



**Anterra Energy Inc.  
Condensed Interim Financial Statements  
FOR THE THREE MONTHS ENDED March 31, 2012**

**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.

# ANTERRA ENERGY INC

Statements of Financial Position  
(unaudited)

	Note	March 31, 2012	December 31, 2011
<b>Assets</b>			
Trade and other receivables		\$ 2,105,860	\$ 2,043,722
Deposits and prepaid expenses		383,708	445,308
Total current assets		2,489,568	2,489,030
Property, plant and equipment	5	30,415,825	30,763,208
Intangible exploration assets and other intangible assets	6	4,894,151	4,887,788
Total non-current assets		35,309,976	35,650,996
Total assets		\$ 37,799,544	\$ 38,140,026
<b>Liabilities</b>			
Bank debt	8	\$ 4,570,666	\$ 4,603,313
Trade and other payables		2,129,560	2,220,538
Total current liabilities		6,700,226	6,823,851
Decommissioning liabilities	9	4,423,811	4,672,013
Deferred tax liability		1,348,897	1,341,061
Total non-current liabilities		5,772,708	6,013,074
Total liabilities		12,472,934	12,836,925
<b>Equity</b>			
Share capital		31,264,146	31,264,146
Contributed surplus		2,535,225	2,479,901
Deficit		(8,472,761)	(8,440,946)
Total equity		25,326,610	25,303,101
Total equity and liabilities		\$ 37,799,544	\$ 38,140,026

The notes are an integral part of these financial statements.

# ANTERRA ENERGY INC

Statements of Income (Loss) and Comprehensive Income (Loss)  
For the period ended March 31, 2012 and 2011  
(Unaudited)

	Note	For the three Months Ended March 31, 2012	For the three Months Ended March 31, 2011
Revenue		\$ 2,289,204	\$ 2,496,051
Royalties		(340,974)	(196,617)
		1,948,230	2,298,434
Production and operating expenses		(893,747)	(606,958)
Depletion, depreciation and amortization		(407,098)	(409,385)
General and administrative expenses		(536,508)	(482,463)
Share-based payments		(55,324)	(725,751)
Results from operating activities		55,553	73,877
Finance expense	3	(79,532)	(52,905)
Income / (Loss) before income tax		(23,979)	20,972
Deferred income tax expense (reduction):		7,836	(179,095)
Income (loss) and comprehensive income (loss)		\$ (31,815)	\$ 200,067
Earnings per share:			
Basic and diluted		\$ (0.000)	\$ 0.001

The notes are an integral part of these financial statements.

# ANTERRA ENERGY INC

## Statements of Changes in Equity (Unaudited)

	Note	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Total equity
Balance at January 1, 2011		245,088,032	\$ 31,085,812	\$ 1,483,148	\$ (9,097,793)	\$ 23,471,167
Issue of common shares		663,000	99,450			99,450
Share based payments		–	–	725,751		725,751
Profit for the period		–	–	–	200,067	200,067
<b>Balance at March 31, 2011</b>		<b>245,751,032</b>	<b>\$ 31,185,262</b>	<b>\$ 2,208,899</b>	<b>\$ (8,897,726)</b>	<b>\$ 24,496,435</b>
Balance at January 1, 2012		246,438,032	\$ 31,264,146	\$ 2,479,901	\$ (8,440,946)	\$ 25,303,101
Share based payments		–	–	55,324	–	55,324
Loss for the period		–	–	–	(31,815)	(31,815)
<b>Balance at March 31, 2012</b>		<b>246,438,032</b>	<b>\$ 31,264,146</b>	<b>\$ 2,535,225</b>	<b>\$ (8,472,761)</b>	<b>\$ 25,326,610</b>

The notes are an integral part of these financial statements.

# ANTERRA ENERGY INC

## Statements of Cash Flow

For the periods ended March 31, 2012 and 2011  
(Unaudited)

	Note	2012	2011
Cash flow from operating activities:			
Income (Loss) for the period		\$ (31,815)	\$ 200,067
Adjustments for:			
Depletion, depreciation and amortization	5	407,098	409,385
Accretion of decommissioning obligations	9	22,017	29,411
Share based payments		55,324	725,751
Deferred income tax expense (recovery)		7,836	(179,095)
Change in non-cash working capital	4	238,580	1,357,533
Net cash from operating activities		699,040	2,543,052
Cash flow from investing activities:			
Property, plant and equipment expenditures	5	(329,934)	(3,309,776)
Additions to intangible exploration assets	6	(6,363)	(478,774)
Change in non-cash working capital	4	(330,096)	604,800
Net cash (used in) investing activities		(666,393)	(3,183,750)
Cash flow from financing activities:			
Proceeds from issue of share capital		-	99,450
Repayment of loans and borrowings		(32,647)	-
Settlement of debenture		-	(12,509)
Proceeds from loans and borrowings		-	510,464
Net cash from (used in) financing activities		(32,647)	597,405
Change in cash and cash equivalents		-	(43,293)
Cash and cash equivalents beginning of period		-	43,293
Cash and cash equivalents end of period		-	-

The notes are an integral part of these financial statements.

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are in Canadian dollars except share and per share information)

## 1. Reporting entity:

Anterra Energy Inc. (the "Company" or "Anterra") is a public company that was incorporated under the Alberta Business Corporations Act on March 22, 2000 as Holy Smoke Capital Corp. On November 1, 2002, the Company changed its name to Anterra Corporation. On January 1, 2007, Anterra Corporation and its wholly owned subsidiaries Anterra Resources Inc. and Anterra Midstream Inc. were amalgamated under the name of Anterra Corporation. On May 1, 2007, Anterra Corporation completed an amalgamation with Resolve Energy Inc. under the name of Anterra Energy Inc. The Company is engaged in the exploration for and development and production of oil and natural gas and conducts many of its activities jointly with others; these financial statements reflect only the Company's proportionate interest in such activities. The address of the office is #1420, 1122 4th Street SW, Calgary, Alberta.

The Company's parent company, holding 77% of the Company's common shares, is Alliance Success Group Holding Ltd ("Alliance"). Alliance is a Hong Kong based Investment Company.

The Company has two reportable operating segments and corporate segment. The Oil and Gas Production segment explores for, develops and produces oil and gas. The Midstream Processing segment provides processing and disposal services in the oil and gas industry.

Segmented Financial Information:

For three months ended March 31, 2012	Oil and Gas Production	Midstream Processing	Corporate Segment	Eliminations	Total
Revenue	\$ 1,598,346	\$ 690,858	\$ -	\$ (21,068)	\$ 2,268,136
Royalties	(340,974)	-	-	-	(340,974)
	1,257,372	690,858	-	(21,068)	1,927,162
Production and operating expenses	674,612	219,135	-	(21,068))	872,679
Depletion, depreciation and amortization	376,606	30,492	-	-	407,098
General and administrative expenses	-	-	536,508	-	536,508
Share-based payments	-	-	55,324	-	55,324
Finance expense	19,903	2,114	57,515	-	79,532
Deferred income tax expense	-	-	7,836	-	7,836
	-	-	-	-	-
Net income	186,251	439,117	(657,183)	-	(31,815)
Capital expenditures:					
Exploration and evaluation assets	6,363	-	-	-	6,363
Property, plant and equipment	311,190	-	18,744	-	329,934
Total Assets	34,112,148	1,161,138	2,526,258	-	37,799,544

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

For three months ended March 31, 2011	Oil and Gas Production	Midstream Processing	Corporate Segment	Eliminations	Total
Revenue	\$ 1,815,813	\$ 714,873	-	\$ (34,635)	\$ 2,496,051
Royalties	197,617	-	-	-	197,617
	1,618,196	714,873	-	(34,635)	2,298,434
Production and operating expenses	427,800	213,793	-	(34,635)	606,958
Depletion, depreciation and amortization	369,786	32,580	7,019	-	409,385
General and administrative expenses	-	-	482,463	-	482,463
Finance expense	-	-	52,905	-	52,905
Deferred income tax expense (recovery)	-	-	(179,095)	-	(179,095)
Share-based payments	-	-	725,751	-	725,751
Net income (loss)	820,610	468,500	(1,089,043)	-	200,067
Capital expenditures:					
Exploration and evaluation assets	478,774	-	-	-	478,774
Property, plant and equipment	3,205,665	-	-	-	3,205,665
Total Assets	30,726,760	1,379,108	3,558,845	-	35,664,713

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

## 2. Basis of preparation:

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and using the accounting policies disclosed in the financial statements for the year ended December 31, 2011. These interim condensed financial statements should be read in conjunction with the audited financial statement for the year ended December 31, 2011 and do not include all of the information required for full annual financial statements.

The interim condensed financial statements were authorized for issuance by the Corporation's Board of Directors on May 29, 2012.

## 3. Finance income and expenses:

For the three months ended at March 31,	2012	2011
Finance income:		
Interest income on bank deposits	\$ (3,300)	\$ 3,137
Financial expenses:		
Interest on loans and borrowings	\$ 54,215	\$ 26,631
Accretion of decommissioning liabilities	22,017	29,411
	\$ 76,232	\$ 56,042
Net finance expenses	\$ 79,532	\$ 52,905

## 4. Supplemented cash flow information:

Changes in non-cash working capital is comprised of:

For the three months ended March 31	2012	2011
Source/ (use) of cash:		
Trade and other receivables	\$ (62,138)	\$ (1,861,907)
Deposit and prepaid expenses	61,600	802,023
Trade and other payables	(90,978)	3,022,217
	\$ (91,516)	\$ 1,962,333
Related to operating activities	\$ 238,580	\$ 1,357,533
Related to investing activities	\$ (330,096)	\$ 604,800



# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

## 5. Property, plant and equipment:

	Petroleum and natural gas properties	Processing facilities and furniture and fixtures	Total
	\$	\$	\$
<b>Cost</b>			
At January 1, 2011	25,726,108	3,138,545	28,864,653
Additions	5,061,721	31,805	5,093,525
Transfer from E&E assets	926,406	-	926,406
Decommissioning provisions	860,474	36,607	897,082
At December 31, 2011	32,574,709	3,206,957	35,781,666
Additions	311,190	18,744	329,934
Decommissioning provisions	(270,219)	-	(270,219)
At March 31, 2012	32,615,680	3,225,701	35,841,381
<b>Accumulated Depreciation</b>			
At January 31, 2011	1,284,987	1,824,266	3,109,253
Charge for the period	1,736,090	173,115	1,909,205
At December 31, 2011	3,021,077	1,997,381	5,018,458
Charge for the period	376,606	30,492	407,098
At March 31, 2012	3,397,683	2,027,873	5,425,556
<b>Net book value</b>			
31-Dec-11	29,553,632	1,209,576	30,763,208
31-Mar-12	29,217,997	1,197,828	30,415,825

Future development costs on proved plus probable reserves totaling approximately \$21,415,300 (2010 - \$23,426,800) are included in the depletion calculation.

At March 31, 2012, 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% (2011 – 10%). No impairment was indicated.

The recoverable amount of the CGUs was estimated based on fair value less costs to sell. The estimate of fair value less costs to sell was determined using a discount rate of 10 percent (2011 - 10%) and forecast cash flows of proved and probable reserves, with escalating prices and future development costs, as obtained from the reserve report. The prices used to estimate the fair value less cost to sell are those used by independent reserve engineers.

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

## 6. Intangible exploration assets and other intangible assets:

	E&E Assets	License and permits	Total
<b>Cost:</b>			
Balance at January 1, 2011	\$ 2,867,639	10,001	2,877,640
Additions	2,946,555	–	2,946,555
Transfers to property, plant and equipment	(926,406)	–	(926,406)
<b>Balance at December 31, 2011</b>	<b>\$ 4,887,788</b>	<b>\$ 10,001</b>	<b>\$ 4,897,789</b>
Additions	6,363	–	6,364
<b>Balance at March 31, 2012</b>	<b>\$ 4,894,151</b>	<b>\$ 10,001</b>	<b>\$ 4,894,151</b>
<b>Amortization and impairment losses:</b>			
Balance at March 31, 2012 and December 31, 2011	\$ –	\$ 10,001	\$ (10,001)
<b>Carrying amounts:</b>			
At December 31, 2011	\$ 4,887,788	\$ –	\$ 4,887,788
At March 31, 2012	\$ 4,894,151	\$ –	\$ 4,894,151

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

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## 7. Earnings per share:

Basic earnings per share was calculated as follows:

For the three months ended March 31,	2012	2011
Income / (Loss) for the period	\$ (31,815)	\$ 200,067
Weighted average number of common shares (basis)		
Issued common shares at January 1	246,438,032	15,000,000
Effects of shares issued	-	5,350,000
Weighted average number of common shares - basic	246,438,032	20,350,000

Excluded from diluted earnings per share is the effect of 20,200,000 options (2010 – 15,000,000 options) as their effect is anti-dilutive.

## 8. Loans and borrowings:

At March 31, 2012, the Company had a \$12,000,000 (December 31, 2011 - \$12,000,000) revolving demand loan facility, of which \$4,570,666 was drawn at March 31, 2012. The revolving loan bears interest at prime plus 0.75% in 2012 (2011 - prime plus 0.75%), with an effective rate at March 31, 2012 of 3.75% (December 31, 2011 – 3.75%). Bank facilities are 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 March 31, 2012.

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

## 9. Decommissioning provisions:

	\$
At January 1, 2011	3,850,300
Changes to estimate	855,698
Provision made during the year	41,384
Decommissioning expenditure	(111,900)
Accretion expense	36,531
At December 31, 2011	4,672,013
Changes to estimate	(270,219)
Accretion expense	22,017
<b>At March 31, 2012</b>	<b>4,423,811</b>

### Decommissioning obligations:

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be \$4,423,811 as at March 31, 2012 (December 31, 2011 - \$4,672,013) based on an undiscounted total future liability of \$5,001,409 (December 31, 2011 - \$5,001,409). These payments are expected to be made over the next 25 years with the majority of costs to be incurred between 2015 and 2025. The discount factor, being the risk free rate related to the liability, is 2.5% (2011 - 2.5%).

## 10. Related party transactions:

The Company had the following related party transactions:

- (a) During the three months ended March 31, 2012, an accounting firm, of which an officer is a shareholder, charged the Company \$1,700 (2011 - \$24,400) for accounting services. There is no accounts payable at March 31, 2012.
- (b) During the three months ended March 31, 2012, a consulting company, of which an officer is related to, charged the Company \$19,290 (2011 - \$30,000) for consulting services. There is accounts payable of \$6,430 at March 31, 2012.

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.

# ANTERRA ENERGY INC

Notes to Financial Statements

For the periods ended March 31, 2012 and 2011

(tabular amounts are Canadian dollars except share and per share information)

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## CORPORATE INFORMATION

### Directors

Gary Chang;	Vancouver BC Canada	(1)
James H. Coleman;	Calgary AB Canada	(1) (3)
Ross O. Drysdale;	Calgary AB Canada	(1) (2) (3)
Gang Fang;	Calgary AB Canada	(2) (3)
Hong Lei;	Beijing P.R. China	
Owen C. Pinnell;	Calgary AB Canada	(2)
Zhen Xiang Huo;	Beijing P.R. China	

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

### Officers

Owen C. Pinnell	– Chairman
Gang Fang	– President and Chief Executive Officer
Bob D. McCuaig	– Executive Vice President
Qiping Men	– Chief Financial Officer

### Head Office

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Email: [info@anterraenergy.com](mailto:info@anterraenergy.com)

### Stock Exchange

TSXV Venture Exchange  
Trading Symbol: AE.A

### Auditors

KPMG LLP

### Registrar and Transfer Agent

Olympia Trust Company  
2300, 125 Ninth Avenue S.E.  
Calgary, Alberta T2G 0P6

### Bankers

Canadian Western Bank

### Legal Counsel

Norton Rose Canada LLP

### Securities filings

[www.sedar.com](http://www.sedar.com)

Information request and other investor relations inquiries can be directed to [menq@anterraenergy.com](mailto:menq@anterraenergy.com) or by telephone at (403) 215 0860. Additional corporation information can be obtained through Anterra's website at [www.anterraenergy.com](http://www.anterraenergy.com).