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, 2012 and 2011 and should be read with the accompanying consolidated financial statements and related notes as at and for the years ended December 31, 2012 and 2011. This commentary is based on the information available as at, and is dated April 23, 2013.

Non-IFRS Measures

This MD&A contains the terms "funds flow from (used in) operations", "funds flow from (used in) operations per share" 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 cash 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 term "funds flow from (used in) operations" is 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 flow from (used in) operations to cash from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Funds flow from (used in) operations	**(248,951)**	802,378	**727,375**	4,030,666
Changes in non-cash working capital	**(246,943)**	(382,079)	**109,685**	932,810
Net cash from operating activities	**(495,894)**	420,299	**837,060**	4,963,476

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:

- *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 2013; 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 assurance 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.

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 2012, both oil production and gas production decreased compared to 2011. Reduced production combined with a decline in commodity prices compared to the previous year, resulted in revenue of $5,195,928, a 40% reduction from 2011 oil and gas revenue at $8,616,995. There was a 15% decrease in average prices and a 3% decrease in the oil and gas operating costs during the year; as a result, the oil and gas net operating revenue amounted to $1,726,462 compared to $4,230,931 in the prior year.

Production in 2012 averaged 223 boe per day as compared to 315 boe per day in 2011. Although some wells were shut-in during winter weather conditions, lower production was primarily the result of normal and expected declines from two horizontal wells in the Buck Lake area. Average sale price per barrel realized in 2012 decreased to $63.80 from $75.05 in 2011. During 2012, the Company generated net cash from operations of $837,060 (2011-$4,963,476) as a result of decreases in both production volumes and average prices.

During 2012, midstream productions revenue decreased to $2,708,535 as compared to revenue of $2,989,890 reported in the prior year. The 9% decrease in revenue resulted from scheduled and unschedulted third party shut downs in Breton area in 2012.

At December 31, 2012, the Company had drawn down $5,748,169 on its credit facility of $12,000,000, and had a net working capital deficit of $7,929,584.

During the three months ended December 31, 2012, the Company drilled a new Cardium well at Buck Lake, which was placed on production on December 28, 2012. Also during the fourth quarter, the Company negotiated a corporate acquisition which was completed on March 14, 2013.

Selected Annual Information

Years Ended December 31,	**2012**	2011	2010
(CAD$, except share amounts)	*($)*	*($)*	*($)*
Financial [1]			
Gross revenue	**7,815,050**	11,478,420	5,681,083
Net income (loss)	**(813,513)**	656,847	(3,161,321)
Per share – basic	**(0.003)**	0.003	(0.013)
Per share – diluted	**(0.003)**	0.003	(0.013)
Net cash from (used in) operations	**837,060**	4,963,476	(3,509,155)
Per share – basic	**0.003**	0.020	(0.015)
Per share – diluted	**0.003**	0.020	(0.015)
Capital expenditures	**4,322,138**	8,040,080	4,760,795
Total assets	**43,396,609**	38,140,026	31,165,293
Decommissioning obligations	**6,034,657**	4,672,013	3,850,300
Total non-current liabilities	**7,233,828**	6,013,074	4,644,798
Deferred tax liability	**1,199,171**	1,341,061	794,498
Weighted average shares			
Basic *(#)*	**246,022,556**	246,022,556	239,017,347
Diluted *(#)*	**246,022,556**	246,022,556	239,017,347
Operational			
Production			
Light crude oil *(bbls/d)*	**155**	236	136
Natural gas *(mcf/d)*	**351**	366	59
NGLs *(bbls/d)*	**10**	18	8
Total *(boe/d)*	**223**	315	169
Total *(boe)*	**81,444**	114,818	61,655
Reserves			
Proved plus probable *(mboe)* [2]	**2,414**	2,583	2,041
Lands			
Undeveloped *(net acres)*	**22,442**	25,954	24,749
Wells drilled			
Gross (net) *(#)*	**1 (0.6)**	3 (2.2)	1 (1)

(1) The selected annual information has been prepared in accordance with International Financial Reporting Standards.

(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,	
	2012	2011	**2012**	2011
Production				
Light crude oil *(bbls/d)*	**132**	228	**155**	236
Natural gas *(mcf/d)*	**317**	383	**351**	366
NGLs *(bbls/d)*	**8**	20	**10**	18
Total production *(boe/d)*	**197**	312	**223**	315
Total production *(boe)*	**18,168**	28,749	**81,444**	114,818
Revenue				
Light crude oil *($)*	**980,080**	2,008,317	**4,660,352**	7,693,514
Natural gas *($)*	**83,527**	123,857	**321,688**	521,743
NGLs *($)*	**34,134**	123,299	**213,888**	401,738
Gross revenue *($)*	**1,097,741**	2,255,473	**5,195,928**	8,616,995
Royalties *($)*	**168,081**	452,616	**920,344**	1,757,136
Operating expenses *($)*	**571,933**	697,930	**2,549,122**	2,628,928
Net operating revenue *($)*	**357,727**	1,104,927	**1,726,462**	4,230,931
Average Prices				
Light crude oil *($/bbl)*	**81.00**	95.55	**82.66**	89.38
Natural gas *($/mcf)*	**2.86**	3.51	**2.51**	2.23
NGLs *($/bbl)*	**47.27**	66.61	**57.42**	62.19
Total sales price *($/boe)*	**60.42**	78.45	**63.80**	75.05
Royalty costs *($/boe)*	**9.25**	15.74	**11.30**	15.30
Operating costs *($/boe)*	**31.48**	24.28	**31.30**	22.90
Operating netback *($/boe)*	**19.69**	38.43	**21.20**	36.85
Midstream Processing				
Revenue *($)*	**702,136**	894,103	**2,708,535**	2,989,890
Operating costs *($)*	**323,361**	185,218	**1,056,059**	762,720
Operating netback *($)*	**378,775**	708,885	**1,652,476**	2,227,170

For the fourth quarter of 2012, oil and gas revenue totalled $1,097,741 on average daily sales volumes of 197 boe/d compared to $2,255,473 and 312 boe/d a year ago. The 51% year-over-year revenue decrease resulted from a 37% decrease in sales volumes and a 23% decrease in oil and gas prices; the lower production was primarily caused by normal declining production at Buck Lake. During the fourth quarter of 2012, the Company's realized sales price for light crude oil was $81.00/bbl compared to $95.55/bbl in 2011 and Anterra's product volume mix was 67% light crude oil compared to 73% in 2011. During the year ended December 31, 2012, oil and gas revenue totalled $5,195,928 on average daily sales volumes of 223 boe/d versus $8,616,995 and 315 boe/d a year ago. Revenue decreased 40% due to a 29% decrease in sales volumes and a 15% decrease in oil and gas prices. The Company's realized sales price for light crude oil was $63.80/bbl compared to $75.05/bbl in 2011 and Anterra's product volume mix was 70% light crude oil compared to 75% in 2011. The decrease in revenue is due to normal declining production and realized lower sales prices, as discussed above.

For the fourth quarter of 2012, the midstream processing revenue totaled $702,136 compared to $894,103 for the same period of the previous year. For the year ended December 31 2012, revenue totaled $2,708,535 compared to $2,989,890 for the same period in 2011. Decreased revenue resulted from scheduled and unscheduled third party shut downs.

Royalties

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Crown royalties	**58,580**	(940)	**337,285**	262,623
Freehold royalties	**116,336**	450,343	**572,691**	1,487,773
Overriding royalties	**(6,835)**	3,213	**10,368**	6,740
Total royalties	**168,081**	452,616	**920,344**	1,757,136
Total royalties *($/boe)*	**9.25**	15.74	**11.30**	15.30
Percent of revenue	**15%**	20%	**18%**	20%

For the fourth quarter of 2012, the negative overriding royalty is due to the payout reclassification for a single well in the Breton Area (the Company's working interest being lowered to 65.4% from 100% after payout, the adjusting entry being created back to August 2010).

For the fourth quarter of 2012, the Company recorded total royalties of $168,081 or 15% of revenue versus $452,616 or 20% of revenue for the same period in 2011. The decrease in overall royalty expense was mainly due to lower freehold royalities in the Buck Lake area caused by the normal declining production compared to the fourth quarter of 2011. During the year ended December 31, 2012, total royalties were $920,344 or 18% of revenue compared to $1,757,136 or 20% of revenue a year ago and was similarly affected by the result of lower production volumes from freehold properties in Buck Lake.

Operating Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Oil and gas operation	**571,933**	697,930	**2,549,122**	2,628,928
Midstream operation	**323,361**	185,218	**1,056,059**	762,720
Inter-segment eliminations	**(31,414)**	(30,428)	**(89,413)**	(128,465)
Total operating expenses	**863,880**	852,720	**3,515,768**	3,263,183
Total operating expenses for oil and gas operation *($/boe)*	**31.48**	24.28	**31.30**	22.90

For the fourth quarter of 2012, the Company's oil and gas operating expenses totalled $571,933 or $31.48/boe compared to $697,930 or $24.28/boe in the same period last year, a 30% increase on a per barrel basis. The increase was due to high operating expenses (equipment rental) and lower production caused by normal declines in the Buck Lake Area. During the year ended December 31, 2012, operating expense decreased 3% from $2,628,928 in 2011 to $2,549,122, a 37% increase on a per barrel basis. The increase was consistent with the fourth quarter of 2012 as discussed above.

For the fourth quarter of 2012, the Company's midstream operating expenses totaled $323,361 compared to $185,218 in the same period last year. During the year ended December 31, 2012, operating expenses totaled $1,056,059 versus $762,720 in 2011. Compared to 2011, both wages (due to new hires) and repair and maintenance costs (due to higher equipment cost) increased in 2012.

Operating Netback

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($/boe)	*($/boe)*	*($/boe)*	*($/boe)*
Gross revenue	**60.42**	78.45	**63.80**	75.05
Royalty expenses	**9.25**	15.74	**11.30**	15.30
Operating expenses	**31.48**	24.28	**31.30**	22.90
Operating netback	**19.69**	38.43	**21.20**	36.85

For the three months ended December 31, 2012, Anterra recorded an operating netback of $19.69/boe versus $38.43/boe a year ago. For the year ended December 31, 2012, the operating netback was $21.20/boe compared to $36.85/boe in 2011. The year-over-year decreases were primarily driven by a 15% decrease in crude oil pricing, and an increase in operating expenses with lower royalties partially offseting this decrease.

General and Administrative ("G&A") Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Salaries and management consulting	**274,998**	219,128	**942,793**	878,391
Legal	**181,629**	11,630	**258,662**	57,217
Computer services and subscriptions	**25,391**	36,846	**123,296**	133,218
Accounting and audit fees	**78,253**	18,584	**178,362**	116,897
Investor relations	**-**	10,633	**-**	59,700
Other professional services	**(14,259)**	12,600	**23,541**	50,400
Travel and business entertainment	**56,282**	23,832	**124,208**	99,646
General office expenses	**34,327**	242,872	**482,936**	770,547
	636,621	576,125	**2,133,798**	2,166,016

For the quarter ended December 31, 2012, total G&A expenses were $636,621 compared to $576,125 recorded during the same period of 2011. The 28% increase was primarily due to preliminary acquisition costs which relate to the Terrex acquisition which closed subsequent to year end.

G&A expenses totalled $2,133,798 for the year ended December 31, 2012 compared to $2,166,016 a year ago. The 1% decrease in the annual costs was due to:

- Increased salaries, legal fees and consulting costs primarily due to higher consulting costs related to the Terrex acquisition which was incurred in 2012. The total cost incurred in 2012 relating to the Terrex acquisition was $218,349.
- Higher travel and business entertainment costs due to increased travel costs for director's meetings

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

- Lower insurance expense.
- Lower general office expenses including communication and office supplies.
- Lower reserve evaluation expense.

Net Finance Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Interest income on cash on deposit	(265)	(211)	(5,794)	(7,444)
Interest on bank debt	69,063	50,136	243,526	156,964
Accretion of decommissioning obligations	21,686	30,458	86,326	36,530
Total net finance expenses	90,484	80,383	324,058	186,050
Total net finance expenses *($/boe)*	4.98	2.80	3.98	1.62

During the three months and year ended December 31, 2012, interest income decreased due to lower cash balances on deposit compared to 2011.

Interest on bank debt increased $18,927 and $86,562 in the three-month and year-end periods, respectively, due to interest on increased borrowing under the Company's credit facilities in 2012.

For the year ended December 31, 2012, accretion of decommissioning increased by $49,726 due to the higher risk-free rate.

Depletion and Depreciation ("D&D")

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
D&D for oil and gas properties	**232,178**	461,636	**1,429,044**	1,736,090
D&D for midstream facilities and others	**29,999**	43,279	**69,415**	173,115
Total D&D	**262,177**	504,915	**1,498,459**	1,909,205
Total D&D for oil and gas properties *($/boe)*	**12.78**	16.06	**17.55**	16.63

The provision for depletion of oil and gas property, plant and equipment ("PP&E") is determined on a component basis using the unit-of-production method based on independent estimates of proved plus probable reserves and is calculated as a factor of production divided by proved plus probable 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 three-month period ended December 31, 2012, D&D totalled $262,177 or $12.78/boe versus $504,915 or $16.06/boe in the comparable period of 2011. For the year ended December 31, 2012, D&D was $1,498,459 or $17.55/boe compared to $1,909,205 or $16.83/boe recorded a year ago. Depletion expense was lower in 2012 due to lower production caused by normal declines. The D&D per boe increased due to reserve volume declines for proved plus probable reserves as per year end reserve report.

Share Based Compensation Expenses

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.

A summary of the status of the Company's stock option plan as December 31, 2012 and December 31, 2011 and changes during the period ending on those dates is presented below.

	Number of options	**Weighted average exercise price $**
Outstanding at January 1, 2011	15,000,000	-
Granted	5,350,000	0.10
Exercised	(150,000)	0.10
Outstanding at December 31, 2011	20,200,000	0.10
Forfeited	(350,000)	0.255
Outstanding at December 31, 2012	19,850,000	0.14

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, 2012**	**Weighted average remaining contractual life**
$0.10	14,850,000	July 13, 2015	$0.10	9,900,000	2.5 years
$0.255	5,000,000	March 26, 2016	$0.255	4,500,000	3.2 years
$0.10 - $0.255	19,850,000		$0.14	14,400,000	2.8 years

Stock based compensation cost of $ 197,226 (2011 - $ 996,753) was expensed during 2012.

Impairment Expense

At December 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%).

A non-cash impairment charge of $180,800 was recognized during the year ended December 31, 2012(2011-$Nil) primarily as a result of changes in reserve estimates. This non-cash impairment charge relates to the Company's Saskatchewan CGU.

Deferred Taxes

Deferred income taxes arise from differences between the accounting and tax basis of assets and liabilities. The estimate of deferred income tax is based on the current tax status of the Company, enacted legislation and management's best estimates of future events. As at December 31, 2012, the Company recorded a deferred income tax recovery of $154,560 (2011 – $543,230 of expense). The recovery was primarily due to a loss in 2012 and the timing differences for tax pools.

At December 31, 2012, the Company had various tax pools estimated at $1,186,501 (2011 – $1,341,061) available to reduce future taxable income and corporate income taxes.

Funds Flow from Operations and Net Income (Loss)

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Net income (loss)	**(426,846)**	(806,893)	**(813,513)**	656,847
Non-cash charges:				
Depletion, Depreciation and amortization	**211,402**	782,234	**1,498,459**	1,909,205
Share-based payment expense	**92,087**	234,737	**197,226**	996,753
Decommissioning expenditures	**(280,033)**	(111,900)	**(280,033)**	(111,900)
Impairment expenses	**180,800**	-	**180,800**	-
Deferred income taxes	**(48,047)**	793,719	**(141,890)**	543,230
Accretion of decommission	**21,686**	(89,519)	**86,326**	36,531
Funds flow from (used in) operations	**(248,951)**	802,378	**727,375**	4,030,666

During the fourth quarter of 2012, funds flow from operations totalled $(248,951) versus $ 802,378 in the comparable period of 2011. For the year ended December 31, 2012, the Company recorded funds flow from operations of $727,375 compared to $4,030,665 in 2011. The year-over-year decrease was due to a decrease in net operating revenues resulting from normal production declines in the Buck Lake area combined with reduced commodity prices received.

The Company recorded a net loss of $426,846 for the three months ended December 31, 2012 compared to net loss of $806,893 a year ago. For the year ended December 31, 2012, Anterra recorded a net loss of $813,513 versus net income of $656,847 in 2011. The annual decrease in net income was due to lower net operating revenues resulting from normal declining production from two new horizontal wells, lower realized commodity prices, impairment expense, and was partially offset by lower depletion.

Capital Expenditures

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Land acquisitions	**5,273**	-	**717,844**	354,799
Geological and geophysical	**39,840**	32,872	**209,548**	794,172
Drilling and completions	**1,807,679**	-	**3,394,746**	6,909,042
Total capital expenditures	**1,852,792**	32,872	**4,322,138**	8,058,013
Capital expenditures are composed of:				
PP&E	**1,787,909**	32,872	**4,220,107**	6,037,864
Exploration and evaluation assets	**64,883**	-	**102,031**	2,020,149
	1,852,792	32,872	**4,322,138**	8,058,013

For the three months ended December 31, 2012, land acquisition expenditures totalled $5,273 (2011 – $Nil). Geological and geophysical expenditures were $39,840 (2011 – $32,872). In Q4, 2012, the Company had completed drilling a successful well at a total cost of $1,807,679 (2011-$Nil). The well was on production on December 28, 2012.

Land acquisition expenditures totalled $717,844 for the year ended December 31, 2012 (2011 – $354,799), which included lands purchased from an arm's length party for a 55% interest in the Matziwin area for $675,000. Geological and geophysical expenditures were recorded as $209,548 (2010 – $794,172), paid to consultants. During the year, drilling and completion expenditures totalled $3,394,746 (2011 – $6,909,042) that involved the drilling of 1 gross (0.6 net) horizontal well.

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 represents 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 $690,104. The majority of the remaining accounts receivable relates 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 its office lease. The Company has entered a new lease arrangement for five years commencing January 1, 2013. The new lease amount of $1,109,460 will be expended equally over the next five years.

The Company had a working capital deficit of $7,929,584, including bank debt, compared to $4,334,821 at December 31, 2012. The increased deficit was primarily the result of the capital expenditure program during the year and the decrease in funds from operations. (See "Funds Flow from Operations and Net Income (Loss)" and "Capital Expenditures" for more details.)

Anterra has a credit facility agreement with a Canadian chartered bank that, at December 31, 2012, provided 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, 2012 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. The amount drawn on the credit facility at December 31, 2012 was $5,748,169.

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, 2012 and December 31, 2011.

Subsequent to December 31, 2012, Anterra closed the acquisition of Terrex Energy Inc., and an equity issue for proceeds of $6,650,000, net of related fees (See subsequent events). Following these transactions, the amount drawn on the facility was reduced to approximately $2.5 million.

On an ongoing basis, Anterra expects to utilize a variety of funding sources to fund its activities including; funds from operations; the disposition of non-core properties; available credit facilities; and additional equity issues, if available on acceptable terms. The Company will continue to monitor 2013 operational expenditures and capital programs with regard to commodity pricing, access to credit, and equity capital.

Sources and Uses of Cash

During the year ended December 31, 2012, cash remains at $Nil.

	Three Months Ended December 31,		Years Ended December 31,	
	2012	2011	**2012**	2011
	($)	*($)*	*($)*	*($)*
Cash – beginning of period	-	-	**-**	43,293
Funds flow from operations	**(248,913)**	804,378	**727,375**	4,030,665
Change in non-cash working capital	**1,753,857**	(1,203,228)	**2,449,907**	968,437
Issue of common shares, net of issue costs		--		181,667
Advances on bank loan	**347,848**	431,722	**1,144,856**	3,303,474
Redemption of convertible debentures		--		(487,455)
Capital expenditures				
PP&E	**(1,787,909)**	(32,872)	**(4,220,107)**	(5,093,526)
Exploration and evaluation	**(64,883)**	--	**(102,031)**	(2,946,555)
Cash – end of period	**--**	--	**--**	--

Share Capital

As at December 31, 2012, Anterra had 246,438,032 Calss A common shares, 19,850,000 stock options and no warrants outstanding. A total of 19,850,000 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 2.8 years.

As at April 23, 2013, Anterra has outstanding 390,810,514 Class A common shares, 19,850,000 stock options, warrants to acquire 1,581,050 Class A common shares with exercise prices between $0.603 and $1.001 per share and a secured convertible debenture in the aggregate principal amount of $4 million (bearing interest at 6% and convertible at $0.10 per share).

Related Party Transactions

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

(a) During the year ended December 31, 2012, an accounting firm, of which an officer is a shareholder, charged the Company $16,625 (2011 - $74,620) for accounting services. Of this amount, $ 3,544 was included in accounts payable at December 31, 2012(2011- $ Nil)

(b) During the year ended December 31, 2012, a consulting company, of which an officer is a shareholder, charged the Company $77,160 (2011 - $101,440) for consulting services. Of this amount, $6,430 was included in accounts payable at December 31, 2012 (2011 -$6,430).

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,	**2012**	2011
	($)	*($)*
Wages and salaries	**363,484**	296,667
Short-term employee benefits	**3,943**	3,373
Share-based payments	**125,428**	757,551
Total	**492,855**	1,057,591

Commitments

The Company has entered into a new lease arrangement for five years commencing January 1, 2013. The new lease amount of $1,109,460 will be expended equally over the next five years.

Subsequent Events

Terrex Energy Inc. acquisition

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

In conjunction with the Arrangement Agreement, the Company also completed settlement arrangements with Sandstorm Metals & Energy Ltd. and 0905896 BC Ltd. (collectively, "Sandstorm"), whereby the obligations of Terrex to Sandstorm were fully satisfied. Under the Arrangement Agreement and the settlement with Sandstorm, the Company issued an aggregate of approximately 36.7 million Class A common shares of the Company, replacement warrants entitling former holders of Terrex warrants to acquire up to 1.58 million Class A common shares of the Company and a secured convertible debenture in the aggregate principal amount of $4 million (bearing interest at 6% and convertible at $0.10 per Class A common share).

Equity financing

On April 5, 2013, the Company issued 107,692,308 Class A common shares to LandOcean Energy Services Co., Ltd. ("LandOcean"), for gross proceeds of $7 million.

Use of estimates and judgments:

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

Critical judgments in applying accounting policies:

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements.

The Company's assets are aggregated into cash-generating units, for the purpose of calculating impairment. Cash generating units are based on an assessment of a unit's ability to generate largely independent cash flows. By their nature, these estimates and assumptions are subject to measurement uncertainty and may impact the carrying value of the Company's assets in future periods.

Judgments are required to assess when impairment indicators exist and impairment testing is required.

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves has been found.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities in future periods:

The Company estimates future remediation costs of production facilities, wells and pipelines at different stages of development and construction of assets or facilities. In most instances, removal of assets occurs many years into the future. This requires estimates regarding abandonment date, future environmental and regulatory legislation, the extent of reclamation activities, the engineering methodology for estimating cost, future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

The Company estimates tax provisions based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods.

The Company estimates quantities petroleum, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be economically recoverable in future years from known reservoirs and which are considered commercially producible. Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon (i) a reasonable assessment of the future economics of such production (ii) a reasonable expectation that there is a market for all or substantially all the expected petroleum and natural gas production; and (iii) evidence that the necessary production, transmission and transportation facilities are available or can be made available. Reserves may only be considered proven and probable if produciblility is supported by either production or conclusive formation tests. Anterra's petroleum and gas reserves are determined pursuant to National Instrument 51-101, Standard of Disclosures for Oil and Gas Activities.

The Company's estimate of non cash share based compensation is dependent upon estimates of historic stock price trading volatility, interest rates, expected terms to exercise and forfeiture rates.

Changes in Accounting Policy

The following pronouncements become effective for periods beginning on or after January 1, 2013 unless otherwise noted.

> IFRS 9, "Financial Instruments," which covers the classification and measurement of financial assets and liabilities is effective for annual periods beginning on or after January 1, 2015. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has two classification categories: amortized cost and fair value. Early adoption is permitted and the standard is required to be applied retrospectively.
>
> IFRS 10, "Consolidated Financial Statements" replaces IAS 27 "Consolidated Separate Financial Statements". It introduces a new principle-based definition of control, applicable to all investees to determine the scope of consolidation. The standard provides the framework for financial statements and their preparation based on the principle of control.
>
> IFRS 11 "Joint Arrangements" replaces IAS 31, "Interests in Joint Ventures". IFRS 11 divides joint arrangements into two types, each having its own accounting model. A "joint operation" continues to be accounted for using proportionate consolidation, whereas a "joint venture" must be accounted for using equity accounting. This differs from IAS 31, where there was the choice to use proportionate consolidation or equity accounting for joint ventures. A "joint operation" is defined as the joint operators having right to the assets, and obligations for the liabilities, relating to the arrangement. In a "joint venture", the joint venture partners have rights to the net assets of the arrangement, typically through their investment in a separate joint venture entity.
>
> IFRS 12 "Disclosure of Interests in Other Entities" is a new standard, which combines all of the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.
>
> IFRS 13 "Fair Value Measurement" is a new standard meant to clarify the definition of fair value, provide guidance on measuring fair value and improve disclosure requirements related to fair value measurement.

The Company is currently evaluating the impact of adopting all of the newly issued and amended standards.

Risk Factors

The reader should consider each of the following factors as well as the other information contained in this MD&A 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 MD&A, as well as Anterra's annual consolidated financial statements and the accompanying notes.

- Limited history of positive earnings 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

Subsequent to the issuance of the financial statements and MD&A for the periods ended March 31, 2011, June 30, 2011 and December 31, 2011, the Company determined that there were 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, share based payment expense and deferred income tax expense (recovery). The result of the errors is that the net income in each quarter previous reported in 2011 was misstated by the following amounts:

Three months ended	Net income (loss) as previously reported in respective 2011 filing	Depletion adjustment	Share based payments adjustment	Deferred income tax adjustment	Net income (loss) as adjusted
	($)	*($)*	*($)*	*($)*	*($)*
March 31, 2011	306,642	(106,575)	-	(365,776)	(165,709)
June 30, 2011	609,280	(128,965)	-	(167,018)	313,297
September 30, 2011	544,485	(76,815)	(12,232)	(131,591)	323,847
December 31, 2011	(806,893)	-	-	992,305	185,412
					656,847

There was no impact to net cash from operating activities.

These error corrections had been incorporated in the Company's annual audited financial statements for the year ended December 31, 2011.

Supplemental Quarterly Information

Three Months Ended	Dec. 31, 2012	Sep. 30, 2012	Jun. 31, 2012	Mar. 31, 2012
	($)	($)	($)	($)
Gross revenue	**1,710,464**	1,837,779	1,977,603	2,289,204
Net income (loss)	**(431,846)**	(46,189)	(308,663)	(31,815)
Per share – basic	**(0.002)**	(0.000)	(0.002)	0.000
Per share – diluted	**(0.002)**	(0.000)	(0.002)	0.000
Funds flow from operations (1)	**(248,913)**	366,599	149,269	460,460
Per share – basic	**(0.001)**	(0.002)	(0.001)	0.002
Per share – diluted	**(0.001)**	(0.002)	(0.001)	0.002
Capital expenditures	**1,852,792**	1,465,889	667,160	336,297
Total assets	**43,396,609**	38,694,424	38,296,699	37,799,544
Working capital (deficiency)	**(7,929,584)**	(5,827,840)	(4,728,550)	(4,210,658)
Shareholders' equity	**24,648,814**	24,914,457	25,030,046	25,326,610
Production				
Light crude oil *(bbls/d)*	**132**	133	175	178
NGLs *(bbls/d)*	**317**	10	13	12
Natural gas *(mcf/d)*	**8**	338	378	370
Total *(boe/d)*	**197**	199	250	248
Total *(boe)*	**18,168**	17,907	22,767	22,602

Three Months Ended	Dec. 31, 2011 (3)	Sep. 30, 2011 (3)	Jun 30, 2011 (3)	Mar. 31, 2011 (3)
Gross revenue	3,021,111	3,278,175	2,683,083	2,496,051
Net income (loss)	185,412	323,847	313,297	(165,709)
Per share – basic	(0.001)	0.001	0.002	(0.001)
Per share – diluted	(0.001)	0.001	0.002	(0.001)
Funds flow from operations (1)	979,828	949,421	915,898	1,185,519
Per share – basic	0.004	0.004	0.004	0.005
Per share – diluted	0.004	0.004	0.004	0.005
Capital expenditures	32,871	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)	(4,334,821)	(5,124,259)	(3,472,723)	(2,735,708)
Shareholders' equity	25,303,101	25,852,973	25,053,565	24,496,435
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

(1) Funds flow from operations and funds flow from operations per share are not recognized measures under International Financial Reporting Standards. Refer to "Non-IFRS Measures" 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 2012.

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

Factors and trends that have impacted Company's results during the above periods include:

- Based on the quarterly information above, Anterra's Oil and Gas revenue is directly impacted by the Company's ability to replace existing declining production and add incremental production through its on-going capital expenditure program. Anterra conducted a successful drilling program during Q4 2012, with the well coming on production on December 28, 2012.
- Midstream revenue in 2012 was negatively impacted by scheduled and unscheduled third party shut downs and road bans due to poor weather experiended in northern Alberta.
- Anterra's petroleum and natural gas sales fluctuate from quarter-to-quarter as a result of changes in commodity prices and production volumes.
- The Company's total assests have increased over the past eight quarters presented above as a result of Anterra's successful exploration and development programs, property acquistions.

Outlook

With the acquisition of Terrex during the first quarter of 2013, Anterra added two new development areas, Strathmore and Two Creek. These areas are in addition to the Company's Cardium project at Buck Lake and its Belly River development property at Bretton. Each of these four properties presents the Company with differing and unique opportunities and potential. As a result, Anterra is currently preparing a comprehensive corporate development plan based upon a thorough technical and economic review and evaluation of each of these focus properties and other potential acquisition opportunities.

The Company is working closely with LandOcean Energy Services Co., Ltd. ("LandOcean") in conducting the property evaluations and in preparing a comprehensive development plan. LandOcean is a Beijing headquarterd, international service corporation that provides, geological, geophysical, reservoir and other technical services to the oil and gas industry world wide. On April 5, 2013 LandOcean completed an equity investment in Anterra in the amount of $7 million. Anterra intends to enter ino a longer term technical support arrangement with LandOcean. The Company expects to complete its property reviews and development plan during the third quarter of 2013.

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.