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 and six months ended June 30, 2013 and 2012 and should be read in conjunction with the unaudited interim financial statements of the Company for the three and six month periods ended June 30, 2013 and 2012 and the audited financial statements and Management Discussion and Analysis for the year ended December 31,2012. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specially, IAS34, interim financial reporting. There have been no significant changes to the critical estimates disclosed in the Company's audited financial statements for the year ended December 31, 2012. All figures provided herein and in the interim consolidated financial statements are reported in Canadian dollars. This commentary is based on the information available as at, and is dated August 22, 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 net funds from/used in operating activities or net income (loss) as determined in accordance with IFRS as an indicator of the Company's performance. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this discussion and analysis in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes funds flow as a key measure to assess the ability of the Company to finance operating activities and capital expenditures. The terms "funds flow from (used in) operations" and "funds used in operations" are calculated by adding non-cash items (deferred taxes, share-based compensation expense, and depletion and depreciation) to net profit or loss for the period. The Company also presents funds flow from or used in operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. Netback is calculated on a per barrel basis as revenue from oil sales, less royalties and operating expenses and is used by management as a measure of financial and operational performance. The following table reconciles funds used in operations to funds flow from operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Net cash from (used in) operating activities	**(2,058,254)**	(210,310)	**(641,319)**	488,732
Changes in non-cash working capital	**(1,660,398)**	(359,579)	**(557,221)**	(120,997)
Funds from (used in) operations	**(397,856)**	149,269	**(84,098)**	609,729

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

Overall Performance Summary

Overall results for the second quarter of 2013 were significantly impacted by the acquisition of Terrex Energy Inc. which closed on March 14, 2013. The inclusion of Terrex operating results for the entire period was the major contributor to a 71% increase in sales volumes and an 82% increase in revenue over the second quarter of 2012. Second quarter 2013 oil and gas revenue totaled $2,508,348 on average daily sales volumes of 427boe/d as compared to oil and gas revenue of $1,381,623 on average sales volumes of 250boe/d a year ago.

Oil and gas operating expenses during the second quarter of 2013 also increased significantly over 2012 as a result of the Terrex acquisition. Q2 2013 operating costs totaled $1,775,401 or $45.70/boe compared to $741,404 or $32.56/boe in the same period last year, a 40% period over period increase on a per barrel of production basis. This increase was primarily due to the higher overall operating costs associated with the Terrex properties which were further impacted by additional expenditures incurred to reactivate wells and increase production from these properties. For the six months ended June 30, 2013, operating expense totaled $2,644,311 or $39.19/boe compared to $1,416,016 or $31.21/boe in 2012, a 26% increase on a per barrel basis.

Royalties for the second quarter of 2013 totaled $371,543 or 15% of revenue versus $256,509 or 19% of revenue for the same period in 2012. For the six months ended June 30, 2013, royalty expense was $614,667 or 14% of revenue versus $567,599 or 20% of revenue for the same period in 2012. The increase in overall royalty expense was due to higher production compared to the same period in last year. The decrease, on a percentage of revenue basis, primarily resulted from the freehold royalty rates relating to certain Terrex properties being less than crown royalty rates.

For the second quarter 2013 midstream processing revenue decreased slightly to $658,763 as compared to $716,434 a year ago. For six months ended June 30, 2013, revenue increased by 11% from $1,286,838 to $1,423,099 primarily as the result of increased processing revenue from Suffield. Midstream operating expenses totaled $296,259 for the second quarter of 2013 as compared to $243,987 in the same period last year. For the six months ended June 30, 2013, operating expense increased from $463,123 in 2012 to $561,876 in 2013. This 21% increase was mainly the result of higher salaries and increased maintance expense during 2013.

Higher than normal general and administrative and operating expenses were primarily responsible for a loss of $1,162,433 reported for the second quarter. Significant, largely one-time costs associated with financing and acquisition activities, including regulatory reporting requirements contributed to high general and administrative expenses, and an extensive workover and well reactivation program added to operating costs. The loss of $234,454 reported for the six months ended June 30, 2013, reflects the Gain on Business Combination of $1,192,666 resulting from the estimated fair value of the Terrex net assets being in excess of the consideration paid. The gain was recognized in the first quarter of 2013.

At June 30, 2013, the Company had drawn down $6,294,113 on its credit facility of $15,000,000, and had a net working capital deficit including the negative bank balance of $6,407,002.

Financial and Operating Results

Production, Revenue and Price

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
Production				
Light crude oil (bbls/d)	**290**	175	**246**	176
Natural gas (mcf/d)	**726**	378	**650**	374
NGLs (bbls/d)	**16**	13	**19**	12
Total production (boe/d)	**427**	250	**372**	251
Total production (boe)	**38,853**	22,767	**67,470**	45,369
Revenue				
Light crude oil ($)	**2,162,282**	1,252,045	**3,678,475**	2,686,050
Natural gas ($)	**258,518**	70,304	**436,870**	159,695
NGLs ($)	**87,548**	59,274	**189,953**	134,224
Gross revenue ($)	**2,508,348**	1,381,623	**4,305,298**	2,979,969
Royalties ($)	**371,543**	256,509	**614,667**	597,483
Operating expenses ($)	**1,800,401**	**741,404**	**2,669,311**	1,416,016
Net operating revenue ($)	**336,404**	**383,710**	**1,021,320**	966,470
Average Prices				
Light crude oil ($/bbl)	**81.94**	78.62	**82.87**	84.32
Natural gas ($/mcf)	**3.91**	2.04	**3.71**	2.36
NGLs ($/bbl)	**60.13**	50.10	**55.28**	61.80
Total sales price ($/boe)	**64.56**	60.69	**63.81**	65.68
Royalty costs ($/boe)	**9.56**	11.27	**9.11**	13.17
Operating costs ($/boe)	**46.34**	32.56	**39.56**	31.21
Operating netback ($/boe)	**8.66**	16.85	**15.14**	21.30
Midstream Processing				
Revenue ($)	**658,763**	595,980	**1,423,099**	1,286,838
Operating costs ($)	**296,259**	243,987	**561,876**	463,123
Operating netback ($)	**362,504**	351,993	**861,223**	823,715

Oil and gas revenue for the second quarter of 2013 totaled $2,508,348 on average daily sales volumes of 427boe/d compared to revenue of $1,381,623 and sales volumes of 250boe/d a year ago. The increase in sales volumes was primarily the result of production from the Terrex properties

The 82% revenue increase resulted from a 71% increase in sales volumes and higher realized oil and gas prices. Realized sales price for light crude oil was $81.94/bbl during the second quarter of 2013 as compared to $78.62/bbl in 2012.

For the six months ended June 30, 2013, revenue increased 44% due to a 49% increase in sales volumes and a 3% decrease in oil and gas prices. The realized sales price for crude oil was $82.87/bbl for the six months ended June 30, 2013 as compared to $84.32/bbl for the comparable period in 2012.

Anterra's product volume mix has remained relatively constant, at 68% and 66% crude oil for the three and six months ended June 30, 2013 as compared to 70% for the comparable periods in 2012.

For the second quarter of 2013, the midstream processing revenue totaled $658,763 compared to $716,434 a year ago. For six months ended June 30, 2013, revenue increased by 11% from $1,286,838 to

$1,423,099. The 11% increase was primarily the result of increased processing revenue from the Suffield area. The Suffield area was shut in for the same period of last year.

Royalties

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Crown royalties	**138,646**	93,137	**286,254**	204,433
Freehold royalties	**204,700**	152,359	**319,423**	382,037
Overriding royalties	**8,990**	11,013	**8,990**	11,013
Total royalties	**352,336**	256,509	**614,667**	597,483
Total royalties *($/boe)*	**9.56**	11.27	**9.11**	13.17
Percent of revenue *(%)*	**15%**	19%	**14%**	20%

For the second quarter of 2013, the Company recorded total royalties of $352,336 or 15% of revenue versus $256,509 or 19% of revenue for the same period in 2012. The increase in overall royalty expense was mainly due to the higher production compared to the same period in last year.

For the six months ended June 30, 2013, royalty expense was $614,667 or 14% of revenue versus $567,599 or 20% of revenue for the same period of 2012.

As a percentage of revenue, royalties for the three and six months ending June 30, 2013 decreased from comparable periods in 2012 primarily as a result of the freehold oil royalty rate related to certain Terrex properties being less than Crown royalty rates.

Operating Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Oil and gas operation	**1,775,401**	741,404	**2,644,311**	1,416,016
Midstream operation	**296,259**	243,987	**561,876**	463,123
Inter-company eliminations	**(27,599)**	(17,242)	**(60,986)**	(38,307)
Total operating expenses	**2,044,061**	968,149	**3,145,201**	1,840,832
Total operating expenses for oil and gas operation *($/boe)*	**45.70**	32.56	**39.19**	31.21

Oil and gas operating expenses, for the second quarter of 2013 totaled $1,775,401 or $45.70/boe compared to $741,404 or $32.56/boe for the same period last year, a 40% increase on a per barrel basis. This increase was primarily due to the higher overall operating costs associated with Terrex properties compounded by approximately $400,000 of workover and repair costs incurred at Two Creek during the second quarter. These expenditures were incurred to reactivate and restore production from existing wells and resulted in crude oil production from Two Creek increasing from an average of 82 bbls/d in March of 2013 to an average of 142 bbls/d in June. For the six months ended June 30, 2013, operating expense totaled $2,644,311 in or $39.19/boe compared to $1,416,016 or $31.21/boe in 2012, a 26% increase on a per barrel basis.

For the second quarter of 2013 midstream operating expenses totaled $296,259 compared to $243,987 in the same period last year. The 21% increase relates to the 11% increase in midstream revenue and was mainly caused by higher salaries and maintance expenses during the second quarter of year 2013. For the six months ended June 30, 2013, operating expense increased 21% from $463,123 in 2012 to $561,876 in 2013.

Operating Netback

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Gross revenue	**64.56**	60.69	**63.81**	65.68
Royalty expenses	**9.56**	11.27	**9.11**	13.17
Operating expenses	**46.34**	32.56	**39.56**	31.21
Operating netback	**8.66**	16.85	**15.14**	21.30

For the three months ended June 30, 2013, Anterra recorded an operating netback of $9.30/boe versus $16.86/boe a year ago. The decrease was due primarily to higher operating cost in 2013 as previously discussed.

For the six months ended June 30, 2013, Anterra's net operating netback decreased 27% from $21.30 in 2012 to $15.14 in 2013.

General and Administrative ("G&A") Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Salaries and management consulting	**377,520**	235,173	**581,152**	495,291
Legal	**92,351**	29,549	**276,858**	55,336
Computer services and subscriptions	**36,977**	29,263	**42,299**	70,584
Accounting and audit fees	**86,398**	34,234	**173,339**	71,234
Travel and business entertainment	**95,144**	90,373	**134,927**	109,460
Terrex acquisition costs	**99,705**	-	**234,116**	-
General office expenses	**187,908**	125,501	**333,738**	278,696
Salaries and management consulting	**976,003**	544,093	**1,776,429**	1,080,601
Total, $ per boe	25.12	23.90	26.33	23.81

G&A costs for the three and six months ended June 30, 2013 increased significantly over the comparable periods in 2012. The increase in legal, audit and accounting fees, comprise 47% of the overall $695,828 increase in 2013 G&A expenses over 2012. The increase in professional fess is largely comprised of one-time costs associated with acquisitions and equity financings, including associated regulatory reporting requirements, undertaken during the first half of 2013. Additionally, 34% of the overall increase relate to costs associated with the Terrex acquisition and expensed.

On a $ per boe of production basis G&A costs have remained relatively consistent as a result of the increase in production volumes resulting from the Terrex acquisition.

Net Finance Expenses

	For the three months ended at June 30,		For the six months ended at June 30,	
	2013	2012	**2013**	2012
Interest income on cash on deposit	**(217)**	(6,597)	**(430)**	(3,298)
Interest and line of credit fees	**60,979**	48,938	**120,643**	103,153
Interest of debenture	**60,000**	-	**70,000**	-
Accretion of debenture	**35,381**	-	**35,381**	-
Accretion of decommissioning obligations	**48,502**	22,991	**82,708**	45,007
Net finance expenses	**204,645**	65,332	**308,302**	148,160
Total net finance expenses *($/boe)*	**5.27**	2.87	**4.57**	3.19

During the three months ended June 30, 2013, interest income decreased due to lower cash balances on deposit compared to 2012.

Overall finance expenses in 2013 have increased over 2012 primarily as a result of the debenture issued on the acquisition of Terrex.

Depletion and Depreciation ("D&D")

	For the three months ended at June 30,		For the six months ended at June 30,	
	2013	2012	**2013**	2012
D&D for oil and gas properties	**635,497**	451,298	**1,212,485**	858,397
D&D for midstream facilities and others	**38,437**	59,950	**70,766**	59,950
Total D&D	**673,934**	511,248	**1,283,251**	918,347
Total D&D for oil and gas properties *($/boe)*	**16.36**	19.83	**17.97**	18.92

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

The overall increase in depletion in 2013 results primarily from the inclusion of depletion of the Terrex assets during the quarter. Depletion on an equivalent barrel of production basis has decreased largely due to the impact of the addition of the Terrex properties at a cost of approximately $8.24 per boe on a proved plus probable reserves basis.

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 vested immediately and of the remaining 1,850,000 options, one third vested immediately, with the balance vesting equally on the first and second anniversary of the grant date. Included in these options were 750,000 options granted to consultants providing investor relations services to the Company.

A summary of the status of the Company's stock option plan as at December 31, 2012 and June 30, 2013 and changes during the period ending on those dates is presented below.

	Number of options	Weighted average exercise price $
Outstanding at January 1, 2012	15,000,000	-
Granted	5,350,000	0.255
Forfeited/expired	(350,000)	0.10
Outstanding at December 31, 2012	19,850,000	0.14
Outstanding at June 30, 2013	19,850,000	0.14

The following table summarizes stock options outstanding and exercisable:

Options Outstanding

Range of exercise prices	Number outstanding at June 30, 2013	Expiry date	Weighted average exercise price	Number exercisable at June 30, 2013	Weighted average remaining contractual life
$0.10	9,900,000	2015-7-13	$0.10	9,900,000	2.00years
$0.255	4,500,000	2016-3-26	$0.255	4,500,000	2.70 years
$0.10 - $0.255	14,400,000		$0.14	14,400,000	2.30 years

Stock based compensation cost of $ 6,769 (2012 - $36,265) was expensed during the second quarter of 2013.

Funds Flow from Operations and Net Income (Loss)

	For the three months ended at June 30,		For the six months ended at June 30,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Net income (loss)	**(1,162,443)**	(308,663)	**(234,454)**	(340,478)
Non-cash charges:				
Depletion, Depreciation and amortization	**673,934**	511,248	**1,283,251**	918,347
Share-based payment expense	**6,769**	12,099	**18,070**	67,423
Deferred income taxes	**-**	(88,406)	**(76,389)**	(80,570)
Gain on business combination	**-**	-	**(1,192,666)**	-
Interest and financing charges	**83,883**	22,991	**118,089**	45,007
Funds flow from (used in) operations	**(397,857)**	149,269	**(84,099)**	609,729

For the three and six month ended June 30, 2013, funds flow from operations totaled $(397,857) and $(84,099) respectively versus $149,269 and $609,729 respectively in the comparable period of 2012. The year-over-year decrease was due to high operating and general and administrative costs offset by higher revenue net of royalties.

Capital Expenditures

	For the three months ended at June 30,		For the six months ended at June 30,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Land acquisitions (dispositions)	**(154,000)**	7,628	**(204,000)**	8,052
Geological and geophysical	**666,900**	62,300	**679,510**	125,408
Midstream Facility	**218,670**	101,885	**253,654**	120,630
Equipment,completions and other	**257,468**	495,347	**323,250**	749,367
Total capital expenditures	**989,038**	667,160	**1,052,414**	1,003,457
Capital expenditures are composed of				
PP&E	**981,372**	665,895	**1,078,361**	995,830
Exploration and evaluation assets	**7,666**	1,265	**(25,947)**	7,628
	989,038	667,160	**1,052,414**	1,003,458

The majority of capital expenditures to June 30, 2013 were incurred in the second quarter. Net capital expenditures during the quarter totaled $989,038 the principal component of which was geological and geophysical expenditures. These expenditures related primarily to the integrated reservoir studies and exploitation evaluations of existing properties being undertaken by LandOcean Energy Services Co., Ltd.).

Midstream expenditures related to the ongoing expansion of the facilities at Breton with the balance of expenditures being capital maintenance costs on various properties.

Dispositions relate to the sale of lands in the Buck Lake area for $50,000 and at Brenton for $154,000 to arms length parties.

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 total a consideration of $2,067,885 in exchange for 31,813,614 Class A common shares of Anterra and 1,581,050 share purchase warrants. The warrants expire as to 967,050 warrants on August 21, 2013 and 614,000 warrants on July 15, 2015 and have an exercise price of $1.00 and $0.60 respectively. Each warrant entitles the holder to purchase one common share of the company. No value has been attributed to the warrants.

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 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	(493,153)
Inter-company payable	(7,755,830)
Decommissioning liability	(4,996,797)
Bargain purchase gain	(1,192,666)
Total net assets acquired	$ 2,067,885

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

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 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 11), 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. The inter-company payable amount reflects amounts advanced by Anterra to Terrex to facilitate the Agreement.

Liquidity and Capital Resources

The Company's liquid assets are comprised of cash and accounts receivable from the sale of petroleum products and joint venture billings from industry partners. Cash is maintained on demand with the Company's banker and represent minimal liquidity risk to the Company. In view of the current economic climate, Anterra has made an assessment of accounts receivable and had made a reasonable allowance in the total amount of $690,104. The majority of the remaining accounts receivable relate to joint venture billings with industry partners. The Company believes that minimal exposure exists with these particular accounts and sufficient security exists to recover amounts due to the Company in the event of default.

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

In connection with the acquisition of Terrex, the Company and Terrex entered into a settlement agreement with Sandstorm Metals and Energy Ltd. ("Sandstorm"). On March 14, 2013, as part of this settlement, the Company issued a five year, 6% convertible redeemable debenture in the principal amount of $4,000,000 to Sandstorm.

The Company does not have any contractual obligations other than for office leases. The Company has entered a new lease arrangement for five years commencing January 1, 2013. The new lease amount of $998,514 will be expended equally over the 54 months.

As at June 30, 2013, the Company had a working capital deficit of $6,407,442 including $6,294,113 drawn on the Company's credit facility compared to a working capital deficit of $7,929,584, including $5,748,169 drawn on the credit facility, at December 31, 2012.

At June 30, 2013 the Company had approved credit facilities with a Canadian chartered bank totaling $20 million comprised of a $15 million revolving operating demand loan facility and a $5 million non-revolving acquisition/development demand loan facility. The facilities are payable on demand. The operating facility bears interest at the bank's prime rate plus 0.75% with an effective rate at June 30, 2013 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. At June 30, 2013, $6,294,113 had been drawn on the revolving loan facility and no amount was drawn on the non-revolving facility.

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 June 30, 2013. The facilities are currently under review and the company expects the facilities will be renewed under similar existing terms.

On April 5, 2013, the Company issued 107,692,308 common shares by way of a private placement for proceeds of $6,619,750, net of associated costs. Proceeds from the issue were used to reduce the amount drawn on the credit facility. On July 10, 2013 the Company received share subscription proceeds of $7 million relating to a private placement of 106,060,606 Class A common shares. The shares have not as yet been issued from treasury pending final approvals from the TSX Venture Exchange. Additionally, on August 13, 2013 the Company executed a letter of intent for the issuance of an additional 104,477,612 Class A shares for gross proceeds of $7 million pursuant to a private placement. The private placement is conditional on the execution of a definitive agreement, regulatory approval, and compliance with applicable laws. The financing is expected to close on or before October 31, 2013.

Management is of the opinion that expected funds flow from operations together until its unutilized credit facilities and equity issues, as disclosed above, will provide sufficient resources to fund planned activities for 2013.

Sources and Uses of Cash

As at June 30, 2013 and 2012, cash remains at $Nil.

	For the three months ended at June 30,		For the six months ended at June 30,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Cash – beginning of period	**--**	**--**	**--**	**--**
Funds flow from operations	**(397,857)**	149,269	**(84,099)**	609,729
Change in non-cash working capital	**(1,786,779)**	(99,660)	**(2,616,218)**	(191,174)
Proceeds from Terrex	**--**	--	**54,539**	--
Issue of common shares, net of issue costs	**6,619,750**	--	**6,619,750**	--
Advances on bank loan	**(3,446,075)**	617,551	**545,944**	584,902
Cash used to settle Sandstorm	**--**	--	**(3,467,502)**	--
Capital expenditures				
PP&E	**(981,373)**	(665,895)	**(1,078,361)**	(995,829)
Exploration and evaluation	**(7,666)**	(1,265)	**25,947**	(7,628)
Cash – end of period	**--**	**--**	**--**	**--**

Share Capital

As at June 30, 2013, 390,810,514 Class A common shares were issued and outstanding, 19,850,000 options were outstanding under the Company's stock option plan, and share purchase warrants to acquire 1,581,050 Class A shares were outstanding.

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 total consideration of $2,067,885 in exchange for 31,813,614 Class A common shares of Anterra and warrants to acquire 1,581,050 Class A common shares. Warrants to acquire 967,050 Class A shares at a price of $1.00 per share expire on August 21, 2013 and warrants to acquire 614,000 Class A shares at a price of $0.60 per share expire on July 15, 2015. 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 45 months.

As at August 22 2013, Anterra has outstanding 390,810,514 Class A common shares, 19,850,000 stock options, and warrants to acquire 614,000 Class A common shares at a price of $0.603 per share. The Warrants expire on July 15, 2015.

Related Party Transactions

The Company had the following related party transactions:

- 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.

- 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.

- 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 (2012 - $19,290) for consulting services of which $6,430 is payable as 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.

Subsequent Events

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.

Off-balance Sheet Arrangements

The Company has a term lease agreement for office space, which was entered into in the normal course of operations. The lease agreement does not currently provide for early termination. No asset or liability value has been assigned to this lease in the balance sheet as of June 30, 2013.

Changes in Accounting Policy

The Company adopted IFRS effective January 1, 2011. As a result, the Company has prepared its financial statements for the year ended December 31, 2012 under IFRS and has restated its financial statements for the year ended December 31, 2010 to comply with IFRS. The financial information presented in this MD&A is derived directly from the Company's financial statements and as such certain comparative information may differ from what was originally presented by the Company using previous Canadian Generally accepted accounting principles ("previous GAAP).

The Company's financial statements as at and for the periods ended December 31, 2012 and 2010 have been prepared in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards under IFRS as issued by the International Accounting Standards Board.

For further details on the Company's transition to IFRS, refer to note 21 of the Company's financial statements for the year ended December 31, 2012.

Supplemental Quarterly Information

Three Months Ended	**June. 30, 2013**	March. 31, 2013	Dec. 31, 2012	Sep. 30, 2012
	($)	*($)*	*($)*	*($)*
Gross revenue	**3,139,512**	2,527,899	1,710,464	1,837,779
Net income (loss)	**(1,162,443)**	927,989	(431,846)	(46,189)
Per share – basic	**(0.003)**	0.004	(0.002)	(0.000)
Per share – diluted	**(0.003)**	0.004	(0.002)	(0.000)
Funds flow from operations [(1)]	**(397,856)**	313,758	(248,913)	366,599
Per share – basic	**(0.001)**	0.001	(0.001)	(0.002)
Per share – diluted	**(0.001)**	0.001	(0.001)	(0.002)
Capital expenditures	**1,052,414**	63,376	1,852,792	1,465,889
Total assets	**58,298,059**	57,568,625	43,396,609	38,694,424
Working capital (deficiency)	**(6,407,002)**	(11,639,857)	(7,929,584)	(5,827,840)
Shareholders' equity	**34,222,795**	28,349,392	24,648,814	24,914,457
Production				
Light crude oil *(bbls/d)*	**290**	200	132	133
NGLs *(bbls/d)*	**726**	22	8	10
Natural gas *(mcf/d)*	**16**	574	317	338
Total *(boe/d)*	**427**	314	197	199
Total *(boe)*	**38,853**	28,617	18,168	17,907

Three Months Ended	Jun 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011 [(3)]
Gross revenue	1,977,603	2,289,204	3,021,111	3,278,175
Net income (loss)	(308,663)	(31,815)	185,412	323,847
Per share – basic	(0.002)	0.000	(0.001)	0.001
Per share – diluted	(0.002)	0.000	(0.001)	0.001
Cash flow from operations	149,269	460,460	979,828	949,421
Per share – basic	(0.001)	0.002	0.004	0.004
Per share – diluted	(0.001)	0.002	0.004	0.004
Capital expenditures	667,160	336,297	32,871	2,726,527
Total assets	38,296,699	37,799,544	38,140,026	37,588,396
Working capital (deficiency)	(4,728,550)	(4,210,658)	(4,334,821)	(5,124,259)
Shareholders' equity	25,030,046	25,326,610	25,303,101	25,852,973
Production				
Light crude oil *(bbls/d)*	175	178	228	265
NGLs *(bbls/d)*	13	12	20	16
Natural gas *(mcf/d)*	378	370	383	459
Total *(boe/d)*	250	248	312	358
Total *(boe)*	22,767	22,602	28,749	32,967

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

(2) The selected quarterly information has been prepared in accordance with the accounting principles as contained in the notes to the consolidated financial statements for the years ended December 31, 2012 and 2010.

(3) *Some amounts were restated for the corrections discussed in the Company's Management Discussion and Analysis for the year ended December 31, 2012, available at sedar.com.*

Factors That Have Caused Variations over the Quarters

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. The revenue increase in 2013 Q2 is mainly contributed by the Terrex's properties from the acquisition.
- Midstream revenue was negatively impacted by scheduled and unscheduled third party shut downs and road bans due to poor weather experienced 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 assets have increased over the past eight quarters presented above as a result of Anterra's successful exploration and development programs, property and corporate acquisitions.

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 worldwide. On April 5, 2013, LandOcean completed an equity investment in Anterra in the amount of $7 million. Anterra intends to enter into 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.