



**Anterra Energy Inc.
Condensed Interim Financial Statements
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 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.

Condensed Interim Statements of Financial Position
(Unaudited)

	Note	September 30, 2012	December 31, 2011
Assets			
Trade and other receivables		\$ 2,441,671	\$ 2,043,722
Deposits and prepaid expenses		491,802	445,308
Total current assets		2,933,473	2,489,030
Property, plant and equipment	5	31,769,489	30,763,208
Intangible exploration assets and other intangible assets	6	4,924,935	4,887,788
Total non-current assets		36,694,424	35,650,996
Total assets		\$ 39,627,897	\$ 38,140,026
Liabilities			
Bank debt	8	\$ 5,400,321	\$ 4,603,313
Trade and other payables		3,360,992	2,220,538
Total current liabilities		8,761,313	6,823,851
Decommissioning liabilities	9	4,597,793	4,672,013
Deferred tax liability		1,247,218	1,341,061
Total non-current liabilities		5,845,011	6,013,074
Total liabilities		14,606,324	12,836,925
Equity			
Share capital		31,264,146	31,264,146
Contributed surplus		2,585,040	2,479,901
Deficit		(8,827,613)	(8,440,946)
Total equity		25,021,573	25,303,101
Total equity and liabilities		\$ 39,627,897	\$ 38,140,026

The notes are an integral part of these condensed interim financial statements.

ANTERRA ENERGY INC.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the periods ended September 30, 2012 and 2011
(Unaudited)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2012	2011	2012	2011
Revenue		1,837,779	3,278,176	6,046,587	8,457,309
Royalties		(154,780)	(736,922)	(752,263)	(1,304,520)
		1,682,999	2,541,254	5,294,324	7,152,789
Production and operating expenses		(830,748)	(952,605)	(2,651,888)	(2,410,463)
Depletion, depreciation and amortization	5	(368,711)	(459,323)	(1,287,057)	(1,302,006)
General and administrative		(416,575)	(613,728)	(1,497,176)	(1,591,891)
Share-based payment expense		(37,716)	(12,232)	(105,139)	(774,248)
Results from operating activities		29,249	503,366	(246,936)	1,074,181
Finance (expense)	3	(88,711)	(54,159)	(233,574)	(187,518)
Income (loss) before income tax		(59,462)	449,207	(480,510)	886,663
Deferred tax recovery		(13,273)	(6,230)	(93,843)	(249,156)
Income (loss) and comprehensive income (loss)		(46,189)	455,437	(386,667)	1,135,819
Earnings (loss) per share					
Basic and diluted	7	\$ 0.000	\$ 0.002	\$ 0.000	\$ 0.003

The notes are an integral part of these condensed interim financial statements.

ANTERRA ENERGY INC.

Condensed Interim 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
Exercise of warrants		933,334	140,000	–	–	140,000
Share based payments		–	–	774,248	–	774,248
Profit for the period		–	–	–	1,135,819	1,135,819
Balance at September 30, 2011		246,021,366	\$ 31,225,812	\$ 2,257,396	\$ (7,961,974)	\$ 25,521,234
Balance at January 1, 2012		246,438,032	\$ 31,264,146	\$ 2,479,901	\$ (8,440,946)	\$ 25,303,101
Share based payments		–	–	105,139	–	105,139
Loss for the period		–	–	–	(386,667)	(386,667)
Balance at September 30, 2012		246,438,032	\$ 31,264,146	\$ 2,585,040	\$ (8,827,613)	\$ 25,021,573

The notes are an integral part of these condensed interim financial statements.

ANTERRA ENERGY INC.

Condensed Interim Statements of Cash Flow

For nine months ended September 30, 2012 and 2011
(Unaudited)

	Note	2012	2011
Cash flow from operating activities:			
Income (Loss) for the period		(386,667)	1,135,819
Adjustments for:			
Depletion, depreciation and amortization	5	1,287,057	1,302,006
Accretion of decommissioning obligations	9	64,640	87,921
Share based payments		105,139	774,248
Deferred income tax (recovery)		(93,843)	(249,156)
Change in non-cash working capital	4	356,628	1,314,889
Net cash from operating activities		1,332,954	4,365,727
Cash flow from investing activities:			
Property, plant and equipment expenditures	5	(2,432,198)	(5,073,916)
Additions to intangible exploration assets	6	(37,147)	(2,775,776)
Change in non-cash working capital	4	339,383	874,710
Net cash (used in) investing activities		(2,129,962)	(6,974,982)
Cash flow from financing activities:			
Proceeds from issue of share capital		-	181,667
Settlement of debenture		-	(487,455)
Proceeds from loans and borrowings		797,008	2,871,750
Net cash from financing activities		797,008	2,565,962
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 condensed interim financial statements.

ANTERRA ENERGY INC.

Notes to Condensed Interim Financial Statements

For the periods ended September 30, 2012 and 2011

(Unaudited tabular amounts are in Canadian dollars except share information)

1. Reporting entity:

Anterra Energy Inc. (the "Company" or "Anterra") 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 head 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 a 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 nine months ended September 30, 2012	Oil and Gas Production \$	Midstream Processing \$	Corporate Segment \$	Eliminations \$	Total \$
Revenue	4,098,187	2,006,399	-	(57,999)	6,046,587
Royalties	(752,263)	-	-	-	(752,263)
	3,345,924	2,006,399	-	(57,999)	5,294,324
Production and operating expenses	1,977,189	732,698	-	(57,999)	2,651,888
Depletion, depreciation and amortization	1,196,866	90,191	-	-	1,287,057
General and administrative expenses	-	-	1,497,176	-	1,497,176
Share-based payments	-	-	105,139	-	105,139
Finance expense	-	-	233,574	-	233,574
Deferred income tax (recovery)	-	-	(93,843)	-	(93,843)
Net Income (loss)	171,869	1,183,510	(1,742,046)	-	(386,667)
Capital expenditures:					
Exploration and evaluation assets	37,147	-	-	-	37,147
Property, plant and equipment	2,311,568	120,630	-	-	2,432,198
Total Assets	38,379,390	1,248,507			\$39,627,897

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

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

For nine months ended September 30, 2012	Oil and Gas Production \$	Midstream Processing \$	Corporate Segment \$	Eliminations \$	Total \$
Revenue	6,497,605	2,040,491	--	(80,787)	8,457,309
Royalties	(1,304,520)	--	--	--	(1,304,520)
	5,193,085	2,040,491	--	(80,787)	7,152,789
Production and operating expenses	1,869,532	621,718	--	(80,787)	2,410,463
Depletion, depreciation and amortization	1,135,087	166,919	--	--	1,302,006
General and administrative expenses	--	--	1,591,891	--	1,591,891
Finance expense	--	--	187,518	--	187,518
Deferred income tax (recovery)	--	--	(249,156)	--	(249,156)
Share-based payments	--	--	774,248	--	774,248
Net income (loss)	2,188,466	1,251,854	(2,304,501)	--	1,135,819
Capital expenditures:					
Exploration and evaluation assets	2,775,776	--	--	--	2,775,776
Property, plant and equipment	4,911,765	162,151	--	--	5,073,916
Total Assets	33,931,166	1,353,784	--	--	35,284,950

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

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

2. Basis of preparation:

These condensed interim financial statements for) for the three and nine months ended September 30, 2012 have been prepared in accordance with International Accounting Standard (IAS) 34 as issued by the International Accounting Standard Board ("ISAB"). These condensed interim financial statements have been prepared "Interim Financial Reporting" using the accounting policies disclosed in the financial statements for the year ended December 31, 2011. These condensed interim financial statements should be read in conjunction with the audited financial statements 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 November 23, 2012.

3. Finance income and expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Finance income:				
Interest income on bank deposits	(2,231)	(3,193)	(5,529)	(7,231)
Financial expenses:				
Interest on loans and borrowings	71,308	28,693	174,463	106,828
Accretion of decommissioning Liabilities	19,634	28,659	64,640	87,921
	90,942	57,352	239,103	194,749
Net finance expenses	88,711	54,159	233,574	187,518

4. Supplemental cash flow information:

Changes in non-cash working capital is comprised of:

For the nine months ended September 30	2012	2011
Source/ (use) of cash:		
Trade and other receivables	\$ (397,949)	\$ (644,063)
Deposit and prepaid expenses	(46,494)	1,074,618
Trade and other payables	1,140,454	1,759,044
	\$ 696,011	\$ 2,189,599
Related to operating activities	\$ 356,628	\$ 1,314,889
Related to investing activities	339,383	874,710
	\$ 696,011	\$ 2,189,599

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

(Unaudited tabular amounts are in 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
	\$	\$	\$
Cost			
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	2,311,568	120,630	2,432,198
Decommissioning provisions	(147,352)	8,492	(138,860)
At September 30, 2012	34,738,926	3,336,079	38,075,004
Accumulated Depreciation			
At January 1, 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	1,196,866	90,191	1,287,057
At September 30, 2012	4,217,943	2,087,572	6,305,515
Net book value			
At December 31, 2011	29,553,632	1,209,576	30,763,208
At September 30, 2012	30,520,983	1,248,507	31,769,489

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

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

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

6. Intangible exploration assets and other intangible assets:

	E&E Assets	License and permits	Total
Cost:			
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)
Balance at December 31, 2011	\$ 4,887,788	\$ 10,001	\$ 4,897,789
Additions	37,147	–	37,147
Balance at September 30, 2012	\$ 4,924,935	\$ 10,001	\$ 4,934,936
Amortization and impairment losses:			
Balance at September 30, 2012 and December 31, 2011	\$ –	\$ (10,001)	\$ (10,001)
Carrying amounts:			
At December 31, 2011	\$ 4,887,788	\$ –	\$ 4,887,788
At September 30, 2012	\$ 4,924,935	\$ –	\$ 4,924,935

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

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

7. Earnings per share:

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
Income / (Loss) for the period	\$ (46,189)	\$ 455,437	\$ (386,667)	\$ 1,135,819
Weighted average number of common shares – basic and diluted	246,438,032	246,021,366	246,438,032	246,021,366

Excluded from diluted earnings per share is the effect of 20,200,000 options (2011-20,350,000) as their effect is anti-dilutive.

8. Bank Debt:

At September 30, 2012, the Company had a \$12,000,000 (December 31, 2011 - \$12,000,000) revolving demand loan facility, of which \$5,400,321 was drawn at September 30, 2012 (December 31, 2011- \$4,603,313). The revolving loan bears interest at prime plus 0.75% in 2012 (2011 - prime plus 0.75%), with an effective rate at September 30, 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 September 30, 2012. The next annual review will be on May 2013.

ANTERRA ENERGY INC.

Notes to Financial Statements

For the periods ended September 30, 2012 and 2011

(Unaudited tabular amounts are in 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	(138,860)
Accretion expense	64,640
At September 30, 2012	4,597,793

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 \$4,597,793 as at September 30, 2012 (December 31, 2011 - \$4,672,013) based on an undiscounted, inflation adjusted total future liability of \$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 2.22% (2011 - 2.5%).

10. Related party transactions:

The Company had the following related party transactions for the three and nine months ended at September 30, 2012:

- (a) During the three and nine months ended September 30, 2012, an accounting firm, of which an officer is a shareholder, charged the Company \$3,375 and \$5,075 respectively (2011 - \$19,550 and \$62,320) for accounting services. There is no accounts payable at September 30, 2012 owing to this firm.
- (b) During the three and nine months ended September 30, 2012, a consulting company, of which an officer is related to, charged the Company \$19,290 and \$57,870 respectively (2011 - \$22,860 and \$68,580) for consulting services. There is accounts payable of \$6,430 at September 30, 2012 owing to this company.

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 September 30, 2012 and 2011

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

CORPORATE INFORMATION

Directors

Gary Chang;	Vancouver BC Canada	(1) (2)
James H. Coleman;	Calgary AB Canada	(1) (3)
Ross O. Drysdale;	Calgary AB Canada	(1) (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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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

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