Anterra Energy Inc.
Condensed Interim
Financial Statements
FOR THE THREE AND NINE MONTHS ENDED September 30, 2016

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim 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
Condensed Interim Statements of Financial Position
(Unaudited)

	Note	**September 30, 2016**	December 31 2015
Assets			
Cash		**$ 289,915**	$ -
Trade and other receivables		**1,846,622**	1,690,088
Deposits and prepaid expenses		**1,009,334**	825,627
		3,145,871	2,515,715
Property, plant and equipment	5	**36,359,601**	36,078,853
		$ 39,505,472	$ 38,594,568
Liabilities			
Bank debt	6	**9,782,320**	$ 9,920,816
Debtor-in-possession financing	7	**2,007,307**	-
Trade and other payables	8	**14,140,410**	11,896,022
Fair value of risk management contracts	9	**-**	429,482
		25,930,037	22,246,320
Decommissioning liabilities	10	**25,682,184**	24,549,767
Convertible debenture	11	**3,823,096**	3,732,117
		55,435,317	50,528,504
Equity			
Share capital	12	**46,706,177**	46,706,177
Equity component of convertible debenture	11	**454,895**	454,895
Contributed surplus		**2,882,545**	2,882,545
Deficit		**(65,973,462)**	(61,977,253)
		(15,929,845)	(11,933,636)
		$ 39,505,472	$ 38,594,568

Going concern (Note3)
Subsequent events (Note 17)
See accompanying notes to financial statements.

ANTERRA ENERGY INC
Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2016**	2015	**2016**	2015
Revenue		**$2,183,944**	$2,770,874	**$5,291,184**	$9,853,486
Royalties		**(341,224)**	(262,418)	**(543,281)**	(949,495)
		1,842,720	2,508,456	**4,747,903**	8,903,991
Realized gain on risk management contracts	9	**-**	81,432	**-**	825,261
Unrealized gain(loss) on risk management contracts	9	**-**	(227,178)	**429,482**	(462,589)
		1,842,720	2,362,710	**5,177,385**	9,266,663
Expenses					
Production and operating		**1,427,067**	1,849,643	**4,283,545**	6,247,132
Transportation		**138,568**	154,838	**285,505**	528,209
Spill clean-up and site remediation (recovery)		**-**	16,611	**-**	(1,521,201)
Depletion, depreciation and amortization	5	**687,577**	749,992	**1,519,564**	2,669,463
General and administrative		**430,164**	433,345	**1,259,609**	1,479,728
CCAA		**373,064**	-	**621,018**	-
Finance	13	**389,381**	399,602	**1,204,353**	1,230,539
		3,445,821	3,3604,031	**9,173,594**	10,633,870
Income(loss) before undernoted		**(1,603,101)**	(1,241,321)	**(3,996,209)**	(1,367,207)
Gain on property divestiture		**-**	-	**-**	114,369
Income (loss) before income tax		**(1,603,101)**	(1,241,321)	**(3,996,209)**	(1,252,838)
Income (loss) and comprehensive income (loss)		**(1,603,101)**	(1,241,321)	**(3,996,209)**	(1,252,838)
Income (loss) per share					
Basic and diluted	14	**$ (0.003)**	$ (0.002)	**$ (0.008)**	$ (0.003)

See accompanying notes to financial statements

ANTERRA ENERGY INC

Condensed Interim Statements of Changes in Equity
(Unaudited)

	Note	Share Capital	Convertible Debenture Equity Component	Contributed Surplus	Accumulated Deficit	Total Equity
Balance, January 1, 2015		$46,706,177	$ 454,895	$2,882,545	$ (32,410,818)	$17,632,799
(Loss) for the period		-	-	-	(1,252,838)	(1,252,838)
Balance, September 30, 2015		**$46,706,177**	**$ 454,895**	**$2,882,545**	**(33,663,656)**	**16,379,961**
Balance, January 1, 2016		$46,706,177	$ 454,895	$2,882,545	$ (61,977,253)	$(11,933,636)
(Loss) for the period		-	-	-	(3,996,209)	(3,996,209)
Balance, September 30 , 2016		**$46,706,177**	**$ 454,895**	**$2,882,545**	**(65,973,462)**	**(15,929,845)**

See accompanying notes to financial statements

ANTERRA ENERGY INC

Condensed Interim Statements of Cash Flows
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2016	2015	**2016**	2015
Operating activities:	Note				
Loss for the period		**$(1,603,101)**	$(1,241,321)	**$(3,996,209)**	$(1,252,838)
Adjustments for:					
Depletion and depreciation		**687,577**	749,992	**1,519,564**	2,669,483
Accretion	13	**113,884**	139,350	**385,756**	411,788
Unrealized gain on risk management contracts	9	**-**	-	**(429,482)**	-
Derivative		**-**	227,178	**-**	462,589
Decommissioning expenditures		**-**	-	**-**	(19,270)
Change in non-cash working capital	15	**318,357**	2,617,750	**1,904,148**	59,998
Cash used in operating activities		**(483,284)**	2,492,949	**(616,223)**	2,331,730
Investing activities:					
Property, plant and equipment expenditures	5	**(263,841)**	(50,263)	**(962,673)**	(127,447)
Change in non-cash working capital		**-**	(324,601)	**-**	(96,798)
Cash used in investing activities		**(263,841)**	(374,864)	**(962,673)**	**(224,245)**
Financing activities:					
Proceeds from debtor -in-possession financing		**-**		**2,007,307**	-
Proceeds from (repayment of) bank debt		**-**	(2,118,085)	**(138,496)**	(2,107,485)
Cash provided by (used in) financing activities		**-**	(2,118,085)	**1,868,811**	(2,107,485)
Change in cash and cash equivalents		**(747,125)**	-	**289,915**	-
Cash and cash equivalents, beginning of period		**1,037,040**	-	**-**	-
Cash and cash equivalents, end of period		**$ 289,915**	$ -	**$ 289,915**	**$ -**

See accompanying notes to financial statements

1. Reporting entity:

Anterra Energy Inc. ("Anterra" or the "Company") is engaged in the acquisition, exploitation, 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.

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 oil and gas processing and water disposal services to third parties.

2. Basis of presentation:

These unaudited 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 Company's audited financial statements for the year ended December 31, 2015. The Company's accounting policies are unchanged from December 31, 2015 except as otherwise noted. The use of estimates and judgments is also consistent with the December 31, 2015 financial statements. The financial statements were authorized for issuance by the Company's Board of Directors on November 23, 2016.

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:

Continuing weak crude oil prices experienced during 2015 and 2016 have negatively impacted earnings and cash flow for the period. Additionally, total net costs of $1.2 million, associated with 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 experienced negative funds flow from operations and losses throughout 2015 and 2016.

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 "Court"), 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 has arranged debtor-in-possession financing of $2.5 million 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.

4. Segmented Financial Information:

For the nine months ended September 30, 2016	**Oil and Gas production**	**Midstream processing**	**Corporate Segment**	**Eliminations**	**Total**
Revenue	$3,799,492	$1,501,710	$ -	$ (10,018)	$ 5,291,184
Royalties	(543,281)	-	-	-	(543,281)
	3,256,211	1,501,710	-	(10,018)	4,747,903
Unrealized gain on risk management contracts	429,482				429,482
	3,685,693	**1,501,710**	**-**	**(10,018)**	**5,177,385**
Production and operating expenses	3,623,696	776,560	-	(10,018)	4,283,545
Transportation	279,687	5,818	-	-	285,505
Depletion, depreciation and depreciation	1,519,095	469	-	-	1,519,564
General and administrative (Including CCAA)	769,739	302,202	808,686	-	1,880,627
Finance expense	278,006	16,771	909,576	-	1,204,353
Total expenses	**6,363,530**	**1,101,820**	**1,718,262**	**(10,018)**	**9,173,594**
Net income (loss)	**(2,677,837)**	**399,890**	**(1,718,262)**	**-**	**(3,996,209)**
Capital expenditures:					
Property, plant and equipment	**962,673**	**-**	**-**	**-**	**962,673**
Total Assets	**$33,582,708**	**$2,776,893**	**$3,145,871**	**$ -**	**$39,505,472**

4. Segmented Financial Information, continued;

For the nine months ended September 30, 2015	Oil and Gas Production	Midstream Processing	Corporate Segment	Eliminations	Total
Revenue	$ 7,198,959	$ 2,684,066	$ -	$ (29,539)	$ 9,853,486
Royalties	(949,495)	-	-	-	(949,495)
	6,249,464	2,684,066	-	(29,539)	8,903,991
Realized gain on risk management contracts	825,261	-	-	-	825,261
Unrealized loss on financial derivative	(462,589)	-	-	-	(462,589)
	6,612,136	2,684,066	-	(29,539)	9,266,663
Production and operating expenses	5,245,019	1,031,652	-	(29,539)	6,247,132
Spill clean-up and site remediation (recovery)	(1,521,201)	-	-	-	(1,521,201)
Transportation	528,209	-	-	-	528,209
Depletion, depreciation and amortization	2,408,853	260,610	-	-	2,669,463
General and administrative expenses	836,491	308,446	334,791	-	1,479,728
Finance expense	304,771	16,039	909,729	-	1,230,539
	7,802,142	1,616,747	1,244,520	(29,539)	10,633,870
Gain on sale of property	**114,369**				**114,369**
Net income (loss)	**$ (1,075,637)**	**$ 1,067,319**	**$ (1,244,520)**	**-**	**$ (1,252,838)**
Capital expenditures:					
Property, plant and equipment	**$ 51,513**	**$ 75,934**	**-**	**-**	**$ 127,447**
Total Assets	**$60,887,609**	**$3,069,904**	**$2,942,577**	**$ -**	**$66,900,090**

5. Property, plant and equipment:

	Petroleum and natural gas properties $	Processing and other assets $	Total $
Cost			
Balance at January 1, 2015	85,222,820	5,604,662	90,827,482
Additions	511,068	75,934	587,002
Decommissioning provisions	1,424,765	43,349	1,468,114
Balance at December 31, 2015	87,158,653	5,723,945	92,882,598
Additions, net of dispositions	962,673	-	962,673
Decommissioning provisions	837,640	-	837,640
Balance at September 30, 2016	**88,958,966**	**5,723,945**	**94,682,911**
Depletion, depreciation and impairment			
Balance at January 1, 2015	23,983,082	2,398,792	26,381,874
Depletion for the year	4,834,220	347,481	5,181,701
Impairment for the year	25,240,171	-	25,240,171
Balance at December 31, 2015	54,057,473	2,746,273	56,803,746
Depletion for the period	1,318,785	200,779	1,519,564
Balance at September 30, 2016	**55,376,258**	**2,947,052**	**58,323,310**
Net book value			
Balance at December 31, 2015	33,101,180	2,977,672	36,078,853
Balance at September 30, 2016	**33,582,708**	**2,776,893**	**36,359,601**

Future development costs totaling $9,209,900 (2015 - $46,894,258) are included in the depletion calculation. Personnel expenses of $18,365 (2015 - $128,135) directly attributed to capital activities were capitalized in property, plant and equipment for the nine months ended September 30, 2016.

6. Bank debt:

	September 30, 2015	December 31, 2015
Authorized		
Revolving demand loan	**$10,000,000**	$10,000,000
Non-revolving demand loan	**1,005,154**	1,005,154
	$11,005,154	$11,005,154
Outstanding		
Revolving demand loan	**$9,782,320**	$9,340,661
Non-revolving demand loan	**-**	580,155
	$9,782,320	$12,484,515

As at March 9, 2015, the Company's authorized revolving, operating demand loan was reduced to a maximum amount of $10 million and a non-revolving demand loan with maximum amount of $1.0 million. The revolving facility bears interest at the bank prime plus 1.25% (December 31, 2015 - prime rate plus 1.00%), with an effective rate at September 30, 2016 of 3.95% (December 31, 2015 – 4.10%). The non-revolving facility bears interest at the bank prime rate plus 3.00% with an effective rate as at March 31, 2016 of 5.70%, and is fully repaid in April 30, 2016.

The loan amounts are secured by a first floating charge debenture in the amount of $35 million over all assets of the Company. Under the loan 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 and September 30, 2016, the adjusted working capital ratio was below 1:1, the Company is in default under the agreement, and on April 15, 2016, CWB made demand upon the Company for payment in full of all amounts outstanding.

7 Debtor-in-possession ("DIP") financing

In May 2016, the Company and Western Union Petro International Co. Ltd. ("Western Union International") executed a DIP Commitment Letter whereby Western Union International agreed to provide an interest free loan in the maximum of $2.5 million (the "DIP Facility") to the Company to provide for short-term liquidity needs, including funding of the CCAA process, while the Company is under CCAA protection. As at September 30, 2016, the Company has drawn $2,007,307 on the facility. The balance of the facility is held trust by the Company's legal counsel and is available to the Company upon approval of a transfer request by Western Union International. The DIP Facility is repayable on demand, and is secured by a charge over all of the Company's assets in priority to existing secured creditors. Western Union International is a related party as outlined in Note 16.

8. Trade and other payables

Trade and other payable include an amount of $3.39 million payable to the related parties, see note 16.

9. 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 its December 31, 2015 financial statements.

The Company may enter into derivative contracts to mitigate a degree of its exposure to commodity price risk and provide stability to operating cash flows. Such contracts may include commodity price contracts and fixed power contracts.

With the exception of one power contract, all risk management contracts expired as of December 31, 2015 and the remaining power contract was cancelled by the provider on April 15, 2016. At December 31, 2015, the power contract was recorded as a liability of $429,482. With the cancellation of the contract, the liability was reversed and an unrealized gain of $429,482 was recognized during the three month period ended March 31, 2016.

10. Decommissioning liabilities:

Balance at January 1, 2015	$ 22,669,166
Changes to estimate	1,468,115
Obligations settled	(19,270)
Accretion expense	431,756
Balance, December 31, 2015	$ 24,549,767
Changes to estimate	837,640
Accretion expense	294,777
Balance, September 30, 2016	**$ 25,682,184**

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 $25,682,214 at September 30, 2016 (December 31, 2015 - $24,549,797) based on an undiscounted total future liability of $33,253,350 (December 31, 2015 - $33,166,214). These expenditures are expected to be incurred over the next 19 years with the majority of costs to be incurred between 2016 and 2035. A risk free discount rate of 1.60% (2015 – 1.89%) and an inflation factor of 2% were used to determine the decommissioning liability at September 30, 2016. The decrease in the discount rate has resulted in the changes to the estimated net present value.

11. Convertible debenture:

6% redeemable convertible debenture

	September 30, 2016	December 31, 2015
6% redeemable convertible debenture, at face value	**$4,000,000**	$4,000,000
Equity component, before deferred income taxes	**(606,526)**	(606,526)
Accretion	**429,622**	338,643
Balance	**$3,823,096**	$3,732,117

On March 14, 2013 the Company issued a $4 million principal amount convertible debenture as partial settlement of a hydrocarbon purchase agreement. 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.

12. 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**	**$**
Balance, September 30, 2016 and December 31, 2015	**496,871,120**	**46,706,177**

13. Finance income and expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	**2016**	2015
Finance income:				
Interest income on bank deposits	**$ (587)**	$ (226)	**$ (1,261)**	$ (643)
Financial expenses:				
Interest on bank debt	**103,338**	130,278	**308,769**	428,786
Other interest	**112,746**	70,203	**331,090**	210,608
Interest on Debenture	**60,000**	60,000	**180,000**	180,000
Accretion of debenture	**30,327**	30,322	**90,979**	90,978
Accretion of decommissioning liabilities	**83,557**	109,025	**294,777**	320,810
	389,968	399,828	**1,205,615**	1,231,182
Net finance expenses	**$389,381**	$ 399,602	**$ 1,204,353**	$ 1,230,539

14. Per share amounts:

Basic income per share was calculated as follows:

Nine months ended September 30,	**2016**	2015
Income(loss) for the period	**$ (3,996,209)**	$ (1,252,838)
Weighted average number of common shares (Basic and Diluted)	**496,871,120**	496,871,120

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

15. Supplemental cash flow information:

Changes in non-cash working capital is comprised of

	2016	2015
Source of cash:		
Trade and other receivable	**$ (156,534)**	**$ 984,933**
Deposit and prepaid expenses	**(183,707)**	**(89,019)**
Trade and other payable	**2,244,389**	**(932,714)**
Chang in non-cash working capital	**$ 1,904,148**	**$ (36,800)**

16. Related party transactions: [See note as at June 30 2016]

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.

i. 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.

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 of which $976,880 has been earned to December 31, 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 , 2016, $392,000 was payable to LandOcean in relation to the Agreement.

ii. During 2014, the Company engaged Western Union, to complete various field projects including the initial stage of a water-flood project at Strathmore, Alberta. During the year total costs of $3,584,962 related to the various projects were incurred of which $2,808,105 remains payable at September 30, 2016.

No work additional to that completed during 2014 is ongoing or anticipated with the above related entities.

iii. In May of 2016, Western Union Petro International Co. Ltd., a wholly owned subsidiary of Western Union agreed to make available to the Company a loan in the maximum of $2.5 million as outlined in Note 7.

b) During nine month period ended September 30, 2016, a consulting company, to which an officer of Anterra is related, charged the Company $33,812 (2015 - $50,628) for consulting services.

17. *Subsequent Events*:

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") and the Company's securities have been halted from trading on the TSX Venture Exchange. On September 9, 2016 the Company announced that it had met all the Exchange requirements in relation to the reinstatement of trading and, on or before, September 8, 2016 the various Securities Commissions revoked their cease trade orders and the Company now intends to seek the resumption of trading of its common shares on the TSX Venture Exchange.

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. The Company's restructuring process that commenced with the granting of CCAA protection in May. 2016 is ongoing and the Court has granted a series of extensions of the initial order, the most recent being granted on October 25, 2016 which grants an extension until January 20, 2017.