



**Anterra Energy Inc.
Condensed Interim Consolidated
Financial Statements
FOR THE SIX MONTHS ENDED June 30, 2013**

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONSOLIDATED 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 consolidated 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 consolidated 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 consolidated financial statements by an entity's auditor.

ANTERRA ENERGY INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

| | Note | June 30, 2013 | December 31, 2012 |
|---|------|------------------|----------------------|
| Assets | | | |
| Current | | | |
| Trade and other receivables | | \$ 2,846,636 | \$ 3,170,757 |
| Deposits and prepaid expenses | | 908,810 | 375,626 |
| Total current assets | | 3,755,446 | 3,546,383 |
| Property, plant and equipment | 6 | 50,021,413 | 35,303,079 |
| Evaluation and exploration assets | 7 | 4,521,200 | 4,547,147 |
| Total non-current assets | | 54,542,613 | 39,850,226 |
| Total assets | | \$ 58,298,059 | \$ 43,396,609 |
| Liabilities | | | |
| Current | | | |
| Bank debt | 8 | \$ 6,294,113 | \$ 5,748,169 |
| Trade and other payables | | 3,868,335 | 5,727,798 |
| Total current liabilities | | 10,162,448 | 11,475,967 |
| Decommissioning liabilities | 9 | 10,805,468 | 6,034,657 |
| Convertible debenture | 10 | 3,428,855 | - |
| Deferred tax liability | 11 | - | 1,199,171 |
| Total non-current liabilities | | 14,234,323 | 7,233,828 |
| Total liabilities | | 24,396,771 | 18,709,795 |
| Equity | | | |
| Share capital | 12 | 40,086,509 | 31,110,546 |
| Equity component of convertible debenture | | 454,895 | - |
| Contributed surplus | | 2,848,797 | 2,830,727 |
| Deficit | | (9,488,913) | (9,254,459) |
| Total equity | | 33,901,288 | 24,686,814 |
| Total equity and liabilities | | \$ 58,298,059 | \$ 43,396,609 |

Subsequent event (note 16)

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

ANTERRA ENERGY INC.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited)

| | Note | Three months ended June 30, | | Six months ended June 30, | |
|---|------|--------------------------------|--------------|------------------------------|--------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Revenue | | \$ 3,139,512 | \$ 1,977,603 | \$ 5,667,411 | \$ 4,228,500 |
| Royalties | | (371,543) | (256,509) | (614,667) | (597,483) |
| | | 2,767,969 | 1,721,094 | 5,052,744 | 3,631,017 |
| Production and operating expenses | | (2,069,061) | (985,391) | (3,170,201) | (1,840,832) |
| Depletion, depreciation and amortization | 6 | (673,934) | (511,248) | (1,283,251) | (918,347) |
| General and administrative | | (976,003) | (544,093) | (1,776,429) | (1,080,601) |
| Share-based payment expense | | (6,769) | (12,099) | (18,070) | (67,423) |
| Results from operating activities | | (957,798) | (331,737) | (1,195,207) | (276,186) |
| Gain on business combination | | - | - | 1,192,666 | - |
| Finance expense | 13 | (204,645) | (65,332) | (308,302) | (144,862) |
| Loss before income tax | | (1,162,443) | (397,069) | (310,843) | (421,048) |
| Deferred tax (recovery) | | - | (88,406) | (76,389) | (80,570) |
| Loss and comprehensive income (loss) | | (1,162,443) | (308,663) | (234,454) | (340,478) |
| (Loss) per share | | | | | |
| Basic and diluted | 14 | \$ (0.003) | \$ (0.001) | \$ (0.001) | \$ (0.001) |

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

ANTERRA ENERGY INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

| | Note | Number of Common Shares | Share Capital | Equity Component of Convertible Debenture | Contributed Surplus | Accumulated Deficit | Total Equity |
|-----------------------------------|------|----------------------------------|------------------|---|------------------------|------------------------|-----------------|
| Balance at January 1, 2012 | | 246,438,032 | \$ 31,264,146 | \$ - | \$ 2,479,901 | \$ (8,440,946) | \$25,303,101 |
| Share based payments | | - | - | - | 67,423 | - | 67,423 |
| (Loss) for the period | | - | - | - | - | (340,478) | (340,478) |
| Balance at June 30, 2012 | | 246,438,032 | \$ 31,264,146 | \$ - | \$ 2,547,324 | \$ (8,781,424) | \$25,030,046 |
| Balance at January 1, 2013 | | 246,438,032 | \$ 31,110,546 | \$ - | \$ 2,830,727 | \$ (9,254,459) | \$24,686,814 |
| Share based payments | | - | - | - | 18,070 | - | 18,070 |
| Private placement share issue | | 107,692,308 | 6,619,750 | - | - | - | 6,619,750 |
| Shares issued on acquisition | 12 | 36,680,174 | 2,356,213 | - | - | - | 2,356,213 |
| Issuance of convertible debenture | 10 | - | - | 454,895 | - | - | 454,895 |
| (Loss) for the period | | - | - | - | - | (234,454) | (234,454) |
| Balance at June 30 , 2013 | | 390,810,514 | \$ 40,086,509 | \$ 454,895 | \$ 2,848,797 | \$ (9,488,913) | \$33,901,288 |

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

ANTERRA ENERGY INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

| | Notes | Three months ended June 30, | | Six months ended June 30, | |
|--|-------|--------------------------------|--------------|------------------------------|--------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Cash flow from operating activities: | | | | | |
| Loss for the period | | \$ (1,162,443) | \$ (308,663) | \$ (234,454) | \$ (340,478) |
| Adjustments for: | | | | | |
| Depletion, depreciation and amortization | 6 | 673,934 | 511,248 | 1,283,251 | 918,347 |
| Accretion | 13 | 83,883 | 22,991 | 118,089 | 45,007 |
| Share based payments | | 6,769 | 12,099 | 18,070 | 67,423 |
| Deferred income tax expense (recovery) | | - | (88,406) | (76,389) | (80,570) |
| Gain on business combination | | - | - | (1,192,666) | - |
| Change in non-cash working capital | 15 | (1,660,398) | (359,579) | (557,221) | (120,997) |
| Net cash from (used in) operating activities | | (2,058,255) | (210,310) | (641,320) | 488,732 |
| Cash flow from investing activities: | | | | | |
| Property, plant and equipment expenditures | 6 | (981,373) | (665,895) | (1,078,361) | (995,830) |
| Changes to intangible exploration assets | 5 | (7,666) | (1,265) | 25,947 | (7,628) |
| Business combination | | - | - | 54,539 | - |
| Change in non-cash working capital | 15 | (126,381) | 259,919 | (2,058,997) | (70,178) |
| Net cash (used in) investing activities | | (1,115,420) | (407,241) | (3,056,872) | (1,073,636) |
| Cash flow from financing activities: | | | | | |
| Proceeds from issue of shares | | 6,619,750 | - | 6,619,750 | - |
| Cash used to settle Sandstorm obligation | | - | - | (3,467,502) | - |
| Proceeds from (repayment of) bank debt | | (3,446,075) | 617,551 | 545,944 | 584,904 |
| Net cash from financing activities | | 3,173,675 | 617,551 | 3,698,192 | 584,904 |
| Change in cash and cash equivalents | | \$ - | \$ - | \$ - | \$ - |
| Cash and cash, equivalents beginning of period | | \$ - | \$ - | \$ - | \$ - |
| Cash and cash, equivalents end of period | | \$ - | \$ - | \$ - | \$ - |

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

ANTERRA ENERGY INC.

Notes to Condensed Consolidated Interim Financial Statements

For the periods ended June 30, 2013 and 2012

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

(Unaudited)

1. Reporting entity:

Anterra Energy Inc. ("Anterra or the "Company") is a Calgary based corporation engaged in the acquisition, exploration, development and production of oil and natural gas reserves in the Western Canadian Sedimentary Basin. The Company's common shares are listed and trade on the TSX Venture Exchange under the symbol AE.A. The Company's head office is located at 1420, 1122 4th Street SW, Calgary, Alberta T2R 1M1 and its registered office is located at 3700, 400 - 3rd Avenue SW Calgary, Alberta T2P 4H2.

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.

2. Basis of presentation:

These condensed consolidated interim financial statements ("consolidated financial statements") include the accounts of Anterra and its wholly owned subsidiary Terrex Energy Inc. ("Terrex") and have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These consolidated financial statements do not include all the necessary annual disclosures as prescribed by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the audited financial statements for the year ended December 31, 2012. The Company's accounting policies are unchanged compared to December 31, 2012 except as listed in Note 3, Changes in Accounting Policies. The use of estimates and judgments is also consistent with the December 31, 2012 financial statements. The consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 28, 2013.

The consolidated financial statements have been prepared on the historical cost basis and are presented in Canadian dollars which is the Company's functional currency.

3. Changes in Accounting Policies:

As of January 1, 2013, the Company adopted the following IFRS standards and amendments:

IFRS 10, Consolidated Financial Statements. IFRS 10 revises the definition of control and introduces a single consolidation model for all entities based on control. Under IFRS, control is determined where an investor has power over an investee; exposure or rights to variable returns from its involvement with the investee; and the ability to exercise its power to affect the amount of returns. The adoption of this standard does not have any impact on the Company's consolidated financial statements.

IFRS 11, Joint Arrangements. IFRS 11 defines joint operations and joint ventures and requires the joint operations be proportionately consolidated and joint ventures be equity accounted. The adoption of this standard does not have any impact on the Company's consolidated financial statements.

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(Unaudited)

IFRS 12, Disclosure of Interests in Other Entities. IFRS 12 sets out extensive disclosure requirements relating to interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The adoption of this standard does not have any impact on the Company's consolidated financial statements.

IFRS 13, Fair Value Measurement. IFRS 13 provides a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The adoption of this standard does not have any impact on the Company's consolidated financial statements.

4. Business Combination:

On March 14, 2013, the Company purchased 100% of the issued and outstanding shares of Terrex Energy Inc. ("Terrex"), a public junior oil and gas company, for a total consideration of \$2,067,885 comprised 31,813,614 Class A common shares of Anterra and warrants to purchase 1,581,050 Class A common shares (the "Acquisition"). The warrants to purchase 967,050 Class A shares expire on August 21, 2013 and warrants to purchase 614,000 Class A shares expire on July 15, 2015 and have an exercise price of \$1.00 and \$0.60 respectively. No value has been attributed to the warrants.

Also concurrently with the Acquisition, 1,866,560 Anterra shares were issued to individuals directly pursuant to the settlement of personnel obligations. The purpose of the Acquisition was to increase the Company's presence and size in the Western Canadian Sedimentary Basin, provide the Company with additional development opportunities and operating synergies. The value of common shares issued as consideration was determined in reference to the share price of a material third party private placement of Class A common shares which closed on April 5, 2013. The purchase was accounted for as a business combination using the acquisition method of accounting under IFRS 3.

| Estimated fair value of the net assets of Terrex: | Total |
|--|---------------------|
| Petroleum and natural gas properties | \$ 15,231,918 |
| Deferred income tax asset | 1,274,413 |
| Net working capital(1) | (493,153) |
| Inter-company payable | (7,755,830) |
| Decommissioning liability | (4,996,797) |
| Gain on business combination | (1,192,666) |
| Total net assets acquired | \$ 2,067,885 |

| Consideration | Total |
|--|--------------|
| Class A common shares (31,813,614 shares at \$0.065 per share) | \$ 2,067,885 |

(1) Includes \$54,539 of cash and cash equivalents

The recognized amount of identifiable assets and liabilities assumed are best estimates by Anterra's management. The fair value assigned to petroleum and natural gas properties is based upon evaluations prepared by independent reserve evaluators. The value assigned to the deferred income tax asset is based upon accumulated non-capital losses and is limited to the deferred income tax

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liability previously recognized by the Company. The fair value of petroleum and natural gas properties and the deferred income tax asset gave rise to the gain on purchase.

Immediately prior to and in connection with the Acquisition, Terrex and Anterra entered into a settlement agreement (the "Agreement") with Sandstorm Metals and Energy Ltd. and 0905896 BC Ltd. (collectively, "Sandstorm"). Pursuant to the Agreement, the obligations of Terrex, under a hydro carbon purchase agreement dated March 18, 2011 were terminated in exchange for \$3 million cash, funded by Anterra, the delivery of certain equipment from Terrex having a value of \$3 million, and the issuance by Anterra of a \$4 million principal amount, 6%, 5 year secured convertible debenture (note 10), the issuance of 3 million Anterra Shares, and the issuance of 20,801,303 Terrex Shares which were exchanged for approximately 6.4 million Anterra shares under the Acquisition. The inter-company payable amount reflects amounts advanced by Anterra to Terrex to facilitate the Agreement.

Costs related to the acquisition totaled \$ 694,030 of which \$475,681 was incurred during the six months ended June 30, 2013 and were expensed in the statement of income (loss) and comprehensive income (loss) as incurred.

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For the periods ended June 30, 2013 and 2012

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

(Unaudited)

5. Segmented financial information:

| For the six months ended June 30, 2013 | Oil and Gas Production \$ | Midstream Processing \$ | Corporate Segment \$ | Eliminations \$ | Total \$ |
|--|---------------------------------|-------------------------------|----------------------------|--------------------|-------------------|
| Revenue | 4,305,298 | 1,423,099 | - | (60,986) | 5,667,411 |
| Royalties | (614,667) | - | - | - | (614,667) |
| | 3,690,631 | 1,423,099 | - | (60,986) | 5,052,744 |
| Production and operating expenses | 2,669,311 | 561,876 | - | (60,986) | 3,170,201 |
| Depletion, depreciation and amortization | 1,212,485 | 70,460 | 306 | - | 1,283,251 |
| General and administrative expenses | 1,260,515 | 404,914 | 111,000 | - | 1,776,429 |
| Share-based payments | - | - | 18,070 | - | 18,070 |
| Gain on business combination | (1,192,666) | - | - | - | (1,192,666) |
| Finance expense | - | - | 308,302 | - | 308,302 |
| Deferred income tax recovery | (49,326) | (24,263) | (2,800) | - | (76,389) |
| Net income (loss) | (209,688) | 410,112 | (434,878) | - | (234,454) |
| Capital expenditures: | | | | | |
| Exploration and evaluation assets disposals | (25,947) | - | - | - | (25,947) |
| Property, plant and equipment | 824,706 | 253,655 | - | - | 1,078,361 |
| | 798,759 | 253,655 | - | - | 1,052,414 |
| Total assets | 53,239,572 | 1,303,041 | 3,755,446 | - | 58,298,059 |

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For the periods ended June 30, 2013 and 2012

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

(Unaudited)

| For six months ended June 30, 2012 | Oil and Gas Production \$ | Midstream Processing \$ | Corporate Segment \$ | Eliminations \$ | Total \$ |
|---|---------------------------------|-------------------------------|----------------------------|--------------------|-------------|
| Revenue | 2,979,969 | 1,286,838 | - | (38,307) | 4,228,500 |
| Royalties | 597,483 | - | - | - | 597,483 |
| | 2,382,486 | 1,286,838 | - | (38,307) | 3,631,017 |
| Production and operating expenses | 1,416,016 | 463,123 | - | (38,307) | 1,840,832 |
| Depletion, depreciation and amortization | 858,397 | 59,950 | - | - | 918,347 |
| General and administrative expenses | 707,816 | 296,557 | 76,228 | - | 1,080,601 |
| Share-based payments | - | - | 67,423 | - | 67,423 |
| Finance expense | - | - | 144,862 | - | 144,862 |
| Deferred income tax (recovery) | (52,755) | (22,111) | (5,704) | - | (80,570) |
| Net income (loss) | (546,988) | 489,319 | (282,809) | - | (340,478) |
| Capital expenditures: | | | | | |
| Exploration and evaluation assets | 7,628 | - | - | - | 7,628 |
| Property, plant and equipment | 893,146 | 102,684 | - | - | 995,830 |
| Total Assets | 38,565,556 | 1,284,670 | 3,546,383 | - | 43,396,609 |

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For the periods ended June 30, 2013 and 2012

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

(Unaudited)

6. Property, plant and equipment:

| | Petroleum and natural gas properties \$ | Processing facilities and furniture and fixtures \$ | Total \$ |
|---|--|--|-------------------|
| Cost | | | |
| At January 1, 2012 | 32,574,709 | 3,206,957 | 35,781,666 |
| Additions | 4,068,929 | 151,178 | 4,220,107 |
| Transfer from E&E assets | 442,672 | - | 442,672 |
| Decommissioning provisions | 1,724,221 | (167,870) | 1,556,351 |
| At December 31, 2012 | 38,810,531 | 3,190,265 | 42,000,796 |
| Additions | 824,706 | 253,655 | 1,078,361 |
| Acquisition | 15,231,918 | - | 15,231,918 |
| Decommissioning provisions | (305,377) | (3,317) | (308,694) |
| At June 30, 2013 | 54,561,778 | 3,440,603 | 58,002,381 |
| Depletion, Depreciation and Impairment | | | |
| At January 1, 2012 | 3,021,077 | 1,997,381 | 5,018,458 |
| Depletion for the year | 1,429,044 | 69,415 | 1,498,459 |
| Impairment for the year | 180,800 | - | 180,800 |
| At December 31, 2012 | 4,630,921 | 2,066,796 | 6,697,717 |
| Depletion for the period | 1,212,485 | 70,766 | 1,283,251 |
| At June 30, 2013 | 5,843,406 | 2,137,562 | 7,980,968 |
| Net book value | | | |
| At December 31, 2012 | 34,179,610 | 1,123,469 | 35,303,079 |
| At June 30, 2013 | 48,718,372 | 1,303,041 | 50,021,413 |

Future development costs relating to proved plus probable reserves total approximately \$31,266,700 (2012 - 19,926,700) and are included in the depletion calculation.

ANTERRA ENERGY INC.

For the periods ended June 30, 2013 and 2012

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

(Unaudited)

7. Evaluation and exploration assets:

| | \$ |
|--|------------------|
| At January 1, 2012 | 4,887,788 |
| Additions | 102,031 |
| Transfers to property, plant and equipment | (442,672) |
| At December 31, 2012 | 4,547,147 |
| Changes | (25,947) |
| At June 30, 2013 | 4,521,200 |

Exploration and evaluation (E&E) assets consist of the Company's land and exploration projects which are pending the determination of their technical feasibility and commercial viability.

8. Bank debt:

At June 30, 2013 the Company had approved bank credit facilities totaling \$20 million comprised of a \$15 million (December 31, 2012 - \$12 million) revolving operating demand loan facility and a \$5 million (December 31, 2012 - \$5 million) non-revolving acquisition/development demand loan facility

At June 30, 2013, the Company had drawn \$6,294,113 (December 31, 2012 - \$5,748,169) of the revolving loan. The loan bears interest at prime plus 0.75% (2012 - prime plus 0.75%), with an effective rate at June 30, 2013 of 3.75% (December 31, 2012 - 3.75%). No amount has been drawn on the non-revolving facility.

The credit 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 December 31, 2012 and at June 30, 2013.

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

(Unaudited)

9. Decommissioning provisions:

| | \$ |
|-------------------------|-------------------|
| At January 31, 2012 | 4,672,013 |
| Changes to estimate | 1,520,362 |
| Additions | 35,989 |
| Liabilities settled | (280,033) |
| Accretion expense | 86,326 |
| At December 31, 2012 | 6,034,657 |
| Changes to estimate | (308,694) |
| Acquisition | 4,996,797 |
| Accretion expense | 82,708 |
| At June 30, 2013 | 10,805,468 |

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 \$10,805,468 as at June 30, 2013 (2012- \$6,034,657) based on an undiscounted total future liability of \$13,338,308 (2012 - \$7,495,558). 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 2.04% (2012- 1.83%).

10. Convertible debenture:

| | |
|---|-------------|
| 6% redeemable convertible debenture (\$4,000,000 – principal) | \$3,428,855 |
|---|-------------|

On March 14, 2013, immediately prior to and in connection with the acquisition of Terrex (note 4, Business Combination), the Company issued a \$4 million principal amount convertible debenture as partial settlement of a hydrocarbon purchase agreement between Terrex and Sandstorm. The debenture bears interest at 6% payable semi-annually with the principal repayable on March 14, 2018. The debenture is secured, subordinate to the bank credit facility, by a floating charge on the property and assets of the Company.

At the option of the holder on 20 days' notice, the debenture is convertible, in whole or in part at any time, into common shares of the Company at a price of \$0.10 per share. The debenture is redeemable, in whole or in part at any time, by the Company on 30 days' notice.

The debenture was initially recorded at its principal amount net of an equity component valued at \$606,586 (\$454,895 after deferred income tax) attributable to the holder's option to convert the debt into common shares. An accretion expense of \$35,381 relating to the debenture has been recorded in financing costs during the period.

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For the periods ended June 30, 2013 and 2012

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

(Unaudited)

11. Income taxes:

The Company has incurred losses for income tax purposes. The existence and timing of future taxable income sufficient to utilize the losses is uncertain and, accordingly future income tax reductions associated with the losses have not been recognized except to extent future income tax liabilities were recorded.

12. Share capital:

At December 31, 2012 and 2011, the Company was authorized to issue an unlimited number of Class A common shares without par value and an unlimited number of preferred shares issuable in series, rights and privileges to be determined upon issue.

| Issued and Outstanding | | Class A Shares | Warrants | \$ |
|-------------------------|--------|-------------------|-------------|------------|
| As at January 1, 2012 | | 246,438,032 | 1,599,999 | 31,264,146 |
| Warrants Expired | (a) | | (1,599,999) | (153,600) |
| As at December 31, 2012 | | 246,438,032 | - | 31,110,546 |
| Acquisition | (b)(c) | 36,680,174 | 5,150,000 | 2,356,213 |
| Shares issued | (d) | 107,692,308 | | 6,619,750 |
| As at June 30, 2013 | | 390,810,514 | 5,150,000 | 40,086,509 |

(a) On January 14, 2012, 1,599,999 warrants expired.

(b) On March 14, 2013, a total of 36,680,174 shares were issued on the Terrex Acquisition: 31,813,614 shares were issued to Terrex shareholders in exchange for all Terrex shares; 3,000,000 shares were issued to Sandstorm directly pursuant to the Sandstorm Settlement Agreement; and 1,866,560 shares were issued to individuals directly pursuant to the settlement of personnel obligations.

(c) On March 14, 2013, warrants for the acquisition of a total of 1,581,050 Anterra Class A shares were issued in relation to the Terrex Acquisition: warrants to purchase 967,050 shares at price at \$1.001 will expire on August 21, 2013 and warrants to purchase 614,000 shares at a price of \$0.603 per share will expire on July 15, 2015. No value has been attributed to the warrants.

(d) On April 5, 2013, pursuant to a private placement, the Company issued 107,692,308 Class A common shares, at a price of \$0.065 per share, to LandOcean Resource Investment Canada Co. Ltd. for gross proceeds of \$7 million.

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For the periods ended June 30, 2013 and 2012

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

(Unaudited)

13. Finance income and expenses:

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|---------|------------------------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Finance income: | | | | |
| Interest income on bank deposits | (217) | (6,597) | (430) | (3,298) |
| Financial expenses: | | | | |
| Interest on bank debt | 60,979 | 48,938 | 120,643 | 103,153 |
| Interest on Debenture | 60,000 | - | 70,000 | - |
| Accretion of debenture | 35,381 | - | 35,381 | - |
| Accretion of decommissioning liabilities | 48,502 | 22,991 | 82,708 | 45,007 |
| | 204,862 | 71,929 | 308,732 | 148,160 |
| Net finance expenses | 204,645 | 65,332 | 308,302 | 144,862 |

14. (Loss) per share amounts:

Basic earnings per share were calculated as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|-------------|------------------------------|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Income (loss) for the period | (1,162,443) | (397,069) | (234,454) | (340,478) |
| Weighted average number of common shares (Basic) | 383,709,922 | 246,438,032 | 319,885,598 | 246,438,032 |

Excluded from diluted earnings per share is the effect of 19,850,000 options (2012-19,850,000 options) as their effect is anti-dilutive.

ANTERRA ENERGY INC.

For the periods ended June 30, 2013 and 2012

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

(Unaudited)

15. Supplemental cash flow information:

Changes in non-cash working capital is comprised of:

| Six months ended June 30 | 2013 | 2012 |
|---------------------------------|----------------|--------------|
| Source/ (use) of cash: | | |
| Trade and other receivables | \$ 499,825 | \$ (36,819) |
| Deposit and prepaid expenses | (344,402) | (140,194) |
| Trade and other payables | (2,771,641) | (14,162) |
| | <hr/> | <hr/> |
| | \$ (2,616,218) | \$ (191,175) |
| Related to operating activities | \$ (557,221) | \$ (120,997) |
| Related to investing activities | <hr/> | <hr/> |
| | \$ (2,058,997) | \$ (70,198) |
| | <hr/> | <hr/> |
| | \$ (2,616,218) | \$ (191,175) |

16. Commitments:

The Company has entered into a new office lease arrangement for five years commencing January 1, 2013. The new lease amount of \$998,514 will be expended equally over the next 54 months.

17. Subsequent event

On July 10, 2013 the Company received gross subscription proceeds of \$7 million from Huisheng Group Co. Ltd. ("Huisheng") relating to a private placement of 106,060,606 Class A common shares at a price of \$0.066 per share. The shares have not as yet been issued from treasury to Huisheng pending final approvals from the TSX Venture Exchange.

ANTERRA ENERGY INC.

For the periods ended June 30, 2013 and 2012

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

(Unaudited)

18. Related party transactions:

The Company had the following related party transactions:

- (a) Land Ocean Energy Services Co., Ltd. ("LandOcean Services") holds approximately 27.5% of the issued and outstanding Class A common shares of Anterra through its subsidiary, Land Ocean Resources Investment Canada Co., Ltd. On April 8, 2013 the Company entered into an agreement with LandOcean Services whereby LandOcean Services will provide Anterra with long-term technical consulting services including integrated reservoir studies, exploitation evaluations, and production planning for existing properties and acquisition projects through to the end of 2014.

Pursuant to the agreement, LandOcean Services will earn total compensation of \$1,949,600 for technical services through to the end of 2014 of which \$584,880 was paid during the three months ended June 30, 2013. The Company charges technical costs incurred under the agreement to petroleum and natural gas properties. Additionally, under the agreement, \$50,000 for travel, communication and management costs, under the terms of the agreement, were paid and expensed during the period. No amounts, relating to the agreement, are included in payables at June 30, 2013.

- (b) During the three and six months ended June 30, 2013 an accounting firm, of which an officer is a shareholder, charged the Company \$18,270 and \$29,610 respectively (2012 - \$Nil and \$1,700) for accounting services. There is no accounts payable at June 30, 2013.
- (c) During the three and six months ended June 30, 2013, a consulting company, of which an officer is related to, charged the Company \$19,290 and \$55,190 respectively (2012 - \$19,290 and \$38,580) for consulting services. There is accounts payable of \$6,430 at June 30, 2013.

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.

For the periods ended June 30, 2013 and 2012

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

(Unaudited)

CORPORATE INFORMATION

Directors

| | | |
|-------------------|---------------------|-------------|
| Gary Chang; | Vancouver BC Canada | (2) |
| Ross O. Drysdale; | Calgary AB Canada | (1) |
| Gang Fang; | Calgary AB Canada | (2) |
| Hong Lei; | Beijing P.R. China | |
| Owen C. Pinnell; | Calgary AB Canada | (1) (3) |
| Zhen Xiang Huo; | Beijing P.R. China | (3) |
| Gengwen Sun | Beijing P.R. China | (3) (4) |
| Ghengfeng Tang | Beijing P.R. China | (1) (2) (4) |

- 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.
 - (4) Appointed a director on April 5, 2013

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

Stock Exchange

TSXV Venture Exchange
Trading Symbol: AE.A
OTCQX International
Trading Symbol: ATERF

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 Fulbright 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.