MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis ("MD&A") dated July 28, 2016, of the financial condition and the results of operations of Anterra Energy Inc. (‘Anterra” or the “Company”) as at and for the year ended December 31, 2015 should be read in conjunction with the Company’s audited financial statements and related notes as at and for the year ended December 31, 2015.

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, netback and net debt. 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. The Company’s method of calculating non-GAAP measures utilized is outlined in conjunction with their presentation within the MD&A. 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 converted 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 “Going Concern” and "Liquidity and Capital Resources" as to ongoing operations.*

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.

Going Concern

Continuing weak crude oil prices experienced during 2015 have negatively impacted earnings and cash flow for the period. Additionally, two major pipeline failures at the Company's Nipisi property during 2014, compounded by related production interruptions, have further strained the Company's financial resources.

As a result, the Company has a working capital deficiency of $9.8 million, excluding bank debt of $9.9 million, at December 31, 2015, and was in default under its Credit Facility Agreement.

Pursuant to a review by the Company's lender, Canadian Western Bank ("CWB") effective March 9, 2015, the Company's revolving, operating demand loan credit facility was reduced to a maximum amount of $10 million and a non-revolving demand loan facility with maximum amount of $1.0 million. The non-revolving loan facility was repayable as to $200,000 on acceptance of the facilities agreement and thereafter in minimum monthly principal payments of $200,000. On April 15, 2016, CWB made demand upon the Company for payment in full of Anterra's outstanding indebtedness.

On May 6, 2016, pursuant to an order granted by the Court of Queen's Bench of Alberta, the Company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (The "CCAA"). CCAA protection stays creditors and others from enforcing rights against Anterra and affords the Company the opportunity to restructure its financial affairs. In conjunction with the CCAA application, the Company arranged for a $2.5 million interim convertible loan which is available to the Company to fund the CCAA proceedings, expenditures required to place oilfield operations back online and general operations.

These conditions create a material uncertainty that may cast significant doubt as to the Company's ability to execute on its business plan 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.

Operations Summary

The significant decline in crude oil prices realized in 2015 from those realized in the comparable period in 2014, had a major negative impact on the Company's overall performance for the three and twelve months ended December 31, 2015. Production revenue, excluding the impact of risk management commodity contracts, for the three months ended December 31, 2015 decreased 56% to $1.8 million, from $4.1 million for same period in 2014. The decrease was primarily due to 29% reduction in realized average commodity prices combined with a 38% production decrease. For the twelve months ended December 31 2015, production revenue decreased 55% due to a 25% decrease in sales volumes and a 41% decrease in realized oil and gas prices. For the three and twelve months ended December 31, 2015, realized commodity prices averaged $45.39/boe and $48.85/boe respectively compared to $63.94/boe and $82.31/boe respectively during the same periods in 2014.

For the three and twelve months ended December 31, 2015 , petroleum and natural gas sales volume averaged 428boe/day and 504boe/day respectively as compared to 691 boe/day and 670 boe/day respectively for the comparable periods in 2014. The decline in 2015 sales volumes from those in 2014 resulted primarily from the wells being shut in in different areas.

Quarter over quarter, Q4 2015 production remained relatively consistent from Q3 2015.

For the three and twelve months ended December 31, 2015, overall operating cost excluding spill clean-up and remediation costs decreased to $1,864,911 and $7,638,139 from $2,380,982 and $10,788,988 respectively for the comparable period in 2014, as a result of lower production and strict cost control measures.

Lower oil and gas revenues resulted in a decrease in royalties and royalty rates. For the twelve months ended December 31, 2015, royalty expense totaled $1,137,655 or 13% of revenue as compared to $5,053,519 or 25% of revenue for the same period in 2014.

For the twelve months ended December 31, 2015, third party midstream processing revenues remained relatively consistent with revenue for the twelve months of 2014. Direct midstream operating expenses for the twelve months ended December 31, 2015 decreased over the comparable periods in 2014 mainly due to lower maintenance and fuel and power expenditures. Direct midstream operating expenses totaled $1,390,724 for the twelve months ended December 31, 2015 as compared to $1,809,075 for the comparable period in 2014. As a result of lower operating costs, funds generated by midstream operations (determined as revenues less direct operating expenses), during the twelve months of 2015 increased 16% to $2,192,204 as compared to $1,887,452 for the same period in 2014.

During 2015 the Company received insurance proceeds of $2,454,630 relating to claims for spill clean-up and remediation costs incurred during 2014 and 2015 in Nipisi area as a result of two pipeline failures and the Company recognized a net recovery of $1,478,102 for the twelve months ended December 31, 2015.

In addition to the contribution from midstream activities and the recovery of spill clean-up and remediation costs, overall operations were positively impacted by risk management commodity contracts which resulted in a realized gain of $986,881 during the twelve months ended December 31, 2015 compared $194,512 for the comparable period in 2014.

Reconciliation of Funds Flow from Operations to Cash Flow from Operating Activities

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	($)	($)	**($)**	($)
Net cash from operating activities	**484,602**	2,421,387	**2,701,963**	6,010,368
Decommissioning expenditures	**-**	203,041	**19,270**	698,533
Spill clean-up and remediation costs	**43,099**	1,580,957	**(1,478,102)**	2,865,021
Changes in non-cash working capital	**(783,966)**	(3,748,868)	**(775,511)**	(6,518,896)
Funds flow from (used in) operations	**(256,265)**	456,517	**467,620**	3,055,026

The Company reported a net loss of $29,566,435 for the year ended December 31, 2015, including an impairment charge of $25,240,171 relating primarily to the Company's Strathmore property.

Financial and Operating Results

Production, Revenue and Prices

	Three months ended 2015	December 31, 2014	Year ended 2015	December 31, 2014
Production				
Light crude oil (bbls/d)	**375**	581	**422**	573
Natural gas (mcf/d)	***194***	434	**254**	414
NGLs (bbls/d)	**21**	38	**40**	29
Total production (boe/d)	**428**	691	**504**	670
Total production (boe)	**39,410**	63,555	**183,998**	244,634
Revenue				
Light crude oil ($)	**1,710,915**	3,763,221	**8,372,159**	18,839,674
Natural gas ($)	**47,253**	139,774	**271,089**	732,821
NGLs ($)	**30,639**	160,428	**344,518**	563,791
	1,788,807	4,063,423	**8,987,766**	20,136,286
Realized gain on risk management contracts ($)	**161,620**	194,512	**986,881**	194,512
Total oil and gas revenue($)	**1,950,427**	4,257,935	**9,974,647**	20,330,798
Royalties ($)	**188,160**	1,141,790	**1,137,655**	5,053,519
Operating and transportation expenses ($)	**1,829,672**	2,380,982	**7,602,900**	10,788,988
Spill clean-up and remediation costs ($)	**43,099**	1,580,957	**(1,478,102)**	2,865,021
Net operating revenue ($)	**(110,504)**	(845,794)	**2,712,194**	1,623,270
Average Realized Prices				
Crude oil ($/bbl)	**49.64**	70.43	**54.40**	90.15
Natural gas ($/mcf)	**2.65**	3.50	**2.93**	4.85
NGLs ($/bbl)	**15.58**	46.18	**23.49**	53.87
	45.39	63.94	**48.85**	82.31
Realized gain on risk management contracts ($)	**4.10**	3.06	**5.36**	0.80
Total sales price ($/boe)	**49.49**	67.00	**54.21**	83.11
Royalty costs ($/boe)	**4.77**	17.97	**6.18**	20.66
Operating and transportation expenses ($/boe)	**47.32**	37.46	**41.51**	44.10
Operating netback ($/boe)	**(2.61)**	11.57	**6.52**	18.35
Midstream Processing Operations				
Revenue ($)	**898,762**	1,029,371	**3,582,828**	3,696,527
Operating costs ($)	**359,072**	456,425	**1,390,724**	1,809,075
Operating netback ($)	**539,690**	572,946	**2,192,104**	1,887,452

Production revenues, excluding the impact of risk management commodity contracts, for the three months ended December 31, 2015 decreased 56% to $1.8 million, from $4.1 million for same period in 2014. The decrease was due to a 29% reduction in realized average commodity prices combined with a 38% decrease in production. For the fourth quarter of 2015, realized commodity prices averaged $45.39/boe compared to $63.94/boe during the fourth quarter of 2014.

For the twelve months ended December 31, 2015, production revenue decreased 55% due to a 25% decrease in sales volumes and a 41% decrease in realized oil and gas prices. The total realized sale price was $48.85/boe in 2015, compared to $82.31/boe for the comparable period in 2014.

Derivative commodity contracts entered into in 2014 and 2015 for risk management purpose partially offset the significant decline in commodity prices. For the twelve months ended December 31, 2015, the derivative risk management commodity contracts resulted in a realized gain of $986,881 or $5.36/boe compared to $194,512 or $0.80/boe for the comparable period in 2014.

For the three and twelve months ended December 31, 2015, midstream processing revenue remained relatively consistent.

Royalties

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	($)	($)	**($)**	($)
Crown royalties	**107,986**	935,904	**685,881**	4,162,836
Freehold royalties	**8,255**	35,694	**56,143**	216,922
Overriding royalties	**71,919**	170,192	**395,631**	673,761
Total royalties	**188,160**	1,141,790	**1,137,655**	5,053,519
Total royalties ($/boe)	**4.77**	17.97	**6.18**	20.66
Percent of revenue (%)	**11%**	28%	**13%**	25%

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

As a result of lower oil and gas revenues and a decrease in royalty rates resulting from lower prices and lower production, for the fourth quarter of 2015, the Company recorded total royalties of $188,160 or 11% of revenue versus $1,141,790 or 28% revenue for the same period of 2014. For the twelve months ended December 31, 2015, royalty expense totaled $1,137,655 or 13% of revenue as compared to $5,053,519 or 25% of revenue for the twelve months ended December 31, 2014.

Operating and Transportation Expenses

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	($)	**($)**	**($)**	**($)**
Oil and gas operating expense	**1,674,793**	2,148,658	**6,962,439**	9,766,827
Transportation	**190,118**	232,324	**677,090**	1,022,161
Midstream operating expense	**359,072**	456,425	**1,390,724**	1,809,075
Inter-company eliminations	**(7,090)**	(13,622)	**(36,629)**	(53,413)
Total operating expenses	**2,216,893**	2,823,785	**8,993,624**	12,544,650
Oil and Gas operating and transportation expenses ($/boe)	**47.32**	37.46	**41.51**	44.10

For the three and twelve months ended December 31, 2015, total oil and gas operating and transportation expenses decreased 22% and 29% respectively over the same periods in 2014 as a result of the reduction in production and the implementation of strict cost controls.

Direct midstream operating expenses for three and twelve months ended December 31, 2015 decreased 21% and 23% respectively over the comparable period in 2014 due to lower maintenance and lower fuel and power expenditures.

Operating Netback

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	$/boe	$/boe	$/boe	$/boe
Gross revenue	**45.39**	63.94	**48.85**	82.31
Realized gain on risk management contract	**4.10**	3.06	**5.36**	0.80
Royalty expenses	**4.77**	17.97	**6.18**	20.66
Operating and transportation expenses	**47.32**	37.46	**41.51**	44.10
Total, $ Per boe	**(2.61)**	11.57	**6.52**	18.35

For the fourth quarter of 2015, Anterra realized a negative field net back of $(2.61)/boe as compared to a net back of $11.57/boe for the same period in 2014. For the twelve months ended December 31, 2015, the realized netback decreased to $6.52/boe from $18.35/boe in 2014. The year-over-year decrease is the result of lower realized commodity prices partially offset by the realized gain on risk management commodity contracts and reduced royalty's expense.

General and Administrative ("G&A") Expenses

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	($)	($)	**($)**	($)
Personnel costs	**173,118**	180,605	**776,272**	937,286
Professional fees	**82,475**	160,514	**250,807**	405,856
Computer services and subscriptions	**14,280**	16,067	**135,439**	132,201
Investor Relationship	**63,585**	29,840	**128,650**	138,147
Travel and business entertainment	**34,947**	75,256	**156,121**	174,913
Office rent	**60,099**	57,850	**240,963**	320,401
General office expenses	**75,290**	139,565	**295,270**	489,702
Total G&A Expenses	**503,794**	659,697	**1,983,522**	2,598,506
Total, $ Per boe	**12.78**	10.38	**10.78**	10.62

G&A costs for the twelve months ended December 31 in 2015 decreased approximately 24% over the same period in 2014 from $2.6 million to $2.0 million as a result of concerted effort to control costs where possible. On a per boe of production basis, G&A costs for the twelve months ended December 31, 2015 remains relatively the same.

Decommissioning Liability

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 estimates the net present value of its decommissioning obligations using a risk free discount rate in effect at the end of the reporting period. The rate will vary between reporting periods resulting in changes to net present value estimates between periods. As at December 31, 2015, the Company used an interest free rate of 1.90% as compared to a rate of 2.5% at December 31, 2014. This decrease in the discount rate resulted in an increase of $1.5 million to the estimated decommissioning liability at December 31, 2015 with a corresponding increase in the carrying value of the Company's property and equipment.

Finance Expenses

	Three Months Ended December 31 ,		Twelve months Ended December 31 ,	
	2015	2014	**2015**	2014
Finance income:	($)	($)	($)	($)
Interest income on cash on deposit	**(200)**	(225)	**(843)**	(897)
Financial expenses:				
Interest on bank debt	**105,498**	132,120	**534,283**	483,108
Other interest	**25,758**	-	**236,366**	-
Interest on Debenture	**60,000**	60,000	**240,000**	240,000
Accretion of debenture	**30,327**	30,326	**121,305**	121,305
Accretion of decommissioning liabilities	**110,946**	124,819	**431,756**	553,866
Total net finance expenses	**332,329**	347,040	**1,562,867**	1,397,382
Total net finance expenses *($/boe)*	**8.43**	5.46	**8.49**	5.71

For the twelve months ended December 31, 2015, the interest on bank debt increased $51,175 from the comparative periods in 2014 due to increased interest rates under the Company's credit facilities.

For the twelve months ended December 31, 2015, accretion of decommissioning decreased by $122,110 due to the lower risk-free rate.

Other interest relates to interest accrued on amounts payable to a related party.

Depletion and Depreciation ("D&D")

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	$	$	**$**	$
D&D for oil and gas properties	**2,425,367**	1,074,859	**4,834,220**	4,019,633
D&D of plant turnaround costs	**46,600**	46,600	**186,399**	56,951
D&D for midstream facilities and others	**40,271**	39,724	**161,082**	159,023
Total D&D	**2,512,238**	1,161,183	**5,181,701**	4,235,607
Total D&D for oil and gas properties *($/boe)*	**61.54**	16.91	**26.27**	16.43

The provision for depletion and depreciation ("D&D") 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 based on the ratio of production to prove plus probable reserves applied to the cost of the asset. Depreciation of midstream facilities is calculated on a straight-line method and the useful life is 20 years. Depreciation of other non-resource assets is calculated on a straight-line basis at various rates between 20% and 45%.

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, 2015 and December 31, 2014 and changes during the periods ended on those dates is presented below.

Options Outstanding	Number of options	Weighted average exercise price $
Balance, December 31, 2014, 2013	16,600,000	0.13
Expired	(13,100,000)	0.14
Balance, December 31, 2015	3,500,000	0.255

The following table summarizes stock options outstanding and exercisable:

Options Exercisable

Range of exercise prices	Number outstanding at December 31, 2015	Expiry date	Weighted average exercise price	Number exercisable at December 31, 2015	Weighted average remaining contractual life
$0.255	3,500,000	March 26, 2016	$0.255	3,500,000	0.23 years

No additional options were granted in 2015 and 2014.

Capital Expenditures

	Three months ended December 31,		Year ended December 31,	
	2015	2014	**2015**	2014
	($)	*($)*	*($)*	*($)*
Geological and geophysical	**29,945**	77,942	**158,080**	225,158
Midstream facility	**-**	25,362	**75,934**	106,753
Equipment, completions and other	**42,943**	2,858,386	**216,321**	6,352,751
	72,788	2,961,690	**450,335**	6,684,662
Acquisitions (dispositions)	**-**	60,578	**(250,000)**	262,578
Net capital expenditures	**72,788**	3,022,268	**220,335**	6,947,240
Capital expenditures are comprised of:				
PP&E	**72,788**	3,022,268	**220,335**	6,947,240
	72,788	3,022,268	**220,335**	6,947,240

On May 1, 2015, the Company disposed of its certain petroleum and gas properties in Saskatchewan for cash proceeds of $250,000 before closing adjustments. The petroleum and natural gas properties had a carrying value of $263,706 at the time of disposition, and an associated decommissioning liability of $128,075, resulting in a gain on disposal of $114,369.

Minimum expenditures were made on the Company's properties during the year due to severe cash constraints.

Impairment

At December 31, 2015, due to a decline in the future commodity prices, reserve revisions and adjustments to future costs, the Company tested its oil and natural gas CGUs for impairment. As a result, the Company determined that the carrying amount of the cash generating units at Breton, Strathmore, Two Creek and Other Alberta Properties exceeded their recoverable amount calculated using fair value less costs to sell. The fair value less costs to sell was determined on a discounted cash flow basis, based on 2015 year-end reserves and commodity prices, using a discount rate of 12%. The impairment was attributed to PP&E and an impairment loss of $25,240,171 was recorded.

In testing a CGU for impairment, the Company used the commodity price forecast prepared and used by its independent reserve evaluators in the assessment and evaluation of the Company's 2015 year-end reserves, the information presented below has been extracted from the evaluator's commodity price forecast.

Year	Inflation rate	CAD to USD Exchange Rate	Crude oil Canadian Light Sweet ($cdn/bbl)	Alberta AECO Average price ($cdn/mcf)
2016	1.5%	0.75	55.20	2.25
2017	1.5%	0.80	69.00	2.95
2018	1.5%	0.83	78.43	3.42
2019	1.5%	0.85	89.41	3.91
2020	1.5%	0.85	91.71	4.20
2021	1.5%	0.85	93.08	4.28
2022	1.5%	0.85	94.48	4.35
2023	1.5%	0.85	95.90	4.43
2024	1.5%	0.85	97.34	4.51
2025	1.5%	0.85	98.80	4.59
2026	1.5%	0.85	100.28	4.67

A 3% change in the discount rate would result in a $1,724,477 change in the impairment amount recognized.

Financial Instruments

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.

During the year, the Company entered into two commodity price contracts, both of which had expired by year end, to mitigate a degree 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 the Company has entered into two fixed price power contacts one of which remains outstanding 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.

During the year, the Company recognized a realized gain of $986,881 and an unrealized loss of $651,593 with respect to the contracts.

Power price contract

Remaining term	Contract Type	Volume	Price
Jan 2016 – June 2017	Fixed price	1.5 MW	$55.25/MWh

At December 31, 2015, the foregoing contract was recorded at fair value on the statement of financial positon as a liability of $429,482 and the Company recognized an unrealized loss of $651,594 and realized gain of $986,881.

Liquidity and Capital Resources

The Company evaluates its ability to carry on business on a regular basis with key considerations being given to the non-GAAP measures net debt and funds flow from operations. Funds flow from operations represents cash flow generated from operating activities adjusted for expenditures of a non-operational or non-recurring nature including decommissioning activities, transaction costs, spill clean-up and remediation costs and changes in non-cash operating working capital. Funds flow from operations is a key indicator of the Company's ability to meet its current obligations and execute on its planned capital programs. The determination of funds flow from operations is presented on page 3 of the MD&A. Net debt is defined as bank indebtedness plus trade and other payables less accounts receivable and deposits and prepaid expenses. Net debt and changes in net debt is summarized below:

	2015	2014
Net debt, January 1	25,141,609	$ 17,685,841
Funds flow from operations	(467,620)	(3,055,026)
Capital expenditures	200,335	6,947,240
Decommissioning expenditures	19,270	698,533
Spill clean-up and remediation costs	(1,478,102)	2,865,021
Net debt, December 31	23,415,492	$25,141,609
Net debt to annualized funds flow	50.07	8.23

The Company considers the ratio of net debt to annualized funds flow to be a key measure of liquidity and the management of capital resources. For the twelve month ended December 31, 2015 the annualized net debt to funds flow ratio was 50.0 to 1 as compared to 8.2 to 1 at December 31, 2014. The deterioration in the net debt to funds flow ratio from that at December 31, 2014, reflects the impact of reduced commodity prices on funds flow from operations.

At current commodity prices, funds flow from operations will not be sufficient for the Company to execute on its business plan. In addition, the Company is in default under its credit facilities and is required to reduce the amounts outstanding by minimum $200,000 per month. The Company is looking to raise additional capital through the disposition of assets and is exploring the availability of additional equity capital. The Company has curtailed planned capital expenditures until its financial position stabilizes. Please see the discussion under "Going Concern" in this MD&A and Note 3 to the financial statements for the period ended December 31, 2015 for additional information.

Credit Facility

As at March 9, 2015, the Company's authorized revolving, operating demand loan facility was reduced to a maximum amount of $10 million and a non-revolving demand loan facility with maximum amount of $1.0 million. The revolving facility bears interest at the bank prime plus 1.25% (December 31, 2014 - prime rate plus 1.00%), with an effective rate at December 31, 2015 of 3.95% (December 31, 2014 – 3.75%). The non-revolving facility bears interest at the bank prime rate plus 3.00% with an effective rate as at December 31, 2015 of 5.70%, and is repayable in minimum monthly principal payments of $200,000.

The facilities are secured by a first floating charge debenture in the amount of $35 million over all assets of the Company. Under its Credit Facilities 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 1:1. As at December 31, 2015 the adjusted working capital ratio was below 1:1 and the Company is in default under the Agreement. The default may continue throughout 2016.

6% Convertible Debenture

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.

Share Data

As at December 31, 2015 and April 28, 2016, Anterra had 496,871,120 Class A common shares issued and outstanding. Additionally, options, issued pursuant to the Company's stock option plan, for the acquisition of 3.5 million common shares at a weighted average price of $0.225 per share were outstanding.

Sources and (uses) of cash

Sources and (uses) of cash for the three and twelve month periods ended December 31, 2015 and 2014 are summarized below:

	Three months ended	December 31,	Year ended	December 31,
	2015	2014	**2015**	2014
	($)	($)	**($)**	($)
Cash – beginning of year	**--**	--	**--**	--
Funds flow from operations	**(256,265)**	456,517	**467,620**	3,055,026
Decommissioning expenditure	**-**	(203,041)	**(19,270)**	(698,533)
Spill clean-up and remediation costs	**(43,099)**	(1,580,957)	**1,478,102**	(2,865,021)
Change in non-cash working capital	**828,466**	4,782,005	**837,582**	8,985,957
Advances (repayment of) on bank loan	**(456,214)**	(432,417)	**(2,563,699)**	(1,530,189)
Capital expenditures				
PP&E	**(72,888)**	(3,022,268)	**(200,335)**	(6,947,240)
Cash – end of year	**--**	--	**--**	--

Income Taxes

The Company has non-capital losses for income tax purposes totaling approximately $37.9 million. The losses expire between 2023 and 2034. The related tax benefits have only been recognized to the extent there are taxable temporary differences to offset with.

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, currently holds approximately 21.7% of the issued and outstanding Class A common shares of Anterra through its subsidiary.

On April 8, 2013, the Company entered into an agreement ("the Agreement") with LandOcean whereby LandOcean was to 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.

b) During 2014, the Company engaged Western Union Petro (Canada) Technology Co., Ltd. ("Western Union"), to complete various field projects including the initial stage of a water-flood project at Strathmore, Alberta. To December 31, 2015, total costs of $3,834,642 have been incurred relating to the various projects, of which, $2,982,047 remains payable at December 31, 2015, together with interest of 5% to 10% during the year and 10% thereafter. (Note 12) No work, further to that completed to the end of 2014, is ongoing or anticipated with the above related entities.

c) During the twelve months ended December 31, 2015, a consulting company, to which an officer of Anterra is related, charged the Company $101,256 (2014 - $100,579) for consulting services.

d) During twelve months ended December 31, 2015, a consulting company, to which a director of Anterra is related, charged the Company $4,200 (2014 - $23,500) for management and advisory services.

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

On April 15, 2016, the Company announced that the CWB had made demand upon the Company for payment in full of the Company's outstanding indebtedness, and that to secure safety of operations, the Company had undertaken a process of shutting-in its operated wells and facilities with the exception of certain midstream facilities.

On April 29, 2016, the Company announced that the filing of its annual audited financial statements and management's discussion and analysis for the year ended December 31, 2015 would be delayed beyond the filing deadline of April 29, 2016. On May 6, 2016, the Alberta Securities Commission issued a cease trade order against the Company for failure to file the required annual disclosure documents, subsequent to which, the securities regulators in each of the jurisdictions in which the Company is a reporting issuer issued similar orders ("the "Cease Trade Orders"). The Company's securities have been halted from trading on the TSX Venture Exchange until such time as the Cease Trade Orders have been revoked or varied and the Company meets Exchange requirements in relation to the reinstatement of trading. The Company intends to finalize the required disclosure documents and apply to the applicable securities commissions to have the Cease Trade Orders revoked.

On May 6, 2016, pursuant to an order granted by the Court of Queen's Bench of Alberta, the company obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) (The "CCAA"). CCAA protection stays creditors and others from enforcing rights against Anterra and affords the Company the opportunity to restructure its financial affairs. In conjunction with the CCAA application, the Company arranged for a $2.5 million interim convertible loan which is available to the Company to fund the CCAA proceedings and expenditures required to place oilfield operations back online. With the availability of funds from the interim loan, the Company has placed those wells shut in during April back on production and commenced a well reactivation and workover program relating to other non-producing wells. As a result, the Company is currently producing approximately 450 Boe/d.

On June 3, 2016, the court granted an extension of the initial order until August 16, 2016.

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of 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 financial statements are outlined below.

Critical judgments in applying accounting policies

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

Impairment Estimate:

The assessment for impairment for P&E and E&E assets involves comparing the carrying value of the CGU with the higher of value in use calculations and fair value less costs to sell. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional supply-and-demand conditions for crude oil, natural gas and liquids. Impairment is recognized in the statement of loss and comprehensive loss in the period in which carrying amount exceeded the recoverable amount.

Impairment reversals are recognized to the extent of the original impairment, but are limited to the net book value that would have existed had the original impairment never been recorded, including estimates for depletion. In determining the appropriate discount rate the Company considers the acquisition metrics of recent transactions completed on similar assets to those in the specific CGU.

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, and future removal technologies in determining the removal cost and liability-specific discount rates to determine the present value of these cash flows.

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.

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.

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.

Changes in Accounting Policy

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2016 and have not yet been adopted by the Company. All of these new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application:

- IFRS 9 “Financial Instruments” replaces IAS 39 “Financial Instruments: Recognition and Measurement” and addressed the classification and measurement of financial instruments with an, effective date of January 1, 2018.
- IFRS 15 “Revenue From Contracts with Customers” replaces IAS 11 “Construction Contracts” and IAS 18 “Revenue” and establishes a single revenue recognition framework that applies to contracts with customers, effective date of January 1, 2018.
- IFRS 16 “Leases” replaces IAS 17 “Lease” and requires entities to recognize lease assets and lease obligations on the balance sheet, essentially removing the classification of leases as either operating leases or finance leases and treating all leases as finance leases, effective January 1, 2019.

The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

Selected Annual Information

Years Ended December 31,	**2015**	2014	2013
(CAD$, except share amounts)	*($)*	*($)*	*($)*
Financial [1]			
Gross revenue	**12,570,594**	23,779,400	12,395,142
Net income (loss)	**(29,566,435)**	(16,053,578)	(7,102,781)
Per share – basic	**(0.06)**	(0.03)	(0.01)
Per share – diluted	**(0.06)**	(0.03)	(0.01)
Net cash from (used in) operations	**2,701,963**	6,010,368	(666,451)
Per share – basic	**(0.005)**	0.01	(0.001)
Per share – diluted	**(0.005)**	0.01	(0.001)
Capital expenditures	**200,335**	6,947,240	3,449,842
Total assets	**38,594,568**	68,892,877	76,869,554
Decommissioning obligations	**24,549,767**	22,669,166	22,152,634
Total non-current liabilities	**28,881,884**	29,088,083	25,642,141
Deferred tax liability	**-**	-	-
Weighted average shares			
Basic *(#)*	**496,871,120**	496,871,120	392,643,301
Diluted *(#)*	**496,871,120**	496,871,120	392,643,301
Operational			
Production			
Light crude oil *(bbls/d)*	**422**	573	270
Natural gas *(mcf/d)*	**254**	414	616
NGLs *(bbls/d)*	**40**	29	17
Total *(boe/d)*	**504**	670	389
Total *(boe)*	**183,998**	244,634	142,018
Reserves			
Proved plus probable *(mboe)* [2]	**1,944**	6,031	5,696
Lands			
Undeveloped *(net acres)*	**19,430**	21,790	26,369
Wells drilled			
Gross (net) *(#)*	**0(0)**	0(0)	1 (0)

(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, 2015**	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
	($)	*($)*	*($)*	*($)*
Gross revenue	**2,717,108**	2,770,874	3,649,139	3,433,473
Net income (loss)	**(28,313,597)**	(1,241,321)	830,857	(842,374)
Per share – basic	**(0.04)**	(0.002)	0.002	(0.002)
Per share – diluted	**(0.04)**	(0.002)	0.002	(0.002)
Funds flow from operations [(1)]	**(256,265)**	(108,190)	727,017	398,426
Per share – basic	**(0.0004)**	(0.0002)	0.001	0.001
Per share – diluted	**(0.0004)**	(0.0002)	0.001	0.001
Capital expenditures	**72,888**	50,263	(71,633)	148,817
Impairment expense	**25,240,171**	-	-	-
Total Assets	**38,594,568**	66,900,090	70,463,187	71,099,108
Working capital (deficiency)	**(19,730,605)**	(18,997,324)	(18,835,560)	(20,797,436)
Shareholders' equity	**(11,933,636)**	16,379,961	17,621,282	16,790,425
Production				
Light crude oil *(bbls/d)*	**375**	368	421	524
NGLs *(bbls/d)*	**194**	204	280	340
Natural gas *(mcf/d)*	**21**	27	72	41
Total *(boe/d)*	**428**	429	540	622
Total (boe)	**39,410**	39,470	49,125	55,993

Three months ended	Dec. 31, 2014	Sep. 30, 2014	Jun 30, 2014	Mar. 31, 2014
Gross revenue	5,079,352	5,504,798	6,598,726	6,596,524
Net income (loss)	(13,734,171)	(2,354,633)	(132,443)	167,659
Per share – basic	(0.03)	(0.005)	(0.000)	0.000
Per share – diluted	(0.03)	(0.005)	(0.000)	0.000
Funds flow from operations	456,517	62,272	1,105,934	1,392,653
Per share – basic	0.001	0.0002	0.0002	0.0002
Per share – diluted	0.001	0.0002	0.0002	0.0002
Capital expenditures	3,022,268	2,283,374	896,057	745,541
Impairment expense	11,553,164	-	-	-
Total assets	68,892,877	77,656,209	76,361,804	77,067,630
Working capital (deficiency)	(18,111,393)	(16,829,510)	(13,198,433)	(13,189,723)
Shareholders' equity	17,632,799	31,366,970	33,717,995	33,854,036
Production				
Light crude oil *(bbls/d)*	581	515	585	610
NGLs *(bbls/d)*	434	341	397	24
Natural gas *(mcf/d)*	38	25	27	486
Total *(boe/d)*	691	598	679	715
Total *(boe)*	63,555	54,943	61,775	64,362

(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 financial statements for the years ended December 31, 2015 and 2014.

Factors That Have Caused Variations over the Quarters

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

- Anterra's oil and gas revenue is directly impacted by production including the Company's ability to replace production declines through an on-going capital expenditure program or acquisitions. The increase in revenue in 2015 is mainly the result of the Nipisi acquisition in December of 2014.
- 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.

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)
Juan Wang	Beijing P.R. China	
Cheng Feng Tang	Beijing P.R. China	(1) (2)
Guang Zhen 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

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

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Registrar and Transfer Agent
Equity Financial Trust Company

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

Auditors
MNP LLP

Bankers
Canadian Western Bank

Legal Counsel
Norton Rose Fulbright Canada LLP

Securities fillings
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.