MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") as provided by the management of Anterra Energy Inc. ("Anterra" or the "Company") reports on the financial condition and the results of operations of Anterra for the three months and years ended December 31, 2011 and 2010 and should be read with the accompanying consolidated financial statements and related notes. This commentary is based on the information available as at, and is dated April 23, 2012.

Basis of Presentation

The consolidated financial statements and comparative information for the three months and year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IFRS 1 – "First-Time Adoption of International Financial Reporting Standards". Previously, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("previous GAAP"). In accordance with IFRS 1, Anterra's transition date to IFRS was January 1, 2010 and, therefore, the comparative information for 2010 has been prepared in accordance with the Company's IFRS accounting policies. The 2009 financial information contained within this MD&A has been prepared following Canadian previous GAAP and, as allowed by IFRS 1, has not been re-presented on an IFRS basis. Certain amounts in prior years have been reclassified to conform to the current year's IFRS presentation format.

Non-GAAP Measures

This MD&A contains the terms "funds flow from (used in) operations", "funds used in operations" and "netback". Funds flow from (used in) operations, funds flow from (used in) operations per share amounts and netback are not measures that have any standardized meaning prescribed by IFRS and are considered non-GAAP measures and, as a result, should not be considered an alternative to or more meaningful than net funds from/used in operating activities or net income (loss) as determined in accordance with IFRS as an indicator of the Company's performance.Therefore, these measures may not be comparable to similar measures presented by other issuers.These measures have been described and presented in this discussion and analysis in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes funds flow as a key measure to assess the ability of the Company to finance operating activities and capital expenditures. The terms "funds flow from (used in) operations" and "funds used in operations" are calculated by adding non-cash items (deferred taxes, share-based compensation expense, and depletion and depreciation) to net profit or losses for the period. The Company also presents funds flow from or used in operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Netback is calculated on a per barrel basis as revenue from oil sales, less royalties and operating expenses and is used by management as a measure of financial and operational performance. The following table reconciles funds used in operations to funds flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Net funds flow from operating activities	**422,299**	(1,480,338)	**4,963,476**	(3,801,093)
Changes in non-cash working capital	**(382,079)**	(334,376)	**932,810**	(2,058,671)
Funds from (used in) operations	**804,378**	(1,145,962)	**4,030,666**	(1,742,422)

BOE Conversion

Certain natural gas volumes have been converted to barrels of oil equivalent ("boe") using six thousand cubic feet ("mcf") of gas equal to one barrel ("bbl") of oil unless otherwise stated. This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Such disclosure of boes may be misleading, particularly if used in isolation.

Forward-Looking Information

Certain information in this MD&A constitutes forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are usually identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. In particular, forward-looking statements include:

- *All of the statements under "Material Assumptions on Forward-Looking Information" and each of its sub-headings since they are predictions of future conditions and results, and factors that may influence them;*
- *Statements under "Liquidity and Capital Resources" as to collectability of accounts receivable and as to Anterra's belief that with its unutilized credit facilities and expected funds flow from operations, that it will have sufficient capital resources to fund its capital expenditure program for 2012; and*
- *All of the statements under the heading "Outlook".*

Forward-looking statements are not guarantees of future performance and the reader should not place undue reliance on these forward-looking statements as there can be no assurances that the assumptions, plans, initiatives or expectations upon which they are based will occur. In addition, forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Such factors include, among others: general economic and business conditions; the price of and demand for oil and natural gas and their effect on the economics of oil and gas exploration; fluctuations in currency and interest rates and their effect on projected profitability of the Company's operations; the ability of the Company to implement its business strategy, including exploration and development plans; the impact of competition and in particular the ability of the Company to maintain its land position in a competitive leasing environment; the availability and cost of seismic, drilling, completions and other equipment; the Company's ability to secure adequate transportation and markets for any oil or gas discovered; drilling and operating hazards and other difficulties inherent in the exploration for and production and sale of oil and natural gas; the availability and cost of financing; the success of any exploration and development undertaken; actions by governmental authorities; and, changes in government regulations and the expenditures required to comply with them (including, but not limited to, the changes in taxes or the royalty or other share of production taken by governmental authorities). Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive. Unpredictable or unknown factors not discussed could also have material adverse effects on forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent on other factors, and the Company's course of action would depend on its assessment of the future considering all information then available. All forward-looking statements in this MD&A are expressly qualified in their entirety by these cautionary statements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

Material Assumptions on Forward-Looking Information

The Company's presentation of forward-looking information is based on internally generated budgets relating to drilling plans and related costs, expected results from drilling as well as estimated royalties, operating costs and administrative expenses. Anterra bases the commodity pricing for budget purposes on a range of publicly available pricing forecasts and also considers general economic conditions. The combination of these elements gives rise to expected financial results, inclusive of debt and working capital for the budget period.

Production and Sales Rates

During 2012, Anterra expects that production and sales of light crude oil will average 360 boe/d, of which approximately 150 boe/d will come through new drilling activity during the year. There are many factors that could result in production and sales levels being less than anticipated, including: greater than anticipated declines in existing production due to poor reservoir performance, mechanical failures or inability to access production facilities; the unanticipated encroachment of water or other fluids into the producing formation; transportation delays or sales pipeline restrictions; and, the inability to drill, complete and tie-in wells on schedule due to a lack of oilfield services being available on a cost efficient basis, poor weather, the inability to negotiate surface access with the landowners, or regulatory delays in obtaining all necessary drilling and production approvals.

Production Mix

The Company anticipates that its 2012 product volume mix will remain 85% weighted towards light crude oil.

Commodity Prices

For purposes of its forecast for 2012, the Company has assumed that the price it will receive for the sale of its crude oil will average CDN$88/bbl. There are many risks that may result in commodity prices being less than expected. The price of crude oil is set in U.S. dollars on the world market and is influenced by global supply and demand factors as well as exogenous events, such as terrorist activity in oil exporting countries. The current slowdown in economic growth due to recession in several of the world's major economies could further reduce both the demand and price for crude oil.

Canadian producers realize a Canadian dollar price for crude oil and natural gas, all of which are determined in large part by the U.S. dollar price for such products adjusted for the U.S. to Canadian dollar exchange rate. The exchange rate is influenced by many factors, which have and will continue to result in high volatility. Anterra has used a Canadian to U.S. dollar price exchange rate of $0.97 for its forecast pricing.

Royalty Rates

Anterra expects that royalty rates during 2012 will average in the range of 18% to 20% of gross revenue. Total royalties are the combination of Crown royalties paid on Crown lands and freehold royalties paid on freehold lands. Crown royalties and freehold production or mineral taxes on Crown lands are also eligible for a royalty holiday that arises through drilling incentives granted by some of the provinces in which Anterra has operations. In addition, gross overriding royalties are payable on lands in which the Company has earned an interest by way of farm-in on its lands, whether the lands are Crown or freehold. Total royalties payable are a function of the mix between Crown and freehold lands as the rates are different.

During 2011, the Company's royalty mix was 15% Crown royalties and 85% freehold royalties, and the combined royalty rate was 20%. The actual combined royalty rate in any period will be a function of the mix between Crown, freehold and overriding production. Crown royalty rates are determined by the depth of the well, production rates and the price of crude oil or natural gas. As Crown, freehold and overriding royalties are calculated as a percentage of revenue, royalties will vary directly with revenue and tend to mitigate the risk of declining revenues from lower production levels and/or lower commodity prices.

Operating Costs

The Company expects operating costs to average $23.00/bbl for 2012.

General and Administrative ("G&A") Costs

Anterra anticipates that G&A expenses will increase approximately 2% in 2012. Risks that G&A costs will increase relate to higher than expected employee costs necessarily incurred by the Company to retain key employees in a competitive market, the need to hire more staff than originally anticipated and general cost inflation.

Funds Flow from Operations

The Company expects that funds flow from operations will be approximately $5.0 million in 2012. This estimate is based on the assumptions as to production, commodity prices, royalty rates, operating costs and G&A costs discussed above. The risk that funds flow from operations is less than expected is the aggregate of all risks affecting the individual components thereof.

Capital Expenditures

Anterra expects to incur $3.5 million for capital expenditures to December 31, 2012. Anterra's capital expenditures consist of costs for drilling, completions, equipment, tie-ins, land and seismic. This is based on the assumption that the Company drills 5 gross (4.2 net) wells during 2012. The capital program is flexible, depending on commodity prices. Increases in capital costs from budgeted amounts can occur for a number of reasons, including: general cost inflation in the industry resulting from high utilization rates; poor weather that can delay activity and subject the Company to stand-by charges; and, problems encountered in drilling a well that can result in additional drilling time or, in some cases, losing the well entirely.

Drilling Program

The Company expects to drill 5 gross (4.2 net) wells during 2012. The drilling program is a key assumption in the production estimates for the period discussed above. The risk that Anterra does not meet its drilling targets can occur for a number of reasons, including: delays in accessing drilling sites due to extended road bans and/or unseasonable weather conditions; lack of access to drilling rigs, well fracturing crews and related equipment at sites; equipment failures; delays in obtaining landowner consent for surface access; and, delays in obtaining well licences and drilling permits.

Drilling Success

During 2012, the Company expects to add reserves from its drilling activities. In arriving at such expectations, Anterra undertakes a risking process where each well is assigned a probability of success and the expected reserves that would be added in a success case. The basis for such assessment is a combination of geological, geophysical and reservoir engineering analysis, including reviewing analog reserves in the area of interest. There are many risks that a well may not add the reserves anticipated, including: poor reservoir rock due to low permeability and/or low porosity that inhibits production; the non-existence of the targeted zone due to erosion; the lack of an effective reservoir seal, preventing the migration of hydrocarbons; presence of water in the zone; damage to the zone from the drilling process; and, competitive drainage from offsetting acreage not owned by the Company.

Developing Future Prospects

Anterra intends to continue generating and developing its own prospects and acquiring lands directly, while considering farm-outs as part of its business strategy. To do so requires that appealing opportunities become available within the timeframe suitable to the Company, that Anterra has the necessary human and financial resources to pursue and capture such opportunities, and that the Company is able to prevail over its competitors pursuing the same projects. Risks in achieving such growth plans relate to a lack of adequate staffing or capital, or to an overly competitive market where other industry participants are prepared to pay more for a prospect than what Anterra would consider prudent.

Tax Horizon

Anterra expects that it will not become cash taxable during 2012 based on the foregoing assumptions. The liability for current income tax is a function of the amount of revenue and expenses recognized for tax purposes, including deductions for capital expenditures. As such, taxable income is affected by many factors, including: production levels; commodity prices; and, the level and classification for tax purposes of capital spending into one of several categories, with each being deductible at different rates. The liability for current income tax could be higher than expected if revenues exceed Anterra's budget, if capital spending is lower than expected, or if a greater proportion of capital spending is allocated to a lower deduction category.

Current Market Conditions

Management is aware that the current equity market conditions may not always be conducive to raising funds through treasury issues of common shares. However, with funds flow from operations and unutilized bank credit facilities, the Company believes it will have sufficient capital resources to fund its capital expenditure program for 2012.

General

Statements relating to "reserves" are also deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors and assumptions set forth above and elsewhere in this MD&A.

These factors should not be considered as exhaustive. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Consequently, there are no representations by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained in this MD&A are made as of the date hereof, and the Company undertakes no obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Overall Performance Summary

During 2011, Anterra realized an increase in oil production and gas production compared to the previous year. There was a decline in gas prices but an increase in oil prices compared to the previous year which, with the Company's significant weighting to oil, contributed to the increase in revenue of 37% to $8,616,995 compared to the last year at $4,024,800. There was also a decrease in the oil and gas operating costs during the year.

While production in 2011 averaged 315 boe per day, some wells were shut-in due to weather conditions in the winter. The increase is due to the increased production from new horizontal wells in the Buck Lake area. Furthermore, the average sale price per barrel for in 2011 increased to $75.05 from $65.28 in 2010. During 2011, the Company generated funds flow from operations of $4,963,476, due to an increase in both production volume and average prices.

During 2011 for midstream productions, there was an increase in revenue to $2,989,890, compared to revenue of $1,894,468 reported in the previous year.

At December 31, 2011, the Company had drawn down $4,603,313 on its credit facility of $12,000,000, and had a net working capital deficit including the negative bank balance of $4,334,821.

Selected Annual Information

Years Ended December 31,	**2011**	2010	2009
(CAD$, except share amounts)	*($)*	*($)*	*($)*
Financial [1]			
Gross revenue	**11,478,420**	5,681,083	4,214,324
Net income (loss)	**656,847**	(3,161,321)	(2,085,008)
Per share – basic	**0.003**	(0.013)	(0.044)
Per share – diluted	**0.003**	(0.013)	(0.044)
Funds from (used in) operations	**4,963,476**	(3,801,093)	121,688
Per share – basic	**0.020**	(0.015)	(0.003)
Per share – diluted	**0.020**	(0.015)	(0.003)
Capital expenditures	**8,040,080**	4,760,795	1,473,081
Total assets	**38,140,026**	31,165,293	26,338,400
Decommissioning obligations	**4,672,013**	3,850,300	3,573,803
Debenture	**-**	-	483,924
Flow-through share premium	**-**	-	80,002
Deferred tax liability	**1,341,061**	794,498	1,434,879
Weighted average shares			
Basic *(#)*	**246,022,556**	239,017,347	46,912,020
Diluted *(#)*	**246,022,556**	239,017,347	46,912,020
Operational			
Production			
Light crude oil *(bbls/d)*	**236**	136	112
Natural gas *(mcf/d)*	**366**	59	302
NGLs *(bbls/d)*	**18**	8	3
Total *(boe/d)*	**315**	169	165
Total *(boe)*	**114,818**	61,655	60,165
Reserves			
Proved plus probable *(mboe)* [2]	**2,038**	2,041	1,085
Lands			
Undeveloped *(net acres)*	**25,954**	24,749	21,641
Wells drilled			
Gross (net) *(#)*	**3 (2.2)**	1 (1)	0 (0)

(1) The selected annual information for 2011 and 2010 has been prepared in accordance with Internatinal Financial Reporting Standards. Comparative information for 2009 has been prepared in accordance with the previous Canadian GAAP.

(2) Reserves are gross working interest reserves before royalty deductions.

Financial and Operating Results

Production, Revenue and Price

	Three Months Ended December 31		Years Ended December 31,	
	2011	2010	**2011**	2010
Production				
Light crude oil *(bbls/d)*	**228**	164	**236**	136
Natural gas *(mcf/d)*	**383**	134	**366**	181
NGLs *(bbls/d)*	**20**	4	**18**	4
Total production *(boe/d)*	**312**	190	**315**	169
Total production *(boe)*	**28,749**	17,437	**114,818**	61,655
Revenue				
Light crude oil *($)*	**2,008,317**	1,157,241	**7,693,514**	3,649,460
Natural gas *($)*	**123,857**	144,930	**521,743**	313,493
NGLs *($)*	**123,299**	12,910	**401,738**	61,847
Gross revenue *($)*	**2,255,473**	1,315,081	**8,616,995**	4,024,800
Royalties *($)*	**452,616**	160,949	**1,757,136**	358,826
Operating expenses *($)*	**697,930**	1,503,847	**2,628,928**	3,532,614
Net operating revenue *($)*	**1,104,927**	(349,715)	**4,230,931**	133,360
Average Prices				
Light crude oil *($/bbl)*	**95.55**	76.88	**89.38**	73.73
Natural gas *($/mcf)*	**3.51**	2.31	**2.23**	3.05
NGLs *($/bbl)*	**66.61**	38.65	**62.19**	43.83
Total sales price *($/boe)*	**78.45**	75.42	**75.05**	65.28
Royalty costs *($/boe)*	**15.74**	9.23	**15.30**	5.82
Operating costs *($/boe)*	**24.28**	86.24	**22.90**	57.30
Operating netback *($/boe)*	**38.43**	(20.05)	**36.85**	2.16
Midstream Processing				
Revenue *($)*	**894,103**	673,269	**2,989,890**	1,894,468
Operating costs *($)*	**185,218**	219,277	**762,720**	862,757
Operating netback *($)*	**708,885**	453,992	**2,227,170**	1,031,711

For the fourth quarter of 2011, oil and gas revenue totalled $2,255,473 on average daily sales volumes of 312 boe/d compared to $1,315,081 and 190 boe/d a year ago and $2,609,322 and 386 boe/d recorded in the third quarter of 2011. The 72% year-over-year revenue gain resulted from a 65% increase in sales volumes, which primarily come from the two new horizontal Cadium wells that went on production in 2011, with the Company also benefiting from strong crude oil pricing, up 24% from last year. During the final quarter of 2011, the Company's realized sales price for light crude oil was $95.55/bbl compared to $76.88/bbl in 2010 and Anterra's product volume mix was 89% light crude oil. During the year ended December 31, 2011, oil and gas revenue totalled $8,616,995 on average daily sales volumes of 315 boe/d versus $4,024,800 and 169 boe/d a year ago. The increase in revenue is due to the additional production from new wells discussed above.

For the fourth quarter of 2011, the midstream processing revenue totaled $894,103 compared to $673,269 a year ago and $668,854 in the third quarter of 2011. The increase is due to the high demand for processing services at our midstream facility, which is in an area central to increased drilling activity. To meet this demand, since late in 2010, we increased the operating hours of this facility to 24 hours a day, 7 days a week.

Royalties

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Crown royalties	**(940)**	130,421	**262,623**	259,635
Freehold royalties	**450,343**	29,328	**1,487,773**	90,306
Overriding royalties	**3,213**	1,160	**6,740**	8,885
Total royalties	**452,616**	160,909	**1,757,136**	358,826
Total royalties *($/boe)*	**15.74**	9.23	**15.30**	5.82
Percent of revenue *(%)*	**20**	13	**20**	9

For the fourth quarter of 2011, the negative crown royalty is due to the payment received from Alberta government for the new well royalty tax credit of $100,604, which offset royalties paid of $99,664.

For the fourth quarter of 2011, the Company recorded total royalties of $452,616 or 20% of revenue versus $160,909 or 13% of revenue for the same period in 2010. The increase in overall royalty payments and percentage was due to higher production volumes from the two new horizontal wells drilled in 2011. These two wells accounted for $408,535 of royalty expense for the quarter and $1,277,636 for the year. During the year ended December 31, 2011, total royalties were $1,757,136 or 20% of revenue compared to $358,826 or 9% of revenue a year ago and was similarly affected by the result of higher production volumes from freehold properties.

Operating Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Oil and gas operation	**697,930**	1,503,847	**2,628,928**	3,532,614
Midstream operation	**185,218**	219,277	**762,720**	862,757
Inter-company eliminations	**(30,428)**	(55,437)	**(128,465)**	(238,185)
Total operating expenses	**852,720**	1,667,687	**3,263,183**	4,157,186
Total operating expenses for oil and gas operation *($/boe)*	**24.28**	86.24	**22.90**	57.30

For the fourth quarter of 2010 and the year ended December 31, 2010, the decommissioning expenditures exceeded the decommissioning liability for well abandonment costs by $1,061,922. This was recorded in operating expenses, which increased the total operating expenses and costs per boe.

For the fourth quarter of 2011, the Company's oil and gas operating expenses totalled $697,930 or $24.28/boe compared to $1,503,847 or $86.24/boe in the same period last year, a significant decrease on a per barrel basis as the $1,061,922, discussed above, was included in 2010 operating expenses. During the year ended December 31, 2011, oil and gas operating expenses totalled $2,628,928 or $22.90/boe versus $3,532,614 or $57.30/boe in 2010.

For the fourth quarter of 2011, the Company’s midstream operating expenses totaled $185,218 compared to $219,277 in the same period last year. During the year ended December 31, 2011, operating expenses totaled $762,720 versus $862,757 in 2010. Compared to 2010, the wages increased and repair and maintenance costs decreased as more employees were hired and there was no major repair and maintenance incurred in 2011.

Operating Netback

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($/boe)	*($/boe)*	*($/boe)*	*($/boe)*
Gross revenue	**78.45**	75.42	**75.05**	65.28
Royalty expenses	**15.74**	9.23	**15.30**	5.82
Operating expenses	**24.28**	86.24	**22.90**	57.30
Operating netback	**38.43**	(20.05)	**36.85**	2.16

For the three months ended December 31, 2011, Anterra recorded an operating netback of $38.43/boe versus $(20.05)/boe a year ago and $28.78/boe in the third quarter of 2011. For the year ended December 31, 2011, the operating netback was $36.85/boe compared to $2.16/boe in 2010. The year-over-year increases were primarily driven by an improvement in crude oil pricing, up 15%, and a decrease in operating expenses with higher royalties partially offseting this increase.

General and Administrative ("G&A") Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Salaries and management consulting	**219,128**	226,050	**878,391**	1,355,614
Legal	**11,630**	27,011	**57,217**	94,359
Computer services and subscriptions	**36,846**	19,556	**133,218**	96,998
Accounting and audit fees	**18,584**	19,608	**116,897**	78,614
Investor relations	**10,633**	6,451	**59,700**	73,374
Other professional services	**12,600**	12,600	**50,400**	116,043
Travel and business entertainment	**23,832**	26,973	**99,646**	97,431
General office expenses	**242,872**	277,218	**770,547**	862,909
	576,125	615,467	**2,166,016**	2,775,342

For the quarter ended December 31, 2011, total G&A expenses were $576,125 compared to $615,467 recorded during the same period of 2010. The 4% decrease was primarily due to lower general office expenses. The decrease of salary expense was due to a decrease in the number of employees during the period.

G&A expenses totalled $2,166,016 for the year ended December 31, 2011 compared to $2,775,342 a year ago. The lower annual costs were due to:

- Decreased salaries and consulting costs primarily due to fewer employees hired in 2011, and termination costs paid in 2010. These costs include a $328,000 cash payment and $60,000 relating to common shares issued to satisfy the obligations under the provisions of an employment agreement.
- Lower legal fees required for bank credit facilities issues compared to 2010.
- Lower investor relations fees in 2011 compared to fees paid in 2010 associated with the investment by Alliance Success Group Holding Ltd.
- Lower other professional fees due to fewer management consulting service fees.
- Lower general office expenses as a result of improvement of internal controls.

These decreases in general and administrative costs were partially offset by:

- Additional computer services and subscriptions for the Company's oil and gas data system.
- Higher accounting and audit fees associated with the transition to IFRS.

Net Finance Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Interest income on cash on deposit	**(211)**	(3,398)	**(7,444)**	(7,285)
Interest and line of credit fees	**50,136**	27,228	**156,964**	86,547
Accretion of decommissioning obligations	**30,458**	27,688	**36,530**	116,281
Total net finance expenses	**80,383**	51,518	**186,050**	195,543
Total net finance expenses *($/boe)*	**2.80**	2.95	**1.62**	3.17

During the three months and year ended December 31, 2011, interest income decreased due to lower cash balances on deposit compared to 2010.

Interest and line of credit fees increased $22,908 and $70,415 in the three-month and year-end periods, respectively, due to interest on increased borrowing on the Company's credit facilities in 2011.

Depletion and Depreciation ("D&D")

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
D&D for oil and gas properties	**461,636**	377,010	**1,736,090**	1,284,987
D&D for midstream facilities and others	**43,279**	33,702	**173,115**	110,170
Total D&D	**504,915**	410,712	**1,909,205**	1,395,157
Total D&D for oil and gas properties *($/boe)*	**16.06**	21.62	**16.63**	22.63

The provision for depletion of property, plant and equipment ("PP&E") is determined on a component basis using the unit-of-production method based on independent estimates of proved producing reserves and is calculated as a factor of production divided by proved plus probable producing reserves applied to the cost of the asset. Depreciation of midstream facilities is calculated on a straight-line method and the useful life is 20 years. Depreciation of other non-resource assets is calculated on a straight-line basis at various rates between 20% and 45%.

During the 2011 three-month period, D&D totalled $504,915 or $16.06/boe versus $410,712 or $21.62/boe in the comparable period of 2010. For the year ended December 31, 2011, D&D was $1,909,205 or $16.63/boe compared to $1,395,157 or $22.63/boe recorded a year ago. Depletion expense was significantly higher in 2011 due to the addition of new wells that were brought on-stream in 2011. The D&D per boe decreased due to reserve volume increased for proved plus probable reserves.

Share Based Compensation Expenses

On July 13, 2010, the Company granted 18,500,000 stock options, of which 3,500,000 options were forfeited in 2010, to directors, officers and employees 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 450,000 options granted to consultants providing investor relations services to the Company.

On March 26, 2011, the Company granted 5,350,000 stock options to directors, officers and employees to purchase Class A Shares at an exercise price of $0.255. Of the total options granted, 3,500,000 options vested immediately and of the remaining 1,850,000 options, 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 services to the Company.

A summary of the status of the Company's stock option plan as December 31, 2011 and December 31, 2010 and changes during the period ending on those dates is presented below.

	Number of options	Weighted average exercise price $
Outstanding at January 1, 2010	-	-
Granted	18,500,000	0.10
Forfeited/expired	(3,500,000)	0.10
Outstanding at December 31, 2010	15,000,000	0.10
Granted	5,350,000	0.255
Exercised	(150,000)	0.10
Outstanding at December 31, 2011	20,200,000	

The following table summarizes stock options outstanding and exercisable:

	Options Outstanding				
Range of exercise prices	Number outstanding at December 31, 2011	Expiry date	Weighted average exercise price	Number exercisable at December 31, 2011	Weighted average remaining contractual life
$0.10	14,850,000	July 13, 2015	$0.10	5,000,000	3.5 years
$0.255	5,350,000	March 26, 2016	$0.255	4,116,667	4.2 years
$0.10 - $0.255	20,200,000		$0.14	9,116,667	4.5 years

Stock based compensation cost of $ 996,753 (2010 - $ 390,323) was expensed during 2011.

Impairment Expense

In the fourth quarter of 2010, due to changes in reserve estimates, the Company recognized an impairment of $103,403. The impairment was recorded as additional depletion and depreciation in profit or loss and was incurred on the Company's Saskatchewan CGU.

At December 31, 2011, due to changes in reserve estimates, the Company performed an impairment test on its CGUs using recoverable amounts based on the expected future cash flows of the proved and probable reserves using forecasted prices and costs as determined by the independent reserve evaluators. The future cash flows were discounted using a pre-tax rate of 10% (2010 – 10%). No impairment was indicated.

Income Taxes

As at December 31, 2011, the Company had various tax pools estimated at $1,342,394 (2010 – $794,498) available to reduce future taxable income and corporate income taxes.

The Company recorded a deferred income tax expense of $544,563 (2010 – $543,377 of recovery). The expense was primarily due to taxable income in 2011 and the timing differences for tax pools.

On July 28, 2011, Anterra issued 133,333 flow-through common shares at $0.10 per share for total proceeds of $13,333. Under the terms of the flow-through agreement, the Company was committed to spend $13,333.30 on qualified exploration expenditures by December 31, 2011. These expenditures were renounced to the flow-through share investors in February 2012 effective December 31, 2011. At December 31, 2011, there is no eligible expenditure remaining outstanding.

Funds Flow from Operations and Net Income (Loss)

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Net income (loss)	**(806,893)**	(2,221,800)	**656,847**	(3,161,321)
Non-cash charges:				
Depletion, Depreciation and amortization	**782,234**	248,935	**1,909,205**	1,405,158
Share-based payment expense	**234,737**	86,645	**996,753**	390,323
Decommissioning expenditures	**(111,900)**	(56,419)	**(111,900)**	(56,420)
Impairment expenses	**-**	103,403	**-**	103,403
Deferred income taxes	**793,719**	628,048	**543,230**	(543,377)
Interest and financing charges	**(89,519)**	27,688	**36,531**	119,812
Funds flow from (used in) operations	**802,378**	(1,183,500)	**4,030,666**	(1,742,422)

During the fourth quarter of 2011, funds flow from operations totalled $802,378 versus $(1,183,500) in the comparable period of 2010. For the year ended December 31, 2011, the Company recorded cash flow from operations of $4,030,666 compared to $(1,742,422) in 2010. The year-over-year improvements were due to an increase in net operating revenues resulting from new oil production in the Buck Lake area.

The Company recorded a net loss of $806,893 for the three months ended December 31, 2011 compared to net loss of $2,221,800 a year ago. For the year ended December 31, 2011, Anterra recorded net income of $656,847 versus a net loss of $3,161,321 in 2010. The annual increase in net income was due to higher net operating revenues resulting from the production from two new horizontal wells, partially offset by higher depletion expense.

Capital Expenditures

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Land acquisitions	**-**	-	**354,799**	3,102,944
Geological and geophysical	**32,872**	22,745	**794,172**	168,954
Drilling and completions	**-**	-	**6,909,042**	1,488,897
Total capital expenditures	**32,872**	22,745	**8,058,013**	4,760,795
Capital expenditures are composed of:				
PP&E	**32,872**	22,745	**6,037,864**	2,571,156
Exploration and evaluation assets	**-**	-	**2,020,149**	2,189,639
	32,872	22,745	**8,058,013**	4,760,795

For the three months ended December 31, 2011, land acquisition expenditures totalled $Nil (2010 – $Nil) as the Company focused its land activities on the farm-out of expiring lands. Geological and geophysical expenditures were $32,872 (2010 – $22,745).

Land acquisition expenditures totalled $354,799 for the year ended December 31, 2011 (2010 – $3,102,944), which included the addition of approximately 9 sections of undeveloped lands in the Abbott area in Saskatchewan. Geological and geophysical expenditures were recorded in capital expenditures by the amount of $794,172 (2010 – $168,954), paid to persons who involved the land purchase and geological drilling plan. During the year, drilling and completion expenditures totalled $6,909,042 (2010 – $1,488,897) that involved the drilling of 3 gross (2.2 net) wells and included 2 gross (1.2 net) horizontal wells.

Liquidity and Capital Resources

The Company's liquid assets are comprised of cash and accounts receivable from the sale of petroleum products, and joint venture billings from industry partners. Cash is maintained on demand with the Company's banker and represent minimal liquidity risk to the Company. In view of the current economic climate, Anterra has made an assessment of accounts receivable and had made a reasonable allowance in the total amount of $756,648. The majority of the remaining accounts receivable relate to joint venture billings with industry partners. The Company believes that minimal exposure exists with these particular accounts and sufficient security exists to recover amounts due to the Company in the event of default.

Management of the Company's liquidity involves the careful use of its liquid assets along with anticipated cash flows and access to debt and equity markets to fund growth in future exploration and development drilling activities.

The Company does not have any contractual obligations other than office lease. The Company entered into a lease arrangement for office space and related services for five years commencing January 1, 2008. As at December 31, 2011, the remaining minimum lease payments totalling $186,240 will be expended equally over the remaining 12 months ending December 31, 2012.

The Company had working capital deficit of $4,334,821 compared to $507,074 at December 31, 2010. The increased deficit was primarily the result of the capital expenditure program during the year and was partly offset by an improvement in funds from operations. (See "Funds Flow from Operations and Net Income (Loss)" and "Capital Expenditures" for more details.)

Anterra's capital and operating budget for 2012 anticipates total expenditures of $9.4 million composed of $3.5 million of capital expenditures, $4.0 million of operating costs and $1.9 million of general and administrative costs. The Company expects to have approximately $5.0 million funds flow from operations in 2012. Anterra believes that with its unutilized credit facilities, expected funds flow from operations and equity financings, it will have sufficient capital resources to fund its 2012 budgeted expenditures. A key component of this funding is funds flow from operations, budgeted at $5.0 million. Many factors, including failure to achieve budgeted volumes of production, decreases in commodity prices and increases in royalty rates, operating costs and G&A costs, could result in the Company failing to achieve budgeted cash flow. For additional discussion of these and other risk factors, see "Material Assumptions on Forward-Looking Information" above.

Anterra has a credit facility agreement with a Canadian chartered bank that, at December 31, 2011, providing the Company with a $12,000,000 revolving demand loan facility. The facility is payable on demand. The operating line bears interest at the bank's prime rate plus 0.75% with an effective rate at December 31, 2011 of 3.75%. The credit facility is secured by a single first floating charge debenture in the amount of $35 million over all assets of the Company.

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 December 31, 2011 and December 31, 2010.

During the year, Anterra paid $487,455 in cash to settle the convertible debenture that had reached its term on July 31, 2011, without conversion.

Sources and Uses of Cash

During the year ended December 31, 2011, cash decreased to $Nil from cash of $43,293 at December 31, 2010. The change is summarized below.

	Three Months Ended December 31,		Years Ended December 31,	
	2011	2010	**2011**	2010
	($)	*($)*	*($)*	*($)*
Cash – beginning of period	**-**	--	**43,293**	25,839
Funds flow from operations	**804,378**	(1,145,962)	**4,030,666**	(1,742,422)
Change in non-cash working capital	**(1,203,228)**	1,228,798	**968,437**	(3,047,160)
Issue of common shares, net of issue costs	**--**	60,000	**181,667**	11,545,654
Advances on bank loan	**431,722**	(76,798)	**3,303,474**	(1,977,823)
Redemption of convertible debentures	**--**	--	**(487,455)**	--
Capital expenditures				
PP&E	**(32,872)**	(22,745)	**(5,093,526)**	(2,571,156)
Exploration and evaluation	**--**	--	**(2,946,555)**	(2,189,639)
Cash – end of period	**--**	43,293	**--**	43,293

Share Capital

As at December 31, 2011, Anterra had 246,438,032 common shares, 20,200,000 stock options and 1,599,999 common shares purchase warrants issued and outstanding. A total of 20,200,000 stock options are outstanding to management, directors, employees and key consultants under the Company's stock option plan with exercise prices between $0.10 and $0.255 per share and with a weighted average remaining contractual life of 45 months. During 2011, 150,000 shares were issued upon the exercise of stock options for net proceeds of $15,000.

In 2010, the Company issued 1,599,999 common share purchase warrants exercisable at $0.15 per share to two agents. These warrants expired on January 14, 2012.

As at April 23, 2012, Anterra had 246,438,032 common shares, 20,200,000 stock options and no warrants outstanding.

Related Party Transactions

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

(a) During the year ended December 31, 2011, an accounting firm, of which an officer is a shareholder, charged the Company $74,620 (2010 - $20,422) for accounting services. There is no accounts payable at December 31, 2011 and 2010.

(b) At December 31, 2011, the Company has a receivable for $21,399 due from Alliance Success Holding Group Limited ("Alliance"), which owns 77% of the Company's shares at December 31, 2011, for services paid for by the Company on behalf of Alliance, relating to Alliance's investment in the Company. This payment was received in March 2012.

(c) During the year ended December 31, 2011, a consulting company, of which an officer is a shareholder, charged the Company $101,440 (2010 - $55,000) for consulting services. There is accounts payable of $6,430 at December 31, 2011.

All related party transactions are in the normal course of operations and 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.

Key Management Compensation

Key management personnel are comprised of directors and executive management having authority and responsibility for planning, directing and controlling the activities of the Company.

As at December 31,	**2011**	2010
	($)	*($)*
Wages and salaries	**296,667**	379,333
Short-term employee benefits	**3,373**	3,160
Termination benefits	**-**	328,000
Share-based payments	**757,551**	377,313
Total	**1,057,591**	1,087,806

Off-balance Sheet Arrangments

The Company has a term lease agreement for office space, which was entered into in the normal course of operations. The lease agreement does not currently provide for early termination. No asset or liablity value has been assigned to this lease in the balance sheet as of December 31, 2011.

Subsequent Events

At January 14, 2012, the 1,599,999 Class A share purchase warrants expired, unexercised.

Changes in Accounting Policy

The Company adopted IFRS effective January 1, 2011. As a result, the Company has prepared its financial statements for the year ended December 31, 2011 under IFRS and has restated its financial statements for the yeawr ended December 31, 2010 to comply with IFRS. The financial information presented in this MD&A is derived directly from the Company's financial statements and as such certain comparative information may differ from what was originally presented by the Company using previous Canadian Generally accepted accounting principles ("previous GAAP).

The Company's financial statements as at and for the periods ended December 31, 2011 and 2010 have been prepared in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards under IFRS as issued by the International Accounting Standards Board.

For further details on the Company's transition to IFRS, refer to note 21 of the Company's financial statements for the year ended December 31, 2011.

Future Accounting Policy Changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods. The standards impacted that are applicable to the Company are as follows:

- IFRS 9 – "Financial Instruments" was issued in November 2009 as the first step in its project to replace International Accounting Standard ("IAS") 39 – "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard.

- IFRS 10 – "Consolidated Financial Statements" was issued in May 2011 and will supersede the consolidation requirements in Standard Industrial Classification 12 – "Consolidation - Special Purpose Entities" and IAS 27 – "Consolidated and Separate Financial Statements" effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is currently assessing the impact of this standard.

- IFRS 11 – "Joint Arrangements" was issued in May 2011 and will supersede existing IAS 31 – "Joint Ventures" effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The Company is currently assessing the impact of this standard.

- IFRS 12 – "Disclosure of Interests in Other Entities" was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard.

- IFRS 13 – "Fair Value Measurement" was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures regarding fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently assessing the impact of this standard.

- IAS 1 – "Presentation of Items of Other Comprehensive Income" was amended in June 2011 to separate items of other comprehensive income that may be subsequently reclassed to income. The standard is required to be adopted for periods beginning on or after July 1, 2012.

- IAS 27 – Separate Financial Statements" has been amended to conform to the changes made in IFRS 10 but retains the current guidance for separate financial statements.

- IAS 28 – "Investments in Associates and Join Ventures" has been amended to conform to the changes made in IFRS 10 and IFRS 11.

Risk Factors

The reader should consider each of the following factors as well as the other information contained in this report in evaluating Anterra's business and future prospects. Crude oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by the Company will result in new discoveries. The risks and uncertainties described below are not the only ones the Company is faced with. Additional risks and uncertainties not presently known may also impair Anterra's business operations. If any of the following risks occur, the Company's business and financial results could be harmed. This could have a negative impact on the valuation of the Company's common stock. The reader should also refer to the other information set forth in this report, including Anterra's annual consolidated financial statements and the accompanying notes.

- Limited operating history and no certainty of future profitability.
- Fluctuations in both crude oil and natural gas pricing could have both a positive and a detrimental impact on the Company's operations and valuation.
- Volatile product market demand.
- Transportation interruptions.
- Government regulations and taxes.
- Environmental and safety concerns.
- Ability to raise capital.
- Management of future growth and expansion.
- Ability to continue to secure lands for exploration and development.
- Interruptions and delays caused by equipment availability.
- Weather.
- Ability to hire and retain qualified professionals.

The Company mitigates these risks by diligent management of those factors that it can control, including the engagement of highly qualified and experienced professionals, use of the latest technology and a focus on low cost reserves.

Anterra carries insurance coverage to protect itself against potential losses due to accidental destruction of assets, well blowouts and environmental damages. The Company also follows all government regulations and has an emergency response plan in place.

DISCLOSURE CORRECTIONS

As a result of a continuous disclosure review conducted by the Alberta Securities Commission, the Company has determined that there have been errors in the Company's financial statements for the first, second and third quarters of 2011. The errors occurred in the measurement of depletion expense and share based payment expense, due to certain costs not being included. The result of the errors is that the net income in the quarters reported was overstated by the following amounts, which was released on March 19, 2012:

	Q1 2011	**Q2 2011**	**Q3 2011**	**Total**
Depletion expense	221,519	$210,034	$242,800	$674,353
Share based payment expense	-	-	$12,232	$12,232
Decrease in net income	$221,519	$210,034	$255,032	$686,585

In addition, after reviewing the depletion calculation for oil and gas properties for 2011 Q1, Q2 and Q3, we found the reserve volume amount was used incorrectly to calculate depletion amount.

Period	Previously reported	Adjustment as per news release	Additional adjustment	As adjusted
2011 Q1	$ 263,212	$ 221,519	$ (114,944)	$ 369,787
2011 Q2	$ 304,332	$ 210,034	$ (81,069)	$ 433,297
2011 Q3	$ 392,509	$ 242,800	$ (165,985)	$ 469,324

Supplemental Quarterly Information

Three Months Ended	Dec. 31,	Sep. 30, (3)	Jun. 30, (3)	Mar. 31, (3)
	($)	*($)*	*($)*	*($)*
2011				
Gross revenue	**3,021,111**	**3,278,175**	**2,683,083**	**2,496,051**
Net income (loss)	**(806,893)**	**455,438**	**480,315**	**200,067**
Per share – basic	**(0.003)**	**0.002**	**0.002**	**(0.001)**
Per share – diluted	**(0.003)**	**0.002**	**0.002**	**(0.001)**
Funds flow from operations (1)	**804,379**	**1,033,323**	**1,007,445**	**1,185,519**
Per share – basic	**0.003**	**0.004**	**0.004**	**0.005**
Per share – diluted	**0.003**	**0.004**	**0.004**	**0.005**
Capital expenditures	**32,872**	**2,726,527**	**1,510,064**	**3,788,550**
Total assets	**38,140,026**	**37,588,396**	**35,461,172**	**35,558,138**
Working capital (deficiency)	**(4,334,822)**	**(5,124,259)**	**(3,472,723)**	**(2,735,708)**
Shareholders' equity	**25,303,101**	**25,852,973**	**25,226,904**	**24,563,199**
Production				
Light crude oil *(bbls/d)*	**228**	**265**	**240**	**208**
NGLs *(bbls/d)*	**20**	**16**	**32**	**2**
Natural gas *(mcf/d)*	**383**	**459**	**287**	**335**
Total *(boe/d)*	**312**	**358**	**321**	**266**
Total *(boe)*	**28,749**	**32,967**	**29,171**	**23,931**
2010				
Gross revenue	1,750,165	1,383,202	1,235,652	1,312,064
Net income (loss)	(1,824,090)	(667,250)	(313,776)	(356,205)
Per share – basic	(0.006)	(0.003)	(0.001)	(0.001)
Per share – diluted	(0.006)	(0.003)	(0.001)	(0.001)
Funds flow from operations (1)	(1,169,969)	(196,999)	(143,606)	(231,848)
Per share – basic	(0.003)	(0.001)	(0.001)	(0.001)
Per share – diluted	(0.003)	(0.001)	(0.001)	(0.001)
Capital expenditures	(678,606)	146,603	108,952	5,183,846
Total assets	31,165,293	32,391,508	32,545,761	34,331,892
Working capital (deficiency)	(507,074)	(72,180)	730,972	1,027,546
Shareholders' equity	23,471,167	24,760,902	25,124,474	25,454,760
Production				
Light crude oil *(bbls/d)*	164	141	120	116
NGLs *(bbls/d)*	4	5	3	3
Natural gas *(mcf/d)*	134	151	195	225
Total *(boe/d)*	190	171	156	157
Total *(boe)*	17,437	15,727	14,229	14,264

(1) Funds flow from operations and funds flow from operations per share are not recognized measures under International Financial Reporting Standards. Refer to the Management's Discussion and Analysis for further discussion.

(2) The selected quarterly information has been prepared in accordance with the accounting principles as contained in the notes to the consolidated financial statements for the years ended December 31, 2011 and 2010.

(3) Some amounts were restated for the corrections discussed above.

Factors That Have Caused Variations Over the Quarters

Anterra's total capital expenditures increased significantly in the first, second and third quarters of 2011 due to more active drilling programs, which also contributed to the substantial decrease in working capital. The increase in Anterra's revenue and net earnings from quarter to quarter are primarily caused by increases in production and changes in realized commodity prices. The decrease in revenue in the fourth quarter of 2011 was due to the normal decline of production from the Buck Lake wells, which caused the net losses in the fourth quarter of 2011. The loss in the fourth quarter of 2010 was due to the high operating costs discussed in the operating expense section. The increased production volume comes from the Buck Lake wells. Refer to "Financial and Operating Results" and other sections for detailed discussions on variations during the comparative quarters and to Anterra's previously issued interim and annual MD&A for changes in prior quarters.

Reconciliations to Previously Reported Numbers

The Statement of Financial Position at December 31, 2010 and the Statement of Income (Loss) and Comprehensive Income (Loss) were adjusted to correct for amounts relating to mechanical errors made relating to depletion, depreciation and amortization, operating expenses, and the deferred income tax provision. An impairment of property, plant and equipment was recognized as a result of the previously mentioned mechanical errors being corrected. The correction and the revised IFRS ending balances as at and for the year ended December 31, 2010 are presented below:

Account	Previously reported	Adjustment	As adjusted
Evaluation & exploration assets	$ 3,079,706	$ (212,067)	$ 2,867,639
Property, plant and equipment	25,535,564	219,836	25,755,400
Deferred tax liability	806,231	(11,733)	794,498
Decommissioning liability	3,764,035	86,265	3,850,300
Deficit	(9,031,029)	(66,764)	(9,097,793)

Account	Previously reported	Adjustment	As adjusted
Operating expenses	$ 4,070,920	$ 86,266	$ 4,157,186
Depletion, depreciation and amortization	$ 1,516,330	$ (111,172)	$ 1,405,158
Impairment expense	-	103,403	103,403
Income tax recovery	(919,354)	375,977	(543,377)
Total comprehensive loss	(2,706,847)	454,474	(3,161,321)

Outlook

For the year of 2012, Anterra will continue to focus on the exploration, exploitation and development of its Cardium and Bakken resource projects in Alberta and Saskatchewan. Specifically, the Company intends to continue developing its Cardium project at Buck Lake, Alberta where it has recently drilled two successful horizontal Cardium oil wells on 60% working interest lands. There are potentially 6 to 8 additional locations to drill on these lands and the Company plans to drill at least three of these development wells this year. At Breton, the Company is in the process of licencing the first horizontal development well that it plans to drill in its Belly River property.

At Abbott in Saskatchewan, the Company completed a 3-D seismic shoot and interpretation and drilled an exploratory well on its lands in August, 2011. This project is still being developed and the well is expected to be re-entered and completed. The Company has 20 Sections of 100% owned lands at Abbott and, following a successful exploratory well, has many additional locations to drill.

The Company has established a preliminary net capital budget of $3.5 million to finance its drilling activities during the year. The budget will be funded by undrawn bank lines, cash flow from operations and equity financings.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.anterraenergy.com.