Anterra Energy Inc.
Condensed Interim
Financial Statements
FOR THE THREE AND NINE MONTHS ENDED September 30, 2014

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Anterra Energy Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ANTERRA ENERGY INC

Statements of Financial Position
(Unaudited)

	Note	September 30 2014	December 31 2013
Assets			
Trade and other receivables		**$ 3,122,113**	$ 2,968,038
Deposits and prepaid expenses		**1,044,885**	888,909
		4,166,998	3,856,947
Property, plant and equipment	7	**73,102,544**	72,625,940
Evaluation and exploration assets	8	**386,667**	386,667
		$ 77,656,209	$ 76,869,554
Liabilities			
Bank debt	9	**$ 12,916,932**	$ 14,014,704
Trade and other payables		**8,041,926**	3,528,084
Fair value of risk management contracts	10	**37,650**	-
		20,996,508	17,542,788
Decommissioning liabilities	11	**21,712,245**	22,152,634
Convertible debenture	12	**3,580,486**	3,489,507
		46,289,239	43,184,929
Equity			
Share capital	13	**46,706,177**	46,706,177
Equity component of convertible debenture	12	**454,895**	454,895
Contributed surplus		**2,882,545**	2,880,793
Deficit		**(18,676,647)**	(16,357,240)
		31,366,970	33,684,625
		$ 77,656,209	$ 76,869,554

Going concern	3
Subsequent events	19

See accompanying notes to financial statements.

ANTERRA ENERGY INC

Statements of Operations and Comprehensive Loss
(Unaudited)

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenue		**5,504,978**	$ 3,509,081	**18,700,228**	$ 9,176,492
Royalties		**(1,185,905)**	(539,162)	**(3,911,729)**	(1,153,829)
		4,319,073	2,969,919	**14,788,499**	8,022,663
Unrealized (loss) on risk management contracts	10	**(39,454)**	-	**(37,650)**	-
		4,279,619	2,969,919	**14,750,849**	8,022,663
Expenses					
Production and operating		**3,240,658**	1,638,308	**8,931,028**	4,489,734
Spill clean-up and site remediation		**1,284,064**	-	**1,284,064**	-
Transportation		**235,812**	269,024	**789,837**	587,799
Depletion, depreciation and amortization	7	**965,204**	707,373	**3,074,424**	1,990,624
General and administrative		**560,368**	715,765	**1,938,809**	2,054,373
Transaction fees		**-**		**-**	437,821
Share-based payments		**-**	9,035	**1,752**	27,105
Gain on business combination	5	**-**	-	**-**	(1,192,666)
Finance expense	14	**348,146**	214,573	**1,050,342**	522,875
		6,634,252	3,554,078	**17,070,256**	8,917,665
(Loss) before income tax		**(2,354,633)**	(584,159)	**(2,319,407)**	(895,002)
Deferred tax (recovery)		**-**	-	**-**	(76,389)
Net (loss) and comprehensive loss		**(2,354,633)**	(584,159)	**(2,319,407)**	(818,613)
Income (loss) per share					
Basic and diluted	16	**$ (0.005)**	$ (0.001)	**$ (0.005)**	$ (0.001)

See accompanying notes to financial statements

ANTERRA ENERGY INC

Statements of Changes in Equity
(Unaudited)

	Note	Share Capital	Convertible Debenture Equity Component	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, January 1, 2013		$ 31,110,546	$ -	$ 2,830,727	$ (9,254,459)	$24,686,814
Share based payments		-	-	27,105	-	27,105
Private placement share issue	5	13,239,418	-	-	-	13,239,418
Shares issued on acquisition	13	2,356,213	-	-	-	2,356,213
Issuance of convertible debenture		-	454,895	-	-	454,895
(Loss) for the period		-	-	-	(818,613)	(818,613)
Balance, September 30 , 2013		$ 46,706,177	$ 454,895	$ 2,857,832	$(10,073,072)	$39,945,832
Balance, January 1, 2014		$46,706,177	$ 454,895	$2,880,793	$ (16,357,240)	$33,684,625
Share based payments		-	-	1,752	-	1,752
(Loss) for the period					(2,319,407)	(2,319,407)
Balance, September 30 , 2014		**$46,706,177**	**$ 454,895**	**$2,882,545**	**$ (18,676,647)**	**$31,366,970**

See accompanying notes to financial statements

ANTERRA ENERGY INC

Statements of Cash Flows
(Unaudited)

	Notes	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating activities:					
Net (loss) for the period		**$ (2,354,633)**	$ (584,159)	**$ (2,319,407)**	$ (818,613)
Adjustments for:					
Depletion, depreciation and amortization	7	**965,204**	707,373	**3,074,424**	1,990,624
Accretion	14	**165,923**	94,441	**520,026**	212,530
Share based payments		**-**	9,035	**1,752**	27,105
Unrealized gain on financial derivative	10	**39,454**	-	**37,650**	-
Deferred income tax (recovery)		**-**	-	**-**	(76,389)
Gain on business combination	5	**-**	-	**-**	(1,192,666)
Decommissioning expenditures	11	**(126,001)**		**(495,492)**	-
Change in non-cash working capital	17	**1,637,008**	(1,542,657)	**2,770,028**	(2,099,878)
Cash provided by (used in) operating activities		**326,955**	(1,315,967)	**3,588,981**	(1,957,287)
Investing activities:					
Property, plant and equipment expenditures		**(2,283,374)**	(1,397,504)	**(3,924,972)**	(2,475,865)
Additions to evaluation and exploration assets		**-**	-	**-**	25,947
Business combinations	5	**-**	-	**-**	54,539
Cash used to settle Sandstorm obligation		**-**		**-**	(3,467,502)
Change in non-cash working capital	17	**1,008,052**	704,963	**1,433,763**	(1,354,034)
Cash (used in) investing activities		**(1,275,322)**	(692,541)	**(2,491,209)**	(7,216,915)
Financing activities:					
Net proceeds from issue of shares		**-**	6,619,668	**-**	13,239,418
Proceeds from (repayment of) bank debt		**948,367**	(4,611,160)	**(1,097,772)**	(4,065,216)
Cash provided by (used in) financing activities		**948,367**	2,008,508	**(1,097,772)**	9,174,202
Change in cash and cash equivalents		**$ -**	$ -	**$ -**	$ -
Cash and cash equivalents, beginning of period		**$ -**	$ -	**$ -**	$ -
Cash and cash equivalents, end of period		**$ -**	$ -	**$ -**	$ -

See accompanying notes to financial statements

1. Reporting entity:

Anterra Energy Inc. ("Anterra" or the "Company") is engaged in the acquisition, exploration, development and production of oil and natural gas from properties in western Canada. 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.

Effective January 1, 2014, the Company and its wholly owned subsidiary, Terrex Energy Inc. amalgamated pursuant to the laws of the Province of Alberta. The Amalgamated entity continued as Anterra Energy Inc.

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 to the oil and gas industry.

2. Basis of presentation:

These condensed interim financial statements ("financial statements") have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These 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 consolidated financial statements for the year ended December 31, 2013. The Company's accounting policies are unchanged from December 31, 2013 except as noted below. The use of estimates and judgments is also consistent with the December 31, 2013 financial statements. The financial statements were authorized for issuance by the Company's Board of Directors on November 24, 2014.

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

3. Going Concern:

During the third quarter ended September 30, 2014, the Company experienced two major pipeline failures at its Nipisi property. These failures have resulted in the Company incurring significant spill clean-up and remediation costs, which are in excess of estimated insurance recoveries. During the quarter, the Company incurred costs of $1,909,818, before expected recoveries, which together with associated production disruptions and declining commodity prices, was major contributors to the loss of $2,354,633 reported for the quarter. These factors have also resulted in a working capital deficiency of $3,912,578 excluding bank debt of $12,916,932 at September 30, 2014 and the Company is in default under its Credit Facility Agreement (Note 9). Additionally, The Company's lender, pursuant to the planned review of the Company's credit facility, has advised the Company that the authorized amount under the revolving demand facility is to be reduced to $12,500,000 by April 1, 2015.

As outlined in Note 19, On October 11, 2014, the Anterra entered into a non-binding agreement with a major shareholder designed to fund and accelerate the development of the Company's existing properties and significantly increase the Company's production, cash flow and strengthen its overall financial position. Should this arrangement not proceed, and given its current financial position, Anterra will not have the funds necessary to continue with the planned development of its properties. The agreement remains subject to a number of conditions including TSX Venture Exchange and shareholder approval. Accordingly, there is no assurance that the arrangements will be completed or that alternative financings will otherwise be available.

These conditions create a material uncertainty that may cast significant doubt as to the Company's ability to execute on its business strategy and continue as a going concern.

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of obligations in the normal course of business. If this assumption is not appropriate, adjustments to the carrying amounts of assets and liabilities, revenues and expenses and the statement of financial position classifications used in the financial statements may be necessary and such adjustments could be material.

4. New Accounting Standards

The following new and amended standards have been adopted with an effective date of January 1, 2014.

IFRIC 21, "Levies" which clarifies that an entity should recognize a liability for a levy when the activity that triggers payment occurs. The adoption of this interpretation had no impact on the Company's financial statements Amendments to IAS 32, "Financial Instruments: Presentation", which clarifies the requirements for offsetting financial assets and liabilities. The amendments clarify when an entity has a legally enforceable right to offset and certain other requirements that are necessary to present a net financial asset or liability. The adoption of this interpretation had no impact on the Company's financial statements.

IAS 32, "Financial Instruments: Presentation", which clarifies the requirements for offsetting financial assets and liabilities. The amendments clarify when an entity has a legally enforceable right to offset and certain other requirements that are necessary to present a net financial asset or liability. There was no impact to us on adoption of this standard.

5. Business Combinations:

Terrex Energy Inc., corporate acquisition

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 5,150,000 warrants to purchase 1,581,050 Class A common shares (the “Acquisition”). The warrants to purchase 967,050 Class A shares expired on August 21, 2013 and warrants to purchase 614,000 Class A shares will 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.

Concurrently with the Acquisition, 1,866,560 Anterra shares were issued to individuals 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, and 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	$ 16,830,283
Deferred income tax asset	1,274,413
Net working capital(1)	(493,153)
Inter-company payable	(7,755,830)
Decommissioning liability	(6,595,162)
Gain on business combination	(1,192,666)
Total net assets acquired	$ 2,067,885

Consideration	
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 and other market considerations. 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 12), 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.

6. Segmented Financial Information:

For the nine months ended September 30, 2014	Oil and Gas Production	Midstream Processing	Corporate Segment	Eliminations	Total
Revenue	$ 16,072,863	$ 2,667,156	$ -	$ (39,791)	$ 18,700,228
Royalties	(3,911,729)	-	-	-	(3,911,729)
	12,161,134	2,667,156	-	(39,791)	14,788,499
Production and operating expenses	7,636,024	1,334,795	-	(39,791)	8,931,028
Spill clean-up and site remediation	1,284,064	-	-	-	1,284,064
Transportation	771,982	17,855	-	-	789,837
Depletion, depreciation and amortization	2,944,774	129,650	-	-	3,074,424
General and administrative expenses	1,500,925	213,884	224,000	-	1,938,809
Share-based payments	-	-	1,752	-	1,752
Finance expense	410,688	18,358	621,296	-	1,050,342
Unrealized loss on financial derivative	37,650	-	-	-	37,650
Net income (loss)	**$ (2,324,973)**	**$ 952,614**	**$ (847,048)**	**-**	**$ (2,319,407)**
Capital expenditures:					
Exploration and evaluation assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Property, plant and equipment	**3,843,580**	**81,392**	**-**	**-**	**3,924,972**
	3,843,580	**81,392**	**-**	**-**	**3,924,972**
Total Assets	**$ 70,459,969**	**$ 3,029,242**	**$ 4,166,998**	**$ -**	**$ 77,656,209**

6. Segmented Financial Information, continued;

For the Nine months ended September 30, 2013	Oil and Gas Production	Midstream Processing	Corporate Segment	Eliminations	Total
Revenue	$ 7,067,080	$ 2,189,194	$ -	$ (79,782)	$ 9,176,492
Royalties	(1,153,829)	-	-		(1,153,829)
	5,913,251	2,189,194	-	(79,782)	8,022,663
Expense					
Production and operating	3,655,207	914,309	-	(79,782)	4,489,734
Transportation	580,742	7,057			587,799
Depletion, depreciation and amortization	1,874,075	116,549	-	-	1,990,624
General and administrative	1,739,069	552,183	200,942	-	2,492,194
Share-based payment	-	-	27,105	-	27,105
Gain on business combination	(1,192,666)	-	-	-	(1,192,666)
Finance expense	-	-	522,875	-	522,875
Deferred income tax (recovery)	(49,326)	(24,263)	(2,800)	-	(76,389)
Total Expense	6,607,101	1,565,835	748,122	(79,782)	8,841,276
Net income (loss)	(693,850)	623,359	(748,122)	-	(818,613)
Capital expenditures:					
Exploration and evaluation assets disposals	(25,947)	-	-	-	(25,947)
Property, plant and equipment	1,197,964	1,277,901	-	-	2,475,865
	1,172,017	1,277,901	-	-	2,449,918
Total Assets	52,590,404	2,281,504	3,869,530	-	58,716,438

7. Property, plant and equipment:

	Petroleum and natural gas properties $	Processing facilities and other $	Total $
Cost			
Balance at January 1, 2013	42,787,582	3,852,230	46,639,812
Additions	2,068,234	1,380,957	3,449,191
Nipisi acquisition	17,088,757	-	17,088,757
Terrex acquisition	16,830,283	-	16,830,283
Decommissioning provisions	(891,943)	102,943	(789,000)
Balance at December 31, 2013	77,882,913	5,336,130	83,219,043
Additions	3,843,580	81,392	3,924,972
Decommissioning provisions	(355,083)	(18,861)	(373,944)
Balance at September 30, 2014	**81,371,410**	**5,398,661**	**86,770,071**
Depletion, depreciation and impairment			
Balance at January 1, 2013	4,630,921	2,066,796	6,697,717
Depletion and depreciation	2,623,313	172,973	2,796,286
Impairment for the year	1,099,100	-	1,099,100
Balance at December 31, 2013	8,353,334	2,239,769	10,593,103
Depletion and depreciation	2,944,774	129,650	3,074,424
Balance at September 30, 2014	**11,298,108**	**2,369,419**	**13,667,527**
Net book value			
Balance at December 31, 2013	69,529,579	3,096,361	72,625,940
Balance at September 30, 2014	**70,073,302**	**3,029,242**	**73,102,544**

Future development costs totaling $34,581,998 (2013 - $38,570,000) are included in the depletion calculation. Personnel expenses of $164,718 (2013 - $148,226) directly attributed to capital activities were capitalized in property, plant and equipment for the nine months ended September 30, 2014.

8. Evaluation and exploration assets:

Balance, January 1, 2013	$ 4,547,147
Additions	651
Exploration and evaluation expense	(4,161,131)
Balance, September 30, 2014 and December 31, 2013	$ 386,667

Exploration and evaluation (E&E) assets consist of the Company's exploration projects which are pending the determination of proven or probable reserves. Additions represent costs incurred on E&E assets during the period.

9. Bank debt:

	September 30, 2014	December 31, 2013
Authorized	**$15,000,000**	$15,000,000
Outstanding	**$12,916,932**	$14,014,704

Bank indebtedness is comprised of a revolving, operating, demand loan credit facility bearing interest at the bank prime plus 1.00% (2013 - prime rate 0.75%), with an effective rate at September 30, 2014 of 4.00% (September 30, 2013 – 3.75%). Pursuant to a review, completed in May 2014, the authorized amount of the facility was set at $15,000,000. The facility is secured by a 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 an adjusted working capital ratio, after adding the unused portion of the revolving demand loan facility and excluding outstanding debt under the facility, of not less than 1 to 1. As at September 30, 2014 the adjusted working capital ratio was 1 to 0.8.and the Company is in default under the Agreement. And, subsequent to September 30, 2014, the bank confirmed the borrowing base will decline to $12,500,000.

In addition to the revolving operating loan, the Company has an authorized non-revolving acquisition/development demand loan facility in the amount of $7 million. No amount has been drawn on the non-revolving facility.

10. Risk management contracts

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, operating and financial activities. The Company's financial risks are consistent with those discussed in Note 7 to the Company's audited financial statements for the year ended December 31, 2013.

Effective June 1, 2014, the Company entered into a commodity price contract, as outlined below, to mitigate some of its exposure to commodity price risk and provide a degree of stability to operating cash flows which enable the Company to fund a portion of its capital program. Additionally effective July 1 2014 the Company entered into two fixed power contacts also outlined below,

Such contracts are not used for trading or speculative purposes. The Company has not designated the financial derivative contracts as effective accounting hedges although the Company considers them to be an effective economic hedge. As a result, the contracts are recorded at fair value on the statement of financial position, with changes in fair value being recognized as an unrealized gain or loss on the statement of operations.

Financial assets and liabilities carried at fair value are required to be classified in accordance with a hierarchy that prioritizes the inputs used to measure fair value. The risk management contracts are valued using level 2 inputs which are based on quoted forward prices that can be substantially observed or corroborated in the market place.

Commodity price contract

Remaining term	Contract Type	Quantity Contracted	Price Floor	Price Ceiling
Oct 2014 – June 2015	Crude Oil - collar	150 bbls per day	$97.00 / bbl	$112.00/bbl

Power price contracts

Remaining term	Contract Type	Volume	Price
Oct 2014 – Dec 2015	Fixed price	0.2 MW	$52.99/MWh
Oct 2014 – June 2017	Fixed price	1.5 MW	$55.25/MWh

The combined fair value of the contracts as at September 30, 2014 is estimated to be a liability of $37,650, and the Company recognized an unrealized net loss of $39,454 for the three months ended September 30, 2014 being the difference between the fair value of the contracts on June 30, 2014, and September 30, 2014.

11. Decommissioning liabilities:

Balance at January 1, 2013	$ 10,673,673
Changes to estimate	(789,000)
Obligation acquired	11,858,189
Accretion expense	409,772
Balance, December 31, 2013	$ 22,152,634
Changes to estimate	(373,944)
Obligation settled	(495,492)
Accretion expense	429,047
Balance, September 30, 2014	$ 21,712,245

The Company's decommissioning liability results from its ownership interest in petroleum and natural gas assets including well sites, gathering systems and processing and production facilities, all of which will require future expenditures for decommissioning under existing legislation.

The Company has estimated the net present value of the decommissioning obligations to be $21,712,245 at September 30, 2014 (December 31, 2013- $22,152,634) based on an undiscounted total future liability of $23,975,656 (December 31, 2013 - $23,975,656). These expenditures are expected to be incurred over the next 25 years with the majority of costs to be incurred between 2015 and 2025. A risk free rate of 2.58% (2013 – 2.61%) and an inflation factor of 2% were used to determine the decommissioning liability at September 30, 2014.

12. Convertible debenture:

6% redeemable convertible debenture

September 30	2014	2013
6% redeemable convertible debenture, at face value	$4,000,000	$4,000,000
Equity component, before deferred income taxes	(606,526)	(606,526)
Accretion	187,012	65,707
Balance	$3,580,486	$3,459,181

On March 14, 2013, immediately prior to and in connection with the acquisition of Terrex (note 5, 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 $606,526 ($454,895 after deferred income tax) attributable to the holder's option to convert the debt into common shares.

13. Share capital:

Authorized

Unlimited Class A voting shares without par value

Unlimited preferred shares, issuable in series, rights and privileges to be determined on issue

Issued and Outstanding		**Class A Shares**	**Warrants**	**$**
Balance, January 1, 2013		246,438,032	-	31,110,546
Acquisition	(a)(b)	36,680,174	5,150,000	2,356,213
Expired	(b)	-	(3,150,000)	-
Private placement	(c)	107,692,308	1,000,000	6,619,750
Private placement	(d)	106,060,606	1,000,000	6,619,668
Balance, September 30, 2014 and December 31, 2013		**496,871,120**	**4,000,000**	**46,706,177**

(a) 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.

(b) On March 14, 2013, a total of 5,150,000 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 a price of $1.001 expired 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.

(c) 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. The Company paid a cash fee of $350,000 and issued 1,000,000 common shares purchase warrants relating to the private placement. Each warrant entitles the holder to acquire one common share at a price of $0.10 per share. The warrants will expire on April 4, 2015.

(d) On August 26, 2013, pursuant to a private placement, the Company issued 106,060,606 Class A common shares at a price of $0.066 per share, to Huisheng Group Co. Ltd. ('Huisheng") for gross proceeds of $7 million. The Company paid a cash fee of $350,000 and issued 1,000,000 common shares purchase warrants relating to the private placement. Each warrant entitles the holder to acquire one common share at a price of $0.10 per share. The warrants will expire on August 21, 2015.

14. Finance income and expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Finance income:				
Interest income on bank deposits	$ (233)	$ (146)	$ (672)	$ (576)
Financial expenses:				
Interest on bank debt	122,456	60,278	350,988	180,921
Interest on Debenture	60,000	60,000	180,000	130,000
Accretion of debenture	30,323	30,326	90,979	65,707
Accretion of decommissioning liabilities	135,600	64,115	429,047	146,823
	348,379	214,719	1,051,014	523,451
Net finance expenses	$ 348,146	$ 214,573	$1,050,342	$ 522,875

15. Income taxes

To December 31, 2013, the Company had accumulated non-capital losses of approximately $30 million. The losses expire between 2023 and 2033 and are available to offset future taxable income. Income taxes that would otherwise have been be payable on taxable income for the three month period ended September 30, 2014 have been recovered through the utilization of available non-capital losses.

16. Per share amounts:

Basic incomes (loss) per share were calculated as follows:

The effect of outstanding options, warrants and convertible instruments is non-dilutive.

	Three months ended September 30,		Six months ended September 30,	
	2014	2013	**2014**	2013
Net (loss) for the period	**$ (2,354,633)**	$ (584,159)	**$ (2,319,407)**	$ (818,613)
Weighted average number of common shares (basic)	**496,871,120**	431,159,658	**496,871,120**	354,825,661

17. Supplemental cash flow information:

Changes in non-cash working capital is comprised of

	2014	2013
Source as (use) of cash:		
Trade and other receivables	$ (154,075)	$ 379,076
Deposit and prepaid expenses	(155,976)	(313,368)
Trade and other payables	4,513,842	(3,520,250)
	$ 4,203,791	$ (3,453,912)
Related to operating activities	$ 2,770,028	$ (2,099,878)
Related to investing activities	$ 1,433,763	$ (1,354,034)
	$ 4,203,791	**$ (3,453,912)**

18. Related party transactions:

The Company has entered into the following transactions with related parties:

a) LandOcean Energy Services Co., Ltd. ("LandOcean") and Western Union Petro (Canada) Technology Co., Ltd. ("Western Union"), a wholly owned subsidiary of LandOcean.

LandOcean 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. LandOcean has been tasked with (1) assessing the potential of the Company's oil and gas properties and preparing development plans for the properties; and (2) providing assistance to the Company's management in executing such plans. Specific projects, as summarized below, undertaken by LandOcean and Western Union are approved by the independent directors of the Company prior to the commencement of the project. The Company's management monitors and manages the work, and tracks all expenses against a budget approved by the directors for the project.

i) On April 8, 2013, the Company entered into an agreement ("the Agreement") with LandOcean whereby LandOcean 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 will earn total compensation of $1,949,600 for technical services through to the end of 2014 of which $976,880 has been earned to September 30, 2014. The Company charges technical costs incurred under the Agreement to petroleum and natural gas properties. Additionally, under the terms of the Agreement, $50,000 for travel, communication and management costs, were paid and expensed during 2013. At September 30, 2014, $392,000 was payable to LandOcean in relation to the Agreement.

ii) On April 10, 2014, the Company engaged Western Union, to complete the initial stage of a waterflood project at Strathmore, Alberta. Total cost of the project is estimated$1,695,650 including equipment purchases and installation, of which $776,757 has been recognized to September 30, 2014.

(b.) During the nine months ended September 30, 2014, a consulting company, to which an officer of Anterra is related, charged the Company $75,987 (2013 - $74,690) for consulting services. At September 30, 2014, $8,378 was payable in relation to services provided

(c.) During the nine months ended September 30, 2014, a consulting company, to which a director of Anterra is related, charged the Company $23,500 (2013 - $36,000) for management and advisory services.

19. Subsequent event

On October14, 2014 the Company entered into a non-binding agreement with LandOcean Petroleum Corp., Limited (“LandOcean”) for purposes of accelerating the development of Anterra’s properties in Alberta. The proposed transaction contemplates LandOcean providing services, including third party expenditures, totalling $40.00 million by December 31, 2015. The services include development planning, oversight of recommended operations and procurement of development services. The proposed transaction is subject to the negotiation of definitive agreements, receipt of all required corporate and regulatory approvals, including the acceptance of the TSX Venture Exchange and receipt of shareholder consent.

Anterra intends to pay for the services by way of cash, the issuance of Class A common shares or the assignment of an interest in the property to which the services relate, or a combination of the foregoing.