MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") dated April 28, 2014, of the financial condition and the results of operations of Anterra Energy Inc. ('Anterra" or the "Company") as at and for the and year ended December 31, 2013 should be read in conjunction with the Company's audited consolidated financial statements and related notes as at and for the year ended December 31, 2013.

Non-IFRS Measures

This MD&A makes reference to terms commonly used in the petroleum and natural gas industry including funds from operations, funds from operations per share and netback. Such terms do not have a standard meaning as prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the determination of similar measures for other entities. These measures are identified as non-GAAP measures and are used by management to analyze operating performance and leverage. These measures should not be considered an alternative to, or more meaningful, than cash flow from/used in operating activities or net income (loss) as determined in accordance with IFRS.

BOE Presentation

Production volumes and reserves are commonly expressed on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are coverted at the ratio of six thousand cubic feet of gas equal to one barrel of oil, based on an energy equivalency at the burner tip and does not represent a value equivalency at the wellhead. Used in isolation, barrels of oil equivalent may be misleading.

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. 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 2014; 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.

Description of Business

Anterra is engaged in the acquisition, development, optimization and production of crude oil and natural gas in western Canada. The Company is focused on growth through a combination of accretive oil-based acquisitions and the development and optimization of existing and acquired assets.

Acquisitions

During 2013 Anterra's activities focused on two acquisitions that had a significant impact on 2013 operating results in comparison to 2012. The acquisitions added to the Company's inventory of oil development properties and increased its production and reserve base.

Terrex Energy Inc. – corporate acquisition

On March 14, 2013 the Company acquired 100% of the issued and outstanding shares of Terrex Energy Inc. in exchange for 31,813,614 Class A common shares of Anterra. The acquisition included approximately 165 boe per day of production and provided the Company with two additional 100% working interest oil development properties at Strathmore and Two Creek in Alberta. The Company recorded a gain of $1,192,666 on the transaction which is recognized in earnings for the year. The gain is a result of the fair value of petroleum and natural gas properties and the deferred income asset recognized, net of liabilities assumed, being in excess of the consideration given.

Nipisi – property acquisition

On December 19, 2013 the Company closed the acquisition of producing oil properties in the Nipisi area of north central Alberta for a cash consideration of $11.8 million post closing adjustments. The acquisition included an approximate 88% working interest in 5,920 developed acres and 17 producing wells producing approximately 400 boe per day (94% light oil) net to Anterra.

Performance Summary

Fourth quarter 2013 petroleum and natural gas sales volumes and revenue increased 106% and 114% respectively, over the fourth quarter of 2012 primarily as a result of the acquisitions discussed above. Fourth quarter 2013 oil and gas revenue totaled $2,348,333 on average daily sales volumes of 405 boe/d as compared to oil and gas revenue of $1,097,741 on average sales volumes of 197 boe/d for the fourth quarter of 2012. Quarter over quarter, Q4 2013 production was virtually the same as Q3 2013 production of 406 boe/d. Revenue for Q4 2013 decreased approximately 14% from that of Q3 2013 due to lower realized oil prices. Petroleum and natural gas sales volumes and revenue for the year ended December 31, 2013 increased 81% and 72% respectively as a result of the acquisitions.

Oil and gas operating expenses during the fourth quarter of 2013 also increased significantly over 2012 as a result of the acquisitions. Q4 2013 operating costs totaled $1,615,620 or $43.41/boe compared to $571,933 or $31.48/boe in the same period last year. The per barrel increase reflects the higher overall operating costs associated with the Terrex properties. For the year ended December 31, 2013, operating expense totaled $5,851,569 or $41.20/boe compared to $2,549,122 or $31.30/boe in 2012.

Royalties for the fourth quarter of 2013 totaled $469,024 (20% of revenue) versus $168,081 (15% of revenue) for the same period in 2012. For the year ended December 31, 2013, royalty expense was $1,622,853 or 17% of revenue versus $920,344 or 18% of revenue for the same period in 2012. The increase in overall royalty expense was due to higher production compared to the same period last year.

Fourth quarter 2013 midstream processing revenue increased to $890,321 from $702,136 a year ago. For the year ended December 31, 2013, revenue increased by 14% from $2,708,535 in 2012 to $3,079,515 in 2013, primarily as the result of increased revenue from the Suffield facilities and the Breton midstream plant expansion. Midstream operating expenses for three and twelve months ended December 31, 2013 increased over the comparable periods in 2012 due to higher personnel costs and increased maintenance expenditures. Midstream operating expenses totaled $376,935 for the fourth quarter of 2013 and $1,298,301 for the twelve months ended December 31, 2013 as compared to $323,361 and $1,056,059 for the comparable periods in 2012.

Funds from operations for the three and twelve months ended December 31, 2013 were $132,965 and $945,723 respectively compared to funds from operations of $(30,603) and $945,723 for the comparable periods in 2012.

Reconciliation of Cash Flow Operating Activities to Funds Flow From Operations

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Cash flow from (used in) operating activities	**1,290,835**	(495,894)	**(666,451)**	837,060
Transaction costs	**35,004**	218,348	**437,821**	218,348
Changes in non-cash working capital	**(1,192,874)**	246,943	**907,003**	(109,685)
Funds flow from operations	**132,965**	(30,603)	**678,373**	945,723

The Company reported a net loss of $7,102,781 for the year ended December 31, 2013 as compared to a net loss of $813,513 for 2012. Major factors contributing to the net 2013 loss were the expensing of $4,161,131 of evaluation and exploration costs associated with the Abbot property and a $1,099,100 impairment charge relating to the Breton property. Other contributing factors were increases in transaction, general and administrative, and finance expenses.

Financial and Operating Results

Production, Revenue and Price

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	**2013**	2012
Production				
Light crude oil (bbls/d)	**298**	132	**270**	155
Natural gas (mcf/d)	**547**	317	**616**	351
NGLs (bbls/d)	**15**	8	**17**	10
Total production (boe/d)	**405**	197	**389**	223
Total production (boe)	**37,221**	18,168	**142,018**	81,444
Revenue				
Light crude oil ($)	**2,100,028**	980,080	**8,247,527**	4,660,352
Natural gas ($)	**195,099**	83,527	**843,925**	321,688
NGLs ($)	**53,206**	34,134	**323,961**	213,888
Gross revenue ($)	**2,348,333**	1,097,741	**9,415,413**	5,195,928
Royalties ($)	**469,024**	168,081	**1,622,853**	920,344
Operating expenses ($)	**1,615,620**	571,933	**5,851,569**	2,549,122
Net operating revenue ($)	**263,689**	357,727	**1,940,991**	1,726,462
Average Prices				
Light crude oil ($/bbl)	**76.60**	81.00	**83.79**	82.66
Natural gas ($/mcf)	**3.88**	2.86	**3.76**	2.51
NGLs ($/bbl)	**56.23**	47.27	**57.85**	57.42
Total sales price ($/boe)	**63.09**	60.42	**66.30**	63.80
Royalty costs ($/boe)	**12.60**	9.25	**11.43**	11.30
Operating costs ($/boe)	**43.41**	31.48	**41.20**	31.30
Operating netback ($/boe)	**7.08**	**19.69**	**13.67**	**21.20**

Midstream Processing				
Revenue ($)	**890,321**	702,136	**3,079,515**	2,708,535
Operating costs ($)	**376,935**	323,361	**1,298,301**	1,056,059
Operating netback ($)	**513,386**	378,775	**1,781,214**	1,652,476

Oil and gas revenue for the fourth quarter of 2013 totaled $2,348,333 on average daily sales volumes of 405 boe/d compared to revenue of $1,097,941 and sales volumes of 197 boe/d a year ago. The increase in sales volumes was primarily the result of production from the Terrex properties and Nipisi properties.

Revenue for the three months ended December 31, 2013 increased 114% due to a 106% increase in sales volumes and higher realized oil and gas prices. For the year ended December 31, 2013, revenue increased 81% due to a 74% increase in sales volumes and a 4% increase in oil and gas prices.

Anterra's product volume mix was 74% and 69% crude oil respectively, for the three and twelve months ended December 31, 2013 as compared to 67% and 70% for the comparable periods in 2012.

For the fourth quarter of 2013, midstream processing revenue totaled $890,321 compared to $702,136 a year ago. For the year ended December 31, 2013, revenue increased by 14% from $2,708,535 to $3,079,515. The increase is primarily the result of increased processing revenue from the Breton first phase plant expansion and revenue from the Suffield facilities that were not operational during 2012.

Royalties

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Crown royalties	**379,447**	58,580	**962,468**	337,285
Freehold royalties	**88,602**	116,336	**652,476**	572,691
Overriding royalties	**975**	(6,835)	**7,909**	10,368
Total royalties	**469,024**	168,081	**1,622,853**	920,344
Total royalties ($/boe)	**12.60**	9.25	**11.43**	11.30
Percent of revenue (%)	**20%**	15%	**17%**	18%

Total royalties are the combination of royalties paid on Crown lands and freehold lands and gross overriding royalties. Crown royalties under the Alberta Royalty Framework ("ARF") are sensitive to both commodity prices and production levels. As a result, royalties and royalty rates will fluctuate with commodity prices and production.

Operating and Transportation Expenses

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Oil and gas operating expense	**1,348,698**	435,354	**5,067,606**	2,181,826
Transportation	**266,922**	136,579	**783,963**	367,296
Midstream operating expense	**376,935**	323,361	**1,298,301**	1,056,059
Inter-company eliminations	**(20,004)**	(31,414)	**(99,786)**	(89,413)
Total operating expenses	**1,972,551**	863,880	**7,050,084**	3,515,768
Oil and Gas operating expenses ($/boe)	**36.23**	23.96	**35.68**	26.79

The overall increase in 2013 operating expenses, as compared to 2012, is due to increased production from the Terrex and Nipisi acquisitions. The increase in operating expenses determined on a boe of production basis results from the higher overall operating costs associated with mature properties acquired from Terrex and the proportionately higher fixed costs in relation to variable costs.

Midstream operating expenses for 2013 have increased over 2012 as a result of a combination of increased processing revenue and increases in personnel and maintenance costs.

Operating Netback

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$/boe	$/boe	$/boe	$/boe
Gross revenue	**63.09**	60.42	**66.30**	63.80
Royalty expenses	**12.60**	9.25	**11.43**	11.30
Operating expenses	**43.41**	31.48	**41.20**	31.30
Operating netback	**7.08**	19.69	**13.67**	21.20

For the three months and year ended December 31, 2013, Anterra realized lower netbacks than realized in comparable periods in 2012 mainly as a result of higher royalties and operating expenses, as previously discussed, which more than offset higher realized 2013 commodity prices.

General and Administrative ("G&A") Expenses

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Personnel costs	**283,361**	222,584	**1,196,066**	928,179
Professional fees	**75,461**	73,681	**334,151**	250,823
Computer services and subscriptions	**31,200**	25,391	**157,794**	123,296
Travel and business entertainment	**56,430**	15,530	**293,042**	140,979
Office rent	**55,473**	46,560	**221,892**	186,240
General office expenses	**63,074**	34,527	**451,431**	285,933
Total G&A Expenses	**564,999**	418,273	**2,654,376**	1,915,450
Total, $ Per boe	**15.18**	23.02	**18.69**	23.52

Overall G&A costs for the three months and year ended December 31, 2013 increased over the comparable periods in 2012 and reflects the overall increase in the activities of the Company during 2013. The increase in professional fees also reflects the costs associated with equity financings, including associated regulatory reporting requirements, undertaken during 2013.

On a $ per boe of production basis, 2013 G&A costs have decreased as compared to 2012 costs as a result of the 2013 production increases. Quarter over quarter, Q4 2013 G&A costs decreased $115,761 to $564,999 in from $715,765 in Q3 2013.

Transaction expenses

Transaction expenses relate to professional, consulting and other costs directly related to a transaction. During the year ended December 31, 2013 the Company incurred transaction costs of $437,821 relating to the Nipisi and Terrex transactions.

Exploration and evaluation expense

The Company does not have any immediate plans for further exploration activities in the Abbott area of Saskatchewan nor have any reserves been assigned to the property as of December 31, 2013. As a result, $4,161,131 of accumulated 2011 and 2012 land, seismic and drilling costs relating to the Abbott property have been charged to exploration and evaluation expense.

Finance Expenses

	For the three months ended at December 31,		For the twelve months ended at December 31,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Interest income on cash on deposit	**(291)**	**(265)**	**(867)**	**(5,794)**
Interest and line of credit fees	**19,401**	**69,063**	**200,323**	**243,526**
Interest on debenture	**60,000**		**190,000**	
Accretion of debenture	**30,326**		**96,033**	
Accretion of decommissioning obligations	**262,950**	**21,686**	**409,772**	**86,326**
Net finance expenses	**372,386**	**90,484**	**895,261**	**324,058**
Total net finance expenses *($/boe)*	**9.98**	**4.98**	**6.30**	**3.98**

During the three months ended December 31, 2013, interest income decreased due to lower cash balances on deposit as compared to 2012.

Finance expenses in 2013 increased over 2012 as a result of interest and accretion relating to the debenture issued on the acquisition of Terrex and increased accretion of decommissioning obligations. Increased accretion of decommissioning liabilities results from properties acquired during the year and accretion of the associated decommissioning liabilities, and additional accretion resulting from the restatement of 2012 decommissioning liabilities.

Depletion and Depreciation ("D&D")

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
	$	$	**$**	$
D&D for oil and gas properties	**749,237**	181,403	**2,623,313**	1,378,269
D&D for midstream facilities and others	**56,424**	29,999	**172,973**	120,190
Total D&D	**805,661**	211,402	**2,796,286**	1,498,459
Total D&D for oil and gas properties *($/boe)*	**20.13**	9.98	**18.47**	16.92

The provision for D&D of property, plant and equipment 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. The increase in D&D associated with oil and gas operations, determined on a boe basis, results in part from the inclusion of estimated costs of reclamation and abandonment in costs subject to depletion and the restatement of 2012 estimated costs.

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%.

Share Based Payments

The Company has established a Stock Option Plan that meets with the requirements of the TSX Venture Exchange. Share based payments reflect the amortization over the vesting period of the fair value of stock options granted, to employees, consultants and directors of the Company.

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

Options Outstanding	Number of options	Weighted average exercise price
Outstanding at January 1, 2012	20,200,000	$ 0.10
Forfeited	(350,000)	0.255
Outstanding at December 31, 2012	19,850,000	0.14
Forfeited	(1,750,000)	0.10
Forfeited	(1,500,000)	0.255
Outstanding at December 31, 2013	16,600,000	$ 0.13

The following table summarizes stock options outstanding and exercisable:

Options Exercisiable

Range of exercise prices	Number outstanding at December 31, 2013	Expiry date	Weighted average exercise price	Number exercisable at December 31, 2013	Weighted average remaining contractual life
$0.10	13,100,000	July 13, 2015	$0.10	13,100,000	1.5 years
$0.255	3,500,000	March 26, 2016	$0.255	3,500,000	2.2 years
$0.10 - $0.255	16,600,000		$0.13	16,600,000	1.7 years

Share based payments of $ 50,066 (2012 - $197,226) were expensed during the year ended December 31, 2013 related to previous granted options. No additional options were granted in 2013 and 2012.

Capital Expenditures

	For the three months ended December 31,		For years ended December 31,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Acquisitions (dispositions)	**11,825,731**	5,273	**11,621,731**	717,844
Geological and geophysical	**472,342**	39,840	**1,275,516**	209,548
Midstream facility	**103,056**	29,614	**1,380,957**	150,244
Equipment, completions and other	**424,525**	1,778,065	**997,368**	3,244,502
Total capital expenditures	**12,825,654**	1,852,792	**15,275,572**	4,322,138
Capital expenditures are categorized as:				
PP&E	**12,799,056**	1,787,909	**15,274,921**	4,220,107
E&E assets	**26,598**	64,883	**651**	102,031
	12,825,654	1,852,792	**15,275,572**	4,322,138

For the three months ended December 31, 2013, net capital expenditures totaled $12,825,654 the principal component of which were related to the Nipisi property acquisition ($11,825,730). These costs increase total production by approximately 100%. For the year ended December 31, 2013, geological and geophysical expenditures related primarily to the integrated reservoir studies and exploitation evaluations of existing properties being undertaken by LandOcean Energy Services Co., Ltd.

Impairment

At December 31, 2013, due to reserve revisions and adjustments to future costs, the Company tested certain oil and natural gas cash generating units ("CGUs") for impairment. As a result, the Company determined that the carrying amount of the CGU at Breton exceeded its recoverable amount calculated as the fair value less costs to sell. The fair value less costs to sell was determined on a discounted cash flow basis, based on 2013 year-end reserves and commodity prices, using a risk-adjusted discount rate of 10%. The impairment was attributed to PP&E and an impairment loss of $1,099,100 was recorded.

Liquidity and Capital Resources

The Company's liquid assets include cash and amounts receivable from midstream processing activities, petroleum and natural gas sales and billings to industry partners. Anterra has assessed these amounts and has provided for any amounts it believes may be non-collectable. Receivable amounts are due primarily from established industry corporations and the Company believes there is minimal exposure to loss.

Management of the Company's liquidity involves the careful use and monitoring 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.

During the year ended December 31, 2013 the Company issued, by way of two $7 million private placements, 213,752,914 Class A common shares for proceeds of $13.2 million net of associated issue costs. Proceeds from the issues were used to reduce the amount drawn on the Company's credit facility.

As at December 31, 2013, the Company had working capital of $328,863 excluding amounts drawn on its revolving demand credit facility as compared to a working capital (deficiency) of $(2,201,786), at December 31, 2012.

At December 31, 2013 the Company had approved credit facilities with a Canadian chartered bank totaling $22 million comprised of a $15 million revolving operating demand loan facility and a $7 million non-revolving acquisition/development demand loan the facility. At December 31, 2013, $14,014,704 had been drawn on the revolving loan facility and no amount was drawn on the non-revolving facility.

The operating facility bears interest at the bank's prime rate plus 0.75% with an effective rate at December 31, 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.

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, 2013. Pursuant to the conditions of the facility and an amendment dated March 19, 2014, the authorized amount was reduced to $13,800,000 pending completion of the annual review scheduled for May 1, 2014.

Management is of the opinion that expected funds from operations, amounts available under the Company's credit facilities together with potential additional equity issues, will provide sufficient resources to fund planned activities for 2014.

Sources and (uses) of cash for the three and twelve month periods ended December 31, 2013 and 2012 are summarized below:

	For the three months ended December 31,		For the twelve months ended December 31,	
	2013	2012	**2013**	2012
	($)	**($)**	**($)**	**($)**
Cash – beginning of	**--**	**--**	**--**	**--**
Funds flow from operations	**132,965**	(30,603)	**678,372**	945,723
Transaction costs	**(35,004)**	(218,348)	**(437,821)**	(218,348)
Change in non-cash working capital	**395,942**	1,753,896	**(3,057,969)**	2,449,907
Business combination	**(11,825,730)**	--	**(11,771,191)**	--
Issue of common shares, net of issue costs	**-**	--	**13,239,418**	--
Advances on bank loan	**12,331,751**	347,848	**8,266,535**	1,144,856
Cash used to settle Sandstorm	**--**	--	**(3,467,502)**	--
Capital expenditures				
PP&E	**(973,326)**	(1,787,909)	**(3,449,191)**	(4,220,107)
Exploration and evaluation	**(26,598)**	(64,884)	**(651)**	(102,031)
Cash – end of year	**--**	**--**	**--**	**--**

Decommissioning Liabilities

In determining decommissioning liabilities, the Company uses information as set out by the Alberta Energy Regulator ("AER") in Directive 011, as its primary source of estimating future abandonment and reclamation costs. In 2012, the cost estimates utilized did not reflect the entire increase in estimated abandonment and reclamation costs, as intended in the Directive. As a result, the Company's decommissioning liabilities determined as at December 31, 2012 based on the foregoing were understated by $4,639,016.

The Company has restated comparative figures for 2012 to increase decommissioning liabilities at December 31, 2012 by this amount with a corresponding increase to property, plant and equipment.

The restatement had no effect on the statement of loss and comprehensive loss for the year ended December 31, 2012.

Share Data

As at December 31, 2013 and April 28, 2014, the Company had 494,871,120 Class A common shares, 16,600,000 stock options and 4,000,000 warrants issued and outstanding.

Income taxes

The Company has non-capital losses for income tax purposes totaling approximately $30 million. The losses expire between 2023 and 2033. Due to the uncertainty of the existence and timing of future taxable income sufficient to utilize the losses and other deductible temporary differences, the related tax benefit of approximately $5.5 million has not been recognized except to the extent of $1.3 million of deferred tax liabilities previously recognized.

Related Party Transactions

The Company had the following related party transactions:

(a). LandOcean Energy Services Co ., Ltd.("LandOcean Services") currently holds approximately 21.7% of the issued and outstanding Class A common shares of Anterra through its subsidiary, LandOcean Resources Investment Canada Co., Ltd. On April 8, 2013, the Company entered into an agreement ("the 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 $976,880 was earned during year 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 year. At December 31, 2013, $392,000 was payable to the related party in relation to the Agreement.

(b). During the year ended December 31, 2013 an accounting firm, of which a former officer of Anterra is a shareholder, charged the Company $40,950 (2012 - $16,625) for accounting services. No amounts remain payable at December 31 2013 in relation to the foregoing.

(c). During the year ended December 31, 2013, a consulting company, to which an officer of Anterra is related, charged the Company $93,980 (2012 - $77,160) for consulting services. At December 31, 2013, $6,340 was payable in relation to services provided.

(d). During the year ended December 31, 2013, the Company paid $84,473 to a corporation, the shareholder of which is a shareholder of Alliance Success Holdings Limited which owns approximately 39% of Anterra. The payment related to services provided in conjunction with Anterra's OTCQX listing, including the reimbursement of expenses.

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 negotiated with third parties.

Subsequent Events

Amalgamation

On January 1, 2014, Anterra Energy Inc. and its wholly owned subsidiary, Terrex Energy Inc. amalgamated to form one entity, Anterra Energy Inc. pursuant to the laws of the Province of Alberta,

Amended Credit Agreement

On March 19, 2014, the Company entered into an amended credit agreement wherein the available amount under the Company's revolving operating demand loan facility was reduced from $15 million to $13.8 million pending completion of the lenders annual review on May 1, 2014.

Off-balance Sheet Arrangements

The Company has not entered into any material off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of consolidated 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. Actual results may differ materially from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and for any future years affected. Significant estimates and judgments made by management in the preparation of these consolidated 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 consolidated financial statements.

The Company's assets are aggregated into cash-generating units ("CGUs"), for the purpose of calculating impairment. CGUs 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 have been found.

Key sources of estimation uncertainty:

The following are the key sources of estimation uncertainties affecting the measurement of balances and transactions in these consolidated financial statements.

(i) Decommissioning obligations

The Company estimates decommissioning obligations for oil and gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. This requires assumptions and 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.

(ii) Income taxes

Tax provisions are based on enacted or substantively enacted legislation. Changes in legislation 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. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and an assessment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

(iii) Reserves

Estimation of reported recoverable quantities of proved and probable reserves include judgmental assumptions regarding production profiles, future commodity prices, exchange rates, remediation costs, timing and amount of future development costs, and production, transportation and marketing costs for future cash flows as well as the interpretation of complex geological and geophysical models and data.

The economical geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact the carrying values of the Company's petroleum and natural gas properties and equipment, the calculation of depletion and depreciation, the provision for decommissioning obligations, and the recognition of deferred tax assets due to changes in expected future cash flows. The recoverable quantities of reserves and estimated cash flows from Anterra's petroleum and natural gas interests are assessed and evaluated at least annually by independent reserve evaluators in accordance with National Instrument 51-101.

(iv) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the share price, expected volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

(v) Business Combinations

In a business combination, management estimates the fair value of assets acquired and liabilities assumed which includes assessing the value of oil and gas properties based upon an estimation of recoverable reserves being acquired.

Changes in Accounting Policy

Adoption of new standards:

On January 1, 2013, the Company adopted new standards with respect to consolidations (IFRS 10), joint arrangements (IFRS11), disclosure of interests in other entities (IFRS 12) fair value measurements (IFRS 13) and amendments to financial disclosures (IFRS 7). The adoption of these standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on comparative periods.

New Standards and interpretations not yet adopted.

IFRS 9, *Financial Instruments: Classification ad Measurement,* IFRS 9 is intended to supersede IAS 39 and will be published in three phases, the first of which has been published. The first phase addresses the accounting for financial assets and financial liabilities and replaces current multiple classification and measurement models liabilities with a single model that has two classification categories: amortized cost and fair value. The second phase will address the impairment of financial instruments and the third phase will address hedge accounting. The effective date for IFRS has been deferred. Early adoption is available and the standard is to be applied retrospectively. The Company is evaluating the impact at adopting this new standard.

Outlook

The acquisitions of Terrex and the property at Nipisi during the year have added three new development areas, Strathmore, Two Creek, and Nipisi. 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. The acquisitions have also increased the Company's reserve and production base.

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. The Company is working closely with, and has entered into a longer term technical support arrangement with LandOcean Energy Services Co., Ltd. ("LandOcean"), in conducting property evaluations and in preparing a comprehensive development plan. Initial activities for 2014 will focus on an expanded waterflood project at Strathmore and preliminary work is currently underway.

LandOcean is a Beijing headquarterd, international service corporation that provides geological, geophysical, reservoir and other technical services to the oil and gas industry worldwide.

With expected improving cash flow, available credit lines, access to equity and technical support from LandOcean, the Company believes it is positioned to pursue its growth strategy in 2014.

Selected Annual Information

Years Ended December 31,	**2013**	2012	2011
(CAD$, except share amounts)	*($)*	*($)*	*($)*
Financial [1]			
Gross revenue	**12,395,142**	7,815,050	11,478,420
Net income (loss)	**(7,102,781)**	(813,513)	656,847
Per share – basic	**(0.01)**	(0.003)	0.003
Per share – diluted	**(0.01)**	(0.003)	0.003
Net cash from (used in) operations	**666,542**	837,060	4,963,476
Per share – basic	**(0.001)**	0.003	0.020
Per share – diluted	**(0.001)**	0.003	0.020
Capital expenditures	**3,449,842**	4,322,138	8,040,080
Total assets	**76,869,554**	48,035,625	38,140,026
Decommissioning obligations	**22,152,634**	10,673,673	4,672,013
Total non-current liabilities	**25,642,141**	11,872,844	6,013,074
Deferred tax liability	**-**	1,199,171	1,341,061
Weighted average shares			
Basic *(#)*	**392,643,301**	246,022,556	246,022,556
Diluted *(#)*	**392,643,301**	246,022,556	246,022,556

Operational			
Production			
Light crude oil *(bbls/d)*	**270**	155	236
Natural gas *(mcf/d)*	**616**	351	366
NGLs *(bbls/d)*	**17**	10	18
Total *(boe/d)*	**389**	223	315
Total *(boe)*	**142,018**	81,444	114,818
Reserves			
Proved plus probable *(mboe)* [2]	**5,696**	2,414	2,583
Lands			
Undeveloped *(net acres)*	**26,369**	22,442	25,954
Wells drilled			
Gross (net) *(#)*	**1 (0)**	1 (0.6)	3 (2.2)

(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.

Selected Quarterly Information

Three months ended	**Dec. 31, 2013**	**Sep. 30, 2013**	Jun. 30, 2013	Mar. 31, 2013
	($)	*($)*	*($)*	*($)*
Gross revenue	**3,238,654**	3,509,081	3,139,512	2,527,899
Net income (loss)	**(6,284,168)**	(584,159)	(1,162,443)	927,989
Per share – basic	**(0.01)**	(0.001)	(0.003)	0.004
Per share – diluted	**(0.01)**	(0.001)	(0.003)	0.004
Funds flow from operations (1)	**143,182**	330,505	(397,856)	313,758
Per share – basic	**0.001**	0.001	(0.001)	0.001
Per share – diluted	**0.001**	0.001	(0.001)	0.001
Capital expenditures	**12,825,654**	1,397,504	1,052,414	63,376
Total assets	**76,869,554**	58,716,438	58,298,059	57,568,625
Working capital (deficiency)	**(13,685,841)**	(958,148)	(6,407,002)	(11,639,857)
Shareholders' equity	**33,684,625**	39,945,832	34,222,795	28,349,392
Production				
Light crude oil *(bbls/d)*	**298**	283	290	200
NGLs *(bbls/d)*	**547**	652	726	22
Natural gas *(mcf/d)*	**15**	14	16	574
Total *(boe/d)*	**405**	406	427	314
Total (boe)	**37,221**	37,327	38,853	28,617

Three months ended	Dec. 31, 2012	Sep. 30, 2012	Jun 30, 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
Cash flow from operations	(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	48,035,625	38,627,897	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)*	8	338	13	12
Natural gas *(mcf/d)*	317	10	378	370
Total *(boe/d)*	197	199	250	248
Total *(boe)*	18,168	17,907	22,767	22,602

(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, 2013 and 2012.
(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 the 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 Q3 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.

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.

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)
Chengfeng Tang	Beijing P.R. China	(1) (2) (4)
Guangzhen Song	Beijing P.R. China	

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

Officers

Owen C. Pinnell	– Chairman
Gang Fang	– President and Chief Executive Officer
Bob D. McCuaig	–Vice President, Operation
Norman G. Knecht	– VP Finance and Chief Financial Officer

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Registrar and Transfer Agent
Olympia Trust Company
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Calgary, Alberta T2G 0P6

Securities fillings

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

Auditors
KPMG LLP

Bankers
Canadian Western Bank

Legal Counsel
Norton Rose Fulbright Canada LLP

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