement agreement (the "Settlement Agreement") with Sandstorm Metals & Energy Ltd. and 0905896 BC Ltd. (collectively, "Sandstorm"). Pursuant to the Settlement Agreement, the obligations of Terrex, under a hydrocarbon purchase agreement dated March 18, 2011, were terminated in exchange for $3 million cash, funded by Anterra, the delivery of certain equipment from Terrex having a value of $3 million, and the issuance by Anterra of a $4 million principal amount, 6%, 5 year secured convertible debenture, the issuance of 3 million Anterra Shares, and the issuance of 20,801,303 Terrex Shares which were exchanged for approximately 6.4 million Anterra shares.

The Arrangement also included payments totalling $125,870 to current and former officers and employees of Terrex in settlement of severance obligations and success fees that were otherwise payable on completion of the Arrangement. The payments, net of income tax withholdings totalling $32,542, were utilized by the recipients to purchase approximately 1.9 million Anterra shares from treasury.

On December 21, 2012, Anterra also announced it had signed a term sheet for a $7 million private placement financing comprised of 107,692,308 Anterra Shares to be issued at a price of $0.065 per share which closed on April 5 , 2013.

The unaudited consolidated pro forma financial statements have been prepared from information derived from, and should be read in conjunction with, the audited financial statements of Anterra and Terrex as at and for the year ended December 31, 2012. The unaudited consolidated pro forma statements have been compiled using significant accounting policies as set out in the audited financial statements of Anterra as at December 31, 2012. Management has determined that no material pro forma adjustments are necessary to conform Terrex's accounting policies to those used by Anterra in the preparation of these unaudited pro forma financial statements.

The unaudited pro forma statement of financial position gives effect to the above transactions on the basis of the assumptions and adjustments described herein as if they had occurred on December 31, 2012 and the unaudited pro forma statement of income (loss) and comprehensive income (loss) gives effect to such transactions and assumptions as if they had occurred on January 1, 2012. The unaudited pro forma financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future.

In the opinion of management, the unaudited pro forma financial statements include all necessary adjustments for the fair presentation of the ongoing entity.

2. Pro Forma Adjustments to Unaudited Consolidated Statement of Financial Position

The unaudited pro forma consolidated statement of financial position gives effect to the following transactions, assumptions and adjustments as if they occurred on December 31, 2012.

The Arrangement has been accounted for using the acquisition method of accounting with Anterra as the acquirer. The estimated fair values of Terrex's net assets and liabilities, which have been determined from information that is available at this time and incorporates estimates, will be finalized once the final fair values of the assets and liabilities have been determined at the time of closing.

The preliminary estimated fair values of assets acquired and liabilities assumed relating to the acquisition of Terrex is as follows:

Cash and cash equivalents	$501
Accounts receivable	164
Prepaid expenses and deposits	228
Deferred tax asset	1,351
Property and equipment	15,231
Accounts payable and accrued liabilities	(320)
Inter-company payable	(7,847)
Decommissioning liability	(4,997)
Net assets acquired	4,311
Excess of net assets acquired over consideration transferred	(2,243)
Anterra common share consideration	**$2,068**

The inter-company payable amount included above represents funds advanced to Terrex by Anterra to facilitate the Settlement Agreement and other obligations of Terrex of $652.

Pursuant to the Arrangement, the common shares of Terrex were acquired by Anterra on the basis of 0.307 of an Anterra Share for each Terrex Share. For purposes of the purchase price allocation, a price of $0.065 per Anterra Share has been used, such price being the Anterra Share issuance price pursuant to the private placement financing by Anterra that closed on April 5, 2013. Pursuant to the transaction, Terrex had 103,627,406 shares outstanding, resulting in the issuance of 31,813,614 Anterra Shares.

No value has been attributed to the Anterra replacement warrants issued to Terrex warrant holders. Upon closing, the outstanding Terrex stock options were surrendered for cancellation for no consideration.

Pro forma Adjustments to Unaudited Consolidated Statement of Financial Position:

a) to record delivery of certain equipment to Sandstorm by Terrex, under the Settlement Agreement, prior to the acquisition of Terrex by Anterra,

b) to adjust petroleum and natural gas reserves to fair value based upon an independent reserve evaluation,

c) to recognize proceeds of $6,650, net of associated costs of $350, from the Anterra private placement financing, less cash payments of $3,652 pursuant to the transactions including the payment to Sandstorm under the Settlement Agreement,

d) to adjust payables for estimated transaction costs of $554, and other payments made by Anterra on behalf of Terrex,

e) to eliminate unearned revenue amounts pursuant to the Settlement Agreement,

f) to adjust Terrex decommissioning liability to recognize an increase in estimated remediation and reclamation costs,

g) to record the $4 million 6% convertible debenture issued pursuant to the Settlement Agreement net of a tax effected equity component, resulting from the conversion feature, the tax effect of $152 is recorded as a reduction of the equity component,

h) to recognize a deferred income tax asset resulting from the utilization of Terrex tax pools by Anterra,

i) to adjust Share Capital for the following:

Elimination of Terrex Share capital	$(14,035)
Share issuance on acquisition of Terrex	2,068
Share issuance pursuant to Private placement, net	6,650
Share issuance pursuant to Sandstorm Settlement Agreement	195
Share issuance pursuant to severance arrangements	93
	$(5,029)

j) to eliminate Terrex warrants and contributed surplus,

k) to adjust to retained earnings (deficit) for the following:

Elimination of Terrex deficit	$15,522
Excess of net assets acquired over consideration transferred	2,243
Transaction costs	(647)
	$17,118

3. Pro forma Adjustments to Unaudited Statements of Earnings (Loss) and Comprehensive Income (Loss)

The unaudited pro forma statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2012 give effect to transactions, assumptions and adjustments having a continuing impact as if they had occurred on January 1, 2012, summarized as follows:

a) to adjust oil and gas revenues, royalties and transportation expenses to eliminate payments made to and received from Sandstorm under the terms of a hydrocarbon purchase agreement,

b) to adjust finance expense to recognize interest at 6% on the debenture issued pursuant to the Settlement Agreement less reduced interest charges on the Company's reduced credit facility resulting from private placement proceeds, and

c) to record deferred tax recovery on loss amounts.

As noted above, non-recurring items have not been reflected in the adjustments to the unaudited pro forma statements of earnings (loss) and comprehensive income (loss), however, their impact has been reflected in retained earnings on the pro forma statement of financial position.

4. **Share Capital,** 000's

Pro forma share capital of Anterra, as at December 31, 2012 after incorporation of the above transactions:

	Class A Shares	**Warrants**	**$ 000's**
Balance, December 31, 2012	246,438	-	$31,110
Issued on private placement	107,692	1,000	6,650
Issued to Terrex shareholders	31,814	1,581	2,068
Issued to Sandstorm	3,000		195
Issued on severance arrangements	1,867		93
Pro forma Balance December 31, 2012	**390,811**	**2,581**	**$40,116**

5. **Weighted Average Number of Common Shares,** 000's

Pro forma Income (Loss) per share was calculated based upon the weighted average number of share determined as follows:

	Dec. 31 2012
Weighted average number of common shares (basic and diluted)	
Issued common shares	246,438
Effects of pro forma shares issuances	144,373
Weighted average number of common shares (basic and diluted)	**390,811**