



**Interim Financial Statements
Unaudited**

For the six months ended June 30, 2010

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of Anterra Energy Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying notes are an integral part of these financial statements.

**Anterra Energy Inc.
Balance Sheets**

Unaudited	As at June 30, 2010	As at December 31, 2009
Assets		
Current		
Cash and cash equivalents	\$ -	\$ 25,839
Accounts receivable	1,377,394	878,936
Deposits and prepaid expenses	1,411,966	279,456
	<u>2,789,360</u>	<u>1,184,231</u>
Property and equipment (Note 4)	29,378,853	25,144,168
Intangible assets (Note 5)	10,001	10,001
	<u>32,178,214</u>	<u>26,338,400</u>
	\$ 32,178,214	\$ 26,338,400

Liabilities and Shareholders' Equity

Current		
Accounts payable and accrued liabilities	\$ 1,187,651	\$ 2,968,623
Bank loan (Note 6)	870,737	3,277,664
	<u>2,058,388</u>	<u>6,246,287</u>
Long Term Debt (Note 7)	481,103	483,924
Asset retirement obligation (Note 8)	2,202,294	2,110,747
Future income taxes	1,264,907	1,822,589
	<u>6,006,692</u>	<u>10,663,547</u>
Share capital (Note 9)	30,377,032	18,785,041
Contributed surplus (Note 10)	1,092,825	1,092,825
Deficit	(5,298,335)	(4,203,013)
	<u>26,171,522</u>	<u>15,674,853</u>
	\$ 32,178,214	\$ 26,338,400

Commitments and Contingencies (Note 13)
Going Concern (Note 2)
Subsequent Events (Note 16)

Anterra Energy Inc.

Statements of Operations, Comprehensive Loss and Deficit

Unaudited	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Revenues				
Revenue	\$ 1,235,652	\$ 1,064,653	\$ 2,547,716	\$ 2,025,966
Royalties	(61,008)	(26,260)	(127,893)	(67,406)
	1,174,644	1,038,393	2,419,823	1,958,560
Expenses				
Operating	722,413	558,051	1,616,319	1,181,326
Transportation	37,184	43,370	79,644	96,627
General and administrative	538,472	338,165	1,064,103	669,755
Stock compensation	-	75,208	-	84,373
Interest	20,181	53,169	35,211	108,672
Accretion	45,773	41,815	91,547	83,630
Depletion, depreciation and amortization (Note 4)	551,652	525,627	1,058,113	1,107,253
	1,915,675	1,635,405	3,944,937	3,331,636
Loss before income taxes	(741,031)	(597,012)	(1,525,114)	(1,373,076)
Income taxes				
Current	21,553	20,323	21,553	20,323
Future	(219,205)	(177,371)	(451,345)	(407,454)
	(197,652)	(157,048)	(429,792)	(387,131)
Net loss and comprehensive loss	(543,379)	(439,964)	(1,095,322)	(985,945)
Deficit, beginning of period	(4,754,956)	(2,663,986)	(4,203,013)	(2,118,005)
Deficit, end of period	\$ (5,298,335)	(3,103,950)	\$ (5,298,335)	(3,103,950)
Basic loss per share				
	\$ (0.002)	(0.012)	\$ (0.005)	(0.026)
Diluted loss per share				
	\$ (0.002)	(0.012)	\$ (0.005)	(0.026)

The accompanying notes are an integral part of these financial statements.

Anterra Energy Inc.
Statement of Cash Flows

Unaudited	Three Months ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Cash flows from operating activities				
Loss for the period	\$ (543,379)	(439,964)	\$(1,095,322)	(985,945)
Items not involving cash				
Stock compensation	-	75,208	-	84,373
Depletion, depreciation and amortization	551,652	525,627	1,058,113	1,107,253
Accretion	45,773	41,815	91,547	83,630
Future income taxes	(219,205)	(177,371)	(451,345)	(407,454)
	(165,159)	25,315	(397,007)	(118,143)
Change in non-cash working capital balances				
Accounts receivable	234,108	(12,353)	(197,047)	3,243
Deposits and prepaid expenses (Note 12)	(22,138)	(63,274)	(1,132,510)	(7,474)
Accounts payable	(649,048)	233,732	(440,750)	358,833
	(602,237)	183,420	(2,167,314)	236,459
Financing activities				
Issue of common shares	-		12,000,000	-
Share issue costs	(22,463)		(514,346)	-
Debenture redeemed	-		(2,821)	-
Bank loan	870,737	(10,397)	(2,406,927)	(244,794)
	848,274	(10,397)	9,075,906	(244,794)
Investing activities				
Additions to property and equipment	(108,952)	(60,905)	(5,292,798)	(183,245)
Change in non-cash working capital	(1,330,468)	(112,118)	(1,641,633)	191,580
	(1,439,420)	(173,023)	(6,934,431)	8,335
Decrease in cash and cash equivalents	(1,193,383)	-	(25,839)	-
Cash and cash equivalents, beginning of period	1,193,383	-	25,839	-
Cash and cash equivalents, end of period	\$ -	-	\$ -	-

The accompanying notes are an integral part of these financial statements.

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1. Basis of Presentation

The interim financial statements of the Company have been prepared by management, without audit or review by the Company's auditor, in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The interim financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and are based upon accounting policies consistent with those used and described in Note 3 to the audited financial statements for the year ended December 31, 2009. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore they should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2009.

In 2008 and through 2009, the global credit market crisis, volatility in the price of oil and natural gas, the recession in Canada and the slowdown of economic growth throughout the world created a more volatile business environment. These conditions limited certain of the Company's previously planned business development activities and continue to provide risk for the Company in the future.

2. Going Concern

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company reported a net loss of \$1,095,322 and a negative cash flow from operating activities before changes in non cash working capital balances of \$397,007 for the six months ended June 30, 2010. The Company had a net working capital surplus of \$730,972 at the end of the quarter.

The Company's ability to continue as a going concern is dependent upon the ability to raise capital, the generation of positive cash flow, the maintenance of its existing reserve and production base, the success of the development and exploration program and the continued support of its lender (see note 6). During 2009 and the first half of 2010 lower production volumes resulted in negative cash flow from operating activities before changes in non cash working capital balances. At June 30, 2010, following a total investment of \$15,000,000 in shares of the Company during the fourth quarter of 2009 and first quarter of 2010, the Company has a working capital surplus and is in compliance with its lender's working capital ratio. However, the Company continues to experience small monthly shortfalls in cash flow from operating activities and is working to increase production levels in order to provide a continuous positive cash flow from operations. The Company will require additional financing in 2010 in order to complete its capital development plans for the year and maintain its financial strength.

The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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3. Significant Accounting Policies

Recent accounting pronouncements

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS.

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests" which replace CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 carries forward the requirement of Section 1600, "Consolidated Financial Statements," other than those relating to non-controlling interests which would be covered in Section 1602. Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be calculated without deducting non-controlling interest and instead net income is allocated between the controlling and non-controlling interests. Section 1601 and 1602 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011.

The Company is assessing the impact on its financial statements of these new standards, but management does not anticipate that this will have a material impact on the Company's financial position or results of operations.

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4. Property and Equipment

	June 30, 2010			December 31, 2009		
	Cost	Accumulated depletion, depreciation and amortization	Net Book Value	Cost	Accumulated depletion, depreciation and amortization	Net Book Value
Petroleum and natural gas properties and equipment	\$ 37,802,990	\$ 9,773,278	\$ 28,029,712	\$ 32,522,741	\$ 8,773,422	\$ 23,749,319
Processing facilities and furniture and fixtures	3,121,494	1,772,353	1,349,141	3,108,945	1,714,096	1,394,849
	\$ 40,924,484	\$ 11,545,631	\$ 29,378,853	\$ 35,631,686	\$ 10,487,518	\$ 25,144,168

Costs aggregating various amounts up to \$2,984,000 (2009 - \$890,000) relating to unproved land and seismic work on unproved properties, and a salvage value amounting to \$690,000 (2009 - \$690,000) on property and equipment were excluded from the depletion and depreciation calculations during 2010 and 2009.

At December 31, 2009, the Company determined to treat certain processing facilities as being an integrated element of the related oil and gas assets and calculate depletion on these assets using the unit-of-production method.

An impairment test calculation was performed on the Company's petroleum and natural gas properties at December 31, 2009, and the Company performed an updated impairment test calculation at June 30, 2010, and on both dates the estimated undiscounted future net cash flows associated with the proved reserves exceeded the carrying amount of the Company's petroleum and natural gas properties.

An impairment test was also performed on certain processing facilities at December 31, 2009 and a write-down of \$233,681 was recorded.

5. Intangible Assets

	June 30, 2010			December 31, 2009		
	Cost	Accumulated depreciation	Net Book Value	Cost	Accumulated depreciation	Net Book Value
Licenses and permits	\$ 319,177	\$ 309,176	\$ 10,001	\$ 319,177	\$ 309,176	\$ 10,001

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6. Bank Loans

At June 30, 2010, the Company had available a \$4,500,000 (December 31, 2009 - \$5,250,000) revolving demand loan facility with a Canadian chartered bank. The revolving loan bears interest at prime plus 1.25% (December 31, 2009 – prime plus 2%), for an effective rate at quarter end of 3.75% (December 31, 2009 – 4.25%), and the loans are secured by a general assignment of book debts and a \$10,000,000 first floating charge debenture over all assets of the Company. In addition, the Company provided additional security during 2009 by issuing fixed charges, mortgages and security interests over certain of the Company's oil and gas assets. The availability under the facility is subject to periodic review with the next review scheduled for November 1, 2010. As at June 30, 2010, the Company had drawn down \$870,737 under the facility (December 31, 2009 - \$3,277,664). The loans are shown as a current liability due to their demand nature despite the lender having not demanded repayment of the loan. At both June 30, 2010 and December 31, 2009, the Company was in compliance with its debt covenants (see Capital Disclosures Note 11).

7. Long Term Debt

	June 30, 2010	December 31, 2009
5% Unsecured subordinated debentures, beginning of period	\$ 483,924	\$ -
Issued July 31, 2009	-	483,924
Redeemed during period	2,821	-
5% Unsecured subordinated debentures, end of period	\$ 481,103	\$ 483,924

The 5% unsecured subordinated redeemable debentures were issued with an effective date of July 31, 2009 and mature on July 31, 2011. They bear interest at a rate of 5% per annum compounded annually, calculated and paid semi-annually on June 30 and December 31. The debentures are redeemable for cash, in whole or in part, at the option of the Company, at any time during the term on 30 days written notice to the holder.

8. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties.

	Six Months ended June 30, 2010	Year ended December 31, 2009
Asset retirement obligation, beginning of period	\$ 2,110,747	\$ 1,859,564
Change in future cash flows	-	51,606
Liabilities incurred	-	32,317
Accretion expense	91,547	167,260
Asset retirement obligation, end of period	\$ 2,202,294	\$ 2,110,747

The undiscounted amount of cash flows, required over the estimated reserve life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at \$4,843,000 (December 31, 2009

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- \$4,843,000). The obligation was calculated using a credit-adjusted risk free discount rate of 9 percent and an inflation rate of 2 percent. It is expected that this obligation will be funded from general Company resources at the time the costs are incurred with the majority of costs expected to occur between 2012 and 2023.

9. Share Capital

(a) Authorized

Unlimited number of Class A Shares

Unlimited number of Class B Shares

Unlimited number of Preferred shares issuable in series, rights and privileges to be determined upon issue.

The Class B shares were convertible, at the option of the Corporation, at any time after October 1, 2009 and before the close of business on September 30, 2011. Effective December 29, 2009, the Company converted all existing Class B shares into Class A shares, the Class B shares were delisted, and the holders of the Class B shares received 10 Class A shares for each Class B share held, resulting in an aggregate of 7,530,140 Class A shares being issued.

(b) Issued

Six Months Ended June 30, 2010

	Class A Shares	Class B Shares	Warrants	Amount
Balance, beginning of year	94,488,032	-	1,066,666	\$ 18,785,041
Tax benefits renounced on flow-through shares	-	-	-	(70,669)
Private placement of Class A shares issued as the second investment under an investment agreement with an international investor	150,000,000	-	-	12,000,000
Class A share warrants issued to brokers pursuant to second investment under investment agreement	-	-	1,599,999	153,600
Share issue costs, net of tax of \$177,006	-	-	-	(490,940)
Balance, end of period	244,488,032	-	2,666,665	\$ 30,377,032

Year Ended December 31, 2009

	Class A Shares	Class B Shares	Warrants	Amount
Balance, beginning of year	38,001,398	753,014	-	\$ 15,677,369
Tax benefits renounced on flow-through shares	-	-	-	(463,671)
Private placement of Units including one flow through Class A share and one Class A share for cash	5,333,480	-	-	400,011
Class A Share warrants issued to brokers for private placement	-	-	133,333	6,667
Class A shares issued in settlement with Creditors	3,623,014	-	-	362,301
Private placement of Class A shares issued as the first investment under an investment agreement with an	40,000,000	-	-	3,000,000

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international investor				
Class A share warrants issued to brokers pursuant to first investment under investment agreement	-	-	933,333	86,499
Share issue costs, net of tax of \$102,443	-	-	-	(284,135)
Conversion of Class B shares to Class A shares	7,530,140	(753,014)	-	-
Balance, end of year	94,488,032	-	1,066,666	\$ 18,785,041

Pursuant to an investment agreement with an international investor, dated September 10, 2009, on January 15, 2010, the Company closed the final tranche of the investment, whereby the investor acquired 150,000,000 Class A Shares at a price of \$0.08 per Class A Share for gross proceeds of \$12,000,000. In conjunction with the closing, the Company paid finder's fees to two agents in an aggregate amount of \$480,000 and issued an aggregate of 1,599,999 warrants, each warrant entitling the holder to purchase one Class A Share at a price of \$0.15 per share exercisable for two years from the date of the closing. Following the closing of the final installment of this investment, the investor held 77.7% of the outstanding Class A Shares.

Previously, on October 6, 2009, the Company closed the first tranche of the investment whereby the investor acquired 4,666,666 Class A Shares at a price of \$0.075 per Class A Share for gross proceeds of \$350,000; and on November 23, 2009, a further 35,333,334 Class A Shares were acquired also at a price of \$0.075 per Class A Share for gross proceeds of \$2,650,000. In conjunction with the two closings, the Company paid finder's fees to two agents in an aggregate amount of \$180,000 and issued an aggregate of 933,334 warrants.

On July 17, 2009 the Company closed a private placement of Units, each Unit being priced at \$0.15 and comprising one Class A Share priced at \$0.05 per share and one Flow-Through Class A Share priced at \$0.10 per share. The closing resulted in the receipt of \$400,011 from the sale of 2,666,740 Class A shares and 2,666,740 Flow-Through Class A Shares.

As part of the Company's settlement with trade creditors, the Company authorized the issue up to 5,000,000 Class A Shares at a deemed price of \$0.10 in satisfaction of 25% of the outstanding obligation to each creditor which agreed to the settlement terms. A total of 3,623,014 Class A Shares were issued in satisfaction of creditor settlements, with a deemed value of \$362,301.

Pursuant to the rules of the TSX Venture Exchange, certain shares of the previous directors, officers and insiders of Resolve (which were exchanged for shares of the Company) were subject to escrow conditions, whereby the Class A shares were released from escrow over a period of 36 months. Pursuant to these conditions, at December 31, 2009, 555,900 Class A shares remained in escrow; and during the first quarter of 2010, all Class A Shares were released.

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9. Share Capital - continued

c) Stock options

The Company has a stock option plan under which employees, directors and consultants are eligible to receive grants. At June 30, 2010, Nil Class A shares (December 31, 2009 – Nil Class A shares) were reserved for issuance under the plan. Options granted under the plan have varying vesting periods and are determined by the Board at the grant date. All outstanding options were cancelled effective April 27, 2009 and no options were granted in 2009 or have been granted in the period to June 30, 2010.

A summary of the status of the Company's stock option plan as at June 30, 2010 and December 31, 2009 and changes during the period ending on those dates is presented below.

Stock Options	Six Months Ended June 30, 2010		Year Ended December 31, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding beginning of year	-	-	3,113,333	\$0.51
Forfeited	-	-	(116,666)	\$0.53
Cancelled	-	-	(2,996,667)	\$0.51
Outstanding end of period	-	-	-	-
Exercisable, end of period	-	-	-	-

d) Warrants

On January 15, 2010, the Company issued an aggregate of 1,599,999 warrants as finders fees to two agents, each warrant entitling the holder to purchase one Class A Share at a price of \$0.15 per share exercisable for two years from the closing date. The warrants have been fair valued and the value estimated at \$153,600 included in share issue costs. The value was estimated using the Black-Scholes option pricing model with a current share price of \$0.20 on January 15, 2010; a strike price of \$0.15 per warrant; a risk free interest rate of 1.72%; expected volatility of 70%; and a two year average life.

On October 6, 2009 and November 23, 2009, the Company issued an aggregate of 933,334 warrants as finders fees to two agents, each warrant entitling the holder to purchase one Class A Share at a price of \$0.15 per share exercisable for two years from the date of the respective closing. The warrants have been fair valued and the value estimated at \$77,666 included in share issue costs. The value was estimated using the Black-Scholes option pricing model with a current share price of \$0.15 on October 6, 2009 and \$0.205 on November 23, 2009; a strike price of \$0.15 per warrant; a risk free interest rate of 1.88%; expected volatility of 70%; and a two year average life.

On July 17, 2009, the Company issued 133,333 broker warrants providing the right to purchase units, each unit being comprised of one Class A Share issued at a price of \$0.05 per share and one Flow-Through Class A Share issued at a price of \$0.10 per share. Each broker warrant is exercisable until July 17, 2010 at an exercise price of \$0.15 per warrant; and at \$0.20 per warrant until July 17, 2011. The warrants have been fair valued and the value estimated at \$6,667 included in share issue costs. The value was estimated using the Black-Scholes option

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pricing model with a current share price of \$0.08; a strike price of \$0.175 per warrant; a risk free interest rate of 1.86%; expected volatility of 70%; and an 18 month average life.

The following is a continuity of the warrants outstanding:

	Six Months Ended June 30, 2010		Year Ended December 31, 2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Beginning of year	1,066,666	\$0.14	-	\$ -
Broker warrants issued in private placements during year	1,599,999	\$0.15	1,066,666	\$0.14
End of period	2,666,665	\$0.15	1,066,666	\$0.14
Exercisable, end of period	2,666,665	\$0.15	1,066,666	\$0.14

10. Contributed Surplus

	Six Months ended June 30, 2010	Year ended December 31, 2009
Contributed surplus, beginning of year	\$ 1,092,825	\$ 1,008,452
Expired warrants	-	-
Stock compensation expense	-	84,373
Contributed surplus, end of period	\$ 1,092,825	\$ 1,092,825

11. Capital Disclosures

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The Company's objectives in managing the capital structure are to maintain a flexible financial structure to preserve the Company's access to capital markets, and to finance the Company's growth and continue to meet its financial obligations. The capital structure of the Company consists of bank credit facilities (Note 6), working capital and Shareholder's equity comprised of issued share capital, contributed surplus and deficit. The Company's ability to meet these objectives for managing the Company's capital has been severely challenged by the recent economic conditions, and in particular by continuing negative cash flow from operations resulting from lower oil and gas prices and reduced production levels; and the diminishing availability of new sources of capital.

The capital structure is as follows:

	June 30, 2010	December 31, 2009
Current assets	\$ 2,789,360	\$ 1,184,231
Accounts payable	(1,187,651)	(2,968,623)
Current portion of bank loans	(870,737)	(3,277,664)
Net debt and working capital surplus (deficiency)	\$ 730,972	\$ (5,062,056)
Long term debt	\$ 481,103	\$ 483,924
Shareholder's equity	\$ 26,171,522	\$ 15,674,853
<u>Bank Facilities</u>		
Revolving demand loan facility	\$ 4,500,000	\$ 5,250,000

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In a normal economic environment, the Company is able to manage its capital structure and makes adjustments to it in light of market and economic conditions as well as the risk characteristics of the Company's underlying assets. The Company monitors capital and its financing requirements through the annual budget process and monthly updates to the budget forecast and working capital projections. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, the use of bank credit facilities, adjusting capital spending, or by undertaking other strategies as deemed appropriate under the specific circumstances.

Under its credit facility agreement, the Company is required to maintain a working capital ratio, after adding the unused portion of the revolving demand loan and after excluding outstanding bank debt under the facility, of not less than 1:1. The Company was in compliance with this covenant at both June 30, 2010 and December 31, 2009.

However, the recent economic environment during 2009 required the Company to work on alternative strategies to deal with its working capital deficit, including the disposition of non-core assets and alternative financing opportunities, including an approach to settle all debts with its unsecured trade creditors with an element of cash, a two year debenture and an equity component.

During 2009, the Company was subject to a forbearance agreement with the Bank under which the Company had its revolving demand loan facility reduced from \$6,000,000 to \$5,250,000; the non-revolving acquisition and development loan facility cancelled; the interest rate on the facility increased; and was subject to a forbearance fee. Under the agreement the Company committed to eliminate all long-term defaults and, following the closing of the second tranche of the investment agreement described below, the Company met the conditions of the forbearance agreement and brought itself back into compliance with the Bank's covenants. Furthermore, the Company completed its arrangements with existing creditors; provided funding for workovers and recompletions aimed at increasing production levels; and allowed the Company to continue with its development plans. Following their annual review in May 2010, the Bank reduced the available amount of the loan facility to \$4,500,000.

On July 20, 2009 the Company closed the first tranche of a private placement of Units, each Unit being priced at \$0.15 and comprising one Class A Share priced at \$0.05 per share and one Flow-Through Class A Share priced at \$0.10 per share. The initial closing resulted in the gross proceeds of \$400,011 from the sale of 2,666,740 Class A shares and 2,666,740 Flow-Through Class A Shares.

Following completion of the private placement, the Company commenced a settlement process with creditors. The Company was authorized to issue up to 5,000,000 Class A Shares at a deemed price of \$0.10 in satisfaction of 25% of the outstanding obligation to each creditor. The Company also authorized issuance of up to \$600,000 of debentures, paying an interest rate of 5%, which can be fully redeemed at the option of the Company at any time up to the twenty four month anniversary of the issuance and will, in any event, be fully redeemed on the twenty four month anniversary of the issuance of the debentures. At December 31, 2009, the Company had settled an aggregate \$1,511,327 in outstanding creditor balances as follows:

Cash payments			\$319,340
Debenture	(note 7)	5% unsecured subordinated debenture	\$483,924
Equity	(note 8)	3,623,014 Class A shares	\$362,301
Write down of balance			\$345,762

The Company entered into an investment agreement with an international investor, dated September 10, 2009, under which the investor agreed to invest, subject to the satisfaction of certain conditions, up to \$15 million in the Company. On October 6, 2009, the Company closed the first tranche of the investment whereby the investor acquired 4,666,666 Class A Shares for gross

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proceeds of \$350,000. On November 23, 2009, a further 35,333,334 Class A Shares were acquired for gross proceeds of \$2,650,000. The Company closed the final investment tranche with the investor on January 15, 2010, issuing 150,000,000 Class A Shares at a price of \$0.08 per Class A Share for gross proceeds of \$12,000,000.

12. Supplementary Information – Statement of Cash Flows

During the quarter ended June 30, 2010, the Company paid \$20,181 in interest, (June 30, 2009 - \$53,169), and \$21,553 in income taxes (2008 - \$20,323). Cash and cash equivalents at June 30, 2010 and at December 31, 2009 include only nominal cash equivalents.

The change in non-cash working capital for the six month periods ending June 30 is allocated between operating and investing activities as follows:

	June 30, 2010	June 30, 2009
Accounts receivable	\$ (498,458)	\$ 458,231
Deposits and prepaid expenses (note below)	(1,132,510)	(7,474)
Accounts payable and accrued liabilities	(1,780,972)	95,425
Net change in non-cash working capital balances	\$(3,411,940)	\$ 546,182
Net change in operating activities	\$(1,770,307)	\$ 354,602
Net change in investing activities	(1,641,633)	191,580
	\$(3,411,940)	\$ 546,182

Deposits and prepaid expenses reflect an increase in the Company's Licensee Liability Rating ("LLR") deposit with the Energy Resources Conservation Board of \$1,157,333 during the six months resulting from the impact of the commodity price decline as reflected in the deemed value of the Company's producing assets when compared to the deemed value of its reclamation liabilities.

13. Commitments and Contingencies

The Company is involved in various claims arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, the Company does not currently believe that the outcome of adverse decisions in any proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. As disclosed in note 8, the Company has recognized a liability at June 30, 2010 of \$2,202,294 (December 31, 2009 - \$2,110,747) related to the retirement of its long-lived petroleum assets based on current legislation and estimated costs. Any changes in these estimates will affect future earnings. Costs attributable to these commitments and contingencies are expected to be incurred over an extended period of time and are to be funded mainly from the Company's cash provided by operating activities.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on net earnings cannot be determined at this time, it could be material for any one quarter or year.

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The Company entered into a lease arrangement for office space and related services for five years commencing January 1, 2008. As at December 31, 2009, the remaining minimum lease payments total \$558,720 and will be expended equally over the remaining three years ending December 31, 2012.

Pursuant to a flow-through financing completed by the Company on July 17, 2009, during the first quarter of 2010, the Company had completed its outstanding commitment (December 31, 2009 - \$150,000) to spend on qualified exploration expenditures by December 31, 2010.

The Company has entered into employment agreements with certain senior management. In addition to defining the terms of employment, the agreement entitles the employees to payments ranging from 6 months to 18 months of compensation for termination without cause or in the event of a change of control. Following the closing of the final installment of the investment agreement (see Note 9 (b)) on January 15, 2010, a change of control was triggered and, under these agreements, the employees would have the option to elect to terminate their agreements, which could result in aggregate payments up to \$470,000. (See subsequent events – note 16).

14. Related Party Transactions

Except as disclosed elsewhere the Company had the following related party transactions:

- (a) In July 2009, the Company completed a private placement of Units, each Unit comprising one Class A Share and one flow-through Class A Share, for a total of 2,666,740 Class A Shares and 2,666,740 flow-through Class A Shares, at a price of \$0.15 per Unit. Directors and officers of the Company subscribed for an aggregate of 1,000,040 Class A Shares and 1,000,040 flow-through Class A Shares.

The above transaction was completed on the same terms as to other arms length participants in the private placements.

- (b) During the six months ended June 30, 2010, a legal firm, of which a director is a partner, charged the Company \$44,935 (2009 - \$32,341) for legal fees and services.
- (c) During the six months ended June 30, 2010, another legal firm, of which another director is Counsel, charged the Company \$2,554 (2009 - \$nil) for legal fees and services.
- (d) At June 30, 2010 and December 31, 2009, the Company has a receivable for \$21,399 due from Alliance Success Holding Group Limited (“Alliance”), which owns 78% of the Company’s shares at June 30, 2010, for services paid for by the Company on behalf of Alliance, relating to Alliance’s investment in the Company.

All related party transactions in the normal course of operations have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties and which is similar to those negotiated with third parties.

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15. Financial Instruments

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to fair value, commodity price, foreign currency, interest rate, industry credit and liquidity risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Fair value of financial assets and liabilities

The carrying value of cash, accounts receivable, deposits, accounts payable and accrued liabilities, and the bank loan approximates their fair value due to the relatively short period to maturity. The carrying value of the bank debt and long term debt approximates fair value as the amount bears interest at a rate that is based on current bank prime rates and short-term maturity. The Company's cash and cash equivalents are transacted in active markets and have been assessed using the following fair value hierarchy and are classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1.

Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

(b) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The Company is subject to commodity price risk for the delivery of natural gas and crude oil, the price of which is subject to world economic events that dictate the levels of supply and demand. As at June 30, 2010, the increase or decrease in net earnings before taxes, based on annualized volumes, for each \$1 change in oil prices amounts to approximately \$45,000 (December 31, 2009 - \$42,000); and for each \$0.10 change in gas prices amounts to approximately \$7,100 (December 31, 2009 - \$11,000). The Company had no financial derivative contracts in place as at or during the six months ended June 30, 2010 and has not entered into any forward physical delivery contracts.

(c) Foreign currency risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. Although all of the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no financial instruments denominated in foreign currencies and no forward exchange contracts in place at or during the six months ended June 30, 2010.

(d) Credit risk

Credit risk represents the risk that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. Substantially all the Company's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Approximately 85% of the Company's monthly revenue is receivable from the marketing arm of a major energy company. The Company also attempts to mitigate the risk

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15. Financial Instruments - continued

from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure or through cash calling a partner in advance of completion of work. Additionally the Company has the ability to withhold production or net payables from joint venture partners in the event on non-payment. Maximum credit risk is calculated as the total recorded value of accounts receivable.

During the six months ended June 30, 2010, there were no receivables written off (year ended December 31, 2009 - \$145,150). The aging of accounts receivable, including cash call receivables is as follows:

Aging	June 30, 2010 \$,000	December 31, 2009 \$,000
Current (0-30 days)	\$ 581	\$ 474
31 – 60 days	102	191
61 – 90 days	49	59
More than 90 days	645	155
Total	\$1,377	\$879

When determining whether amounts that are past due are collectible, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company considers all amounts greater than 90 days to be past due. As at June 30, 2010 \$645,000 (December 31, 2009 - \$155,000) of accounts receivable are past due, excluding amounts described above, all of which are considered to be collectible.

(e) Interest rate risk management

Interest rate risk is the risk that fair values or future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. As at June 30, 2010, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating rate debt amounts to approximately \$8,700 (December 31, 2009 - \$32,800). The related disclosures regarding the debt instruments are included in Note 6 of these financial statements. The Company had no interest rate swap or financial contracts in place as at or during the six months ended June 30, 2010.

(f) Liquidity risk

Liquidity risk represents the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company monitors its financial obligations and its ability to meet those obligations through an annual budget process and monthly updates to the budget forecast and working capital projections. In addition, the Company requires authorizations for expenditures on its capital projects and defers timing of capital expenditures as necessary.

During 2009, the Company's liquidity risk increased with the volatile economic conditions. However, as a result of the investment funds received late in 2009 and January 2010, the Company was in a position to pay its outstanding accounts payable in a timely manner. At June 30, 2010, the aging of accounts payable and accrued liabilities was as follows:

Anterra Energy Inc.
Notes to Financial Statements

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Aging	June 30, 2010	December 31, 2009
	\$,000	\$,000
Current (0-30 days)	\$ 447	\$ 1,544
31 – 60 days	238	362
61 – 90 days	141	137
More than 90 days	362	926
Total	\$ 1,188	\$ 2,969

16. Subsequent Events

On July 13, 2010, the Company granted 18,500,000 stock options to directors, officers and consultants to purchase Class A shares at an exercise price of \$0.10. Of the total options granted, one third vested immediately, with the balance vesting equally on the first and second anniversary of the grant date. Included in these options were 750,000 options granted to consultants providing investor relations activities.

As noted in note 13, following the change of control on January 15, 2010, certain employees had the option to make an election related to their employment agreements, which could result in aggregate payments up to \$470,000. On July 13, 2010, in satisfaction of the obligations under the provisions of these agreements, the Company agreed to issue 600,000 Class A Shares, at a price of \$0.10 per share, to two Officers of the Company, and agreed to pay certain employees approximately \$328,000 in aggregate compensation.

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CORPORATE INFORMATION

Directors

Gary Chang (1,2)
James H. Coleman (3)
Ross O. Drysdale (1,3)
Gang Fang (3)
Hong Lei
Owen C. Pinnell (2)
Zhen Xiang Huo (1)

Notes: (1) Audit and Reserves Committee; (2) Environment and Safety Committee; (3) Compensation and Governance Committee.

Officers

Owen Pinnell -- Chairman
Gang Fang -- CEO
William Johnson -- President and COO
Giles Parker -- Vice President, Finance and CFO
Bob McCuaig -- Executive Vice President and General Manager

Head Office

1420 – 1122 4th Street S.W.
Calgary, Alberta
T2R 1M1

Phone 403-215-3280
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Transfer Agent

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Calgary, Alberta T2G 0P6

Web Site

www.anterraenergy.com

Abbreviations

ARTC Alberta Royalty Tax Credit
bbls/d barrels per day
boe barrels of oil equivalent
mbbl thousand barrels
mmboe million barrels of oil equivalent
mcf/d thousand cubic feet per day
WTI West Texas Intermediate

Conversion of Units

1.0 bbl = 0.159 cubic meters
1.0 mcf = 28.2 cubic meters
Natural gas is equated to oil on the basis
of 6mcf = 1 boe

Stock Exchange

TSXV Venture Exchange
Trading Symbol: A Shares: AE.A

Auditors

Deloitte & Touche LLP

Bankers

National Bank of Canada

Legal Counsel

Macleod Dixon LLP

bbl barrel
bcf billion cubic feet
boe/d barrels of oil equivalent per day
mboe thousand barrels of oil equivalent
mcf thousand cubic feet
NGLs natural gas liquids
TSX TSX Venture Exchange

6.29 bbls = 1.0 cubic meter
0.035 mcf = 1.0 cubic meter