MANAGEMENT'S DISCUSSION AND ANALYSIS -2016 Year End

The following Management's Discussion and Analysis ("MD&A") dated April 25, 2017, of the financial results of Anterra Energy Inc. ('Anterra" or the "Company") should be read in conjunction with the audited financial statements and related notes for the years ended December 31, 2016 and 2015. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") these documents and additional disclosures including the Company's Report on Reserve Data prepared in accordance with National Instrument 51 – 101 are available on SEDAR at www.sedar.com and on Anterra's website at www.anterra.com.

Non-GAAP Measures

This MD&A makes reference to terms commonly used in the petroleum and natural gas industry including funds flow from operations, funds flow per share, netback and net debt. Such terms do not have a standard meaning as prescribed by IFRS and therefore may not be comparable with the determination of similar measures of 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 presentations 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 natural gas 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 and 2016 have negatively impacted earnings and cash flow. Additionally, total net costs of $1.2 million resulting from 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 losses and negative funds flow from operations 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 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) ("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 for DIP financing by way of a $2.5 million interim loan which is available to the Company to fund the CCAA proceedings, expenditures required to maintain production and general operations. The restructuring process is ongoing and the Court has granted a series of extensions of the initial order, the most recent being granted on April 13, 2017 which grants an extension until June 2, 2017.

The foregoing 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

Due to the financial constraints experienced in early 2016 and the potential impact on operating safety, the Company shut-in virtually all production during the month of April and much of May 2016. With the arrangement of the DIP financing, the Company placed the shut-in wells back on production and also commenced a well reactivation and workover program. Largely as a result of the shut-in, production for the year ended December 31, 2016 averaged 319 Boe/d as compared to 504 Boe/d in 2015. With the workover and reactivation program production during the third quarter and the fourth quarter of 2016 recovered to average 402 Boe/d and 380 Boe/d, as compared to 429 Boe/d and 428 boe/d produced during the third and the fourth quarters, respectively, of 2015.

2016 oil and gas revenues were consistent with production levels and decreased from $12.6 million for the year ended December 31, 2015 to $7.8 million in 2016. Revenue for the fourth quarter of 2016 is reflective of the recovery in production and totaled $2.4 million as compared to $2.7 million for the fourth quarter of 2015.

The reduction in oil and gas revenues for 2016, as compared to 2015, is due to reduced production. Realized average crude oil prices in 2016 were consistent with average realized prices for 2015. Realized crude oil prices for 2016 averaged $53.34 per bbl, as compared to $54.40 per bbl in 2015.

Oil and gas operating and transportation expenses for the year ended December 31, 2016 decreased approximately. 27% from $7.6 million in 2015 to $5.5 million in 2016 as a result of the lower production levels. However, due to the fixed component of operating costs, on a Boe of production basis, operating and transportation costs increased 13% in 2016 to average $46.93 per Boe as compared to $41.52 per Boe 2015. Midstream processing revenues for 2016 decreased 47% to $1.9 million from $3.6 million during 2015, primarily as a result of an overall decrease in third party volumes at the Breton facility. The decrease in revenue is largely attributable to customer uncertainty as to continued operations of the Breton facility resulting from the CCAA process. Fourth quarter 2016 revenues were $413,402 as compared to $898,762 during the fourth quarter of 2015. Midstream revenues have slowly begun to recover during the fourth quarter of 2016.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
	($)	($)	**($)**	($)
Net cash from (used in) operating activities	**103,085**	484,602	**(513,137)**	2,701,963
Decommissioning expenditures	**-**	-	**-**	19,270
Spill remediation costs (recovery)	**-**	43,099	**-**	(1,478,102)
Changes in non-cash working capital	**(945,653)**	(783,966)	**(2,849,802)**	(775,511)
Funds flow from (used in) operations	**(842,568)**	(256,265)	**(3,362,939)**	467,260

Financial and Operating Results

Production, Revenue and Prices

Oil and gas operations	**2016**	Three Months Ended December 31, 2015	**2016**	Year Ended December 31, 2015
Production				
Crude oil *(bbls/d)*	**358**	375	**290**	422
Natural gas *(mcf/d)*	**50**	194	**73**	254
NGLs *(bbls/d)*	**14**	21	**17**	40
Total production *(boe/d)*	**380**	428	**319**	504
Total production (*boe)*	**34,944**	39,410	**116,890**	183,998
Revenue				
Crude oil (*$)*	**1,975,668**	1,710,915	**5,699,909**	**8,372,159**
Natural gas *($)*	**15,577**	47,253	**64,703**	**271,089**
NGLs (*$)*	**32,317**	30,639	**95,147**	**344,518**
Total oil and gas revenue(*$*)	**2,023,562**	1,788,807	**5,859,759**	**8,987,766**
Royalties *($)*	**281,864**	188,160	**825,146**	**1,137,655**
Operating expenses (Include transportation cost) (*$*)	**1,614,619**	1,829,672	**5,485,429**	**7,602,900**
Spill clean-up and remediation cost($)	**-**	43,099	**-**	**(1,478,102)**
Net production revenue *($)*	**127,079**	(272,124)	**(450,816)**	**1,725,313**
Realized gain on risk management contracts *($)*	**-**	161,620	**-**	**986,881**
Unrealized gain on risk management contracts (*$*)	**-**		**429,482**	
Net operating revenue ($)	**127,079**	(110,504)	**(21,334)**	2,712,194
Average Realized Prices				
Crude Oil *($/bbl)*	**60.04**	49.64	**53.34**	54.40
Natural gas *($/mcf*)	**3.39**	2.65	**2.41**	2.93
NGLs (*$/bbl*)	**25.39**	15.58	**15.24**	23.49
Average Prices ($/boe)	**57.91**	45.39	**50.13**	48.85
Realized gain on risk management contracts (*$/boe*)	**-**	4.10	**3.67**	5.36
Total Revenue *($/boe*)	**57.91**	49.49	**53.80**	54.21

Royalties*($/boe)*	**8.07**	4.77	**7.06**	6.18
Operating expenses *($/boe)*	**46.17**	47.32	**46.93**	41.51
Operating netback *($/boe)*	**3.64**	(2.61)	**(0.19)**	**6.52**
Midstream Processing Operations				
Revenue ($)	**413,402**	898,762	**1,915,112**	3,582,828
Operating costs ($)	**269,905**	359,072	**1,052,283**	1,390,724
Net operating income ($)	**143,497**	539,690	**862,829**	2,192,104

Production revenue, excluding the impact of risk management commodity contracts, for the three months ended December 31, 2016 increased 13.1% to $2.02 million, from $1.79 million for same period in 2015. The increase was due to a 27.6% increase in realized average commodity prices partially offset by an 11.3% production decrease. For the fourth quarter of 2016, realized commodity prices averaged $57.91/boe compared to $45.39/boe during the fourth quarter of 2015.

For the year ended December 31, 2016, production revenue decreased 34.8% due to a 36.5% decrease in sales volumes and a 2.6% increase in realized in oil and gas prices. The average realized oil and gas sales price for the year ended December 31, 2016 was $50.13/boe as compared to $48.85/boe for the comparable period in 2015.

Royalties

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
	($)	*($)*	***($)***	*($)*
Crown royalties	**198,390**	107,986	**573,350**	685,881
Freehold royalties	**294**	8,255	**4,903**	56,143
Overriding royalties	**83,181**	71,919	**246,893**	395,631
Total royalties	**281,865**	188,160	**825,146**	1,137,655
Total royalties *($/boe)*	**8.07**	4.77	**7.06**	6.18
Percent of revenue *(%)*	**14%**	11%	**14%**	13%

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

Operating Expenses

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
	($)	*($)*	***($)***	*($)*
Oil and gas operations	**1,549,289**	1,674,793	**5,060,474**	6,962,439
Transportations	**139,449**	190,118	**424,954**	677,090
Midstream operation	**269,905**	359,072	**1,052,283**	1,390,724
Inter-company eliminations	**(4,274)**	(7,090)	**(14,292)**	(36,629)
Total operating expenses	**1,954,369**	2,216,893	**6,523,419**	8,993,624
Total operating expenses for oil and gas operation ($/boe)	**48.33**	**47.32**	**46.93**	**41.51**

For the three and twelve months ended December 31, 2016, total oil and gas operating and transportation expenses decreased 12% and 27% respectively over the same periods in 2015 primarily as a result of reduced production. However, due to the fixed component of operating costs, on a Boe of production basis, operating costs for the year ended December 31, 2016 increased to $46.93 from $41.52 in 2015. Fourth quarter 2016 operating costs increased approximately 2% from $47.32 in 2015 to $48.33 in 2016.

Direct midstream operating expenses for three and twelve months ended December 31, 2016 decreased 25% and 24% respectively over the comparable period in 2015 primarily as a result of lower third party processing volumes.

Operating Netback

	Three Months Ended December 31,		Year Ended December31,	
	2016	2015	**2016**	2015
	($/boe)	($/boe)	**($/boe)**	($/boe)
Gross revenue	**57.91**	45.39	**50.13**	48.85
Realized gain on risk management contracts	**-**	4.10	**-**	5.36
Royalty expenses	**(8.07)**	(4.77)	**(7.06)**	(6.18)
Operating expenses	**(46.21)**	(47.32)	**(46.93)**	(41.51)
Field netback	**3.64**	(2.60)	**(3.86)**	6.52

Netbacks in 2015 benefited from realized risk management gains from derivative commodity contracts. No such contracts were available to the Company in 2016 due to its financial position.

General and Administrative ("G&A") Expenses

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
	($)	*($)*	***($)***	*($)*
General & admin costs	**377,502**	433,345	**1,637,111**	1,960,045
$/Boe	**10.80**	10.98	**14.01**	10.65

Total G&A expenses for the year ended December 31, 2016 decreased 17% from $1.96 million in 2015 to $1.64 million in 2016 due to a concentrated effort to control costs. On a Boe of production basis G&A costs increased to $14.01/Boe for the year ended December 31, 2016 from $10.65/Boe for 2015 as a result of the impact of reduced production more than offsetting the decrease in actual costs.

CCAA Costs

CCAA costs incurred during 2016 are comprised of professional fees including legal, and monitor fees relating to the CCAA process as discussed in Note 2 to the financial statements and the Going Concern section of this MD&A

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 2016, the Company used an interest free rate of 1.66% as compared to a rate of 1.89 at December 31, 2015. This decrease in the discount rate resulted in an increase of $911,712 (2015 - $1,880,602) to the estimated decommissioning liability at December 31, 2016 with a corresponding increase in the carrying value of the Company's property and equipment.

Finance Expenses

	Three Months Ended December 31, **2016**	2015	Year Ended December 31, **2016**	2015
	($)	*($)*	***($)***	*($)*
Interest income on cash on deposit	**(558)**	(200)	**(1,819)**	(843)
Interest on bank debt	**83,704**	105,498	**392,473**	534,283
Other interest	**112,746**	25,758	**443,836**	236,366
Interest on Debenture	**60,000**	60,000	**240,000**	240,000
Accretion of debenture	**30,326**	30,327	**121,305**	121,305
Accretion of decommissioning liabilities	**112,963**	110,946	**407,740**	431,756
Total net finance expenses	**399,181**	332,329	**1,603,535**	1,562,867
Total net finance expenses ($/boe)	**11.42**	8.43	**13.72**	8.49

For the three and twelve months ended December 31, 2016, interest on bank debt decreased $21,795 and $141,811 respectively from the comparative periods in 2015 due to a decrease in bank borrowing.

Other interest relates to interest accrued on amounts payable to a related party as disclosed in the related party section of this MD&A. Interest on the payable amount has increased $86,988 and $207,470 respectively from the comparative periods in 2015, due to an increase in the 2016 interest rate over that in 2015.

Accretion amounts included in Finance expenses represent the change in the time value of decommissioning obligations and the carrying amount of the convertible debenture. Accretion amounts are consistent with the amounts recorded in 2015.

Depletion and Depreciation ("D&D")

	Three Months Ended December 31, **2016**	2015	Year Ended December 31, **2016**	***2015***
	($)	($)	**($)**	($)
Depletion for oil and gas properties	**861,066**	2,425,367	**2,179,851**	4,834,220
Depreciation of midstream facilities and other equipment	**167,524**	86,871	**368,303**	347,481
Total D&D	**1,028,590**	2,512,238	**2,548,154**	5,181,701
Total D&D for oil and gas properties ($/boe)	**29.44**	63.75	**21.80**	28.16

The provision for depletion of property, plant and equipment ("PP&E") is determined on a component basis using the unit-of-production method based on independent estimates of proved producing reserves and is calculated based on the ratio of production of proved plus probable producing 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%. D&D of oil and gas properties in 2016, determined on a Boe basis, has decreased, from 2016 as a result of the $25 million impairment of oil and gas properties recorded in 2015.

Impairments

At December 31, 2016, the Company assessed its cash generating units for indicators of impairment. The impairment assessments indicated that the recoverable amounts, primarily at the Company's Two Creek and Breton oil and natural gas properties were less than their carrying than their carrying values and an aggregate non-cash impairment charge of $5,775,103 relating to PP&E was recognized in 2016. The main cause of the impairment charge was the decrease in forecasted commodity prices from those used in 2015 in the estimated future cash flows from proven plus probable reserves related to the properties as estimated by Company's independent reserve evaluators.

An impairment of $25,240,171 was also recognized in 2015 relating primarily to the Company's Strathmore property as a result of the decrease in commodity prices from those used in 2014 compounded by the discontinuance of development plans for the property and the corresponding reduction in reserves.

In addition to property, plant and equipment, financial assets are assessed at each reporting date and any identified losses are recognized in impairments.

Capital Expenditures

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
	($)	($)	**($)**	($)
Geological and geophysical	**-**	29,945	**18,364**	158,080
Midstream facility	**-**	-	**-**	75,934
Equipment, completions and other	**175,542**	42,943	**1,119,850**	216,321
	175,542	72,888	**1,138,214**	450,335
Acquisitions (dispositions)	**-**	-	**-**	(250,000)
Net capital expenditures	**175,542**	72,888	**1,138,214**	200,335

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 may enter into derivative contracts 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.

With the exception of one power contract, the 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 remaining 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 for the period ended December 31, 2016.

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 the convertible debenture, the DIP Financing and trade and other payables less cash, accounts receivable and deposits and prepaid expenses. Net debt and changes in net debt is summarized below:

Liquidity and Capital Resources

		2016		2015
Net debt, January 1	**$**	**23,415,492**	$	25,141,609
Funds flow (from) used in operations		**3,362,939**		(467,620)
Capital expenditures		**1,138,214**		200,335
Decommissioning expenditures		**-**		19,270
Spill clean-up and remediation costs (recovery)		**-**		(1,478,102)
Net debt, December 31	**$**	**27,916,645**	$	23,415,492
Net debt to annualized funds flow		**N/A**		50.07

At current commodity prices and production levels, funds flow from operations is negative. The Company is pursuing the restructuring of its financial structure through a CCAA process. Please see the discussion under “Going Concern” in this MD&A and Note 2 to the financial statements for the period ended December 31, 2016 for additional information.

Bank Debt

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. 25%), with an effective rate at December 31, 2016 of 3.95% (December 31, 2015 – 3.95%). The non-revolving facility bore interest at the bank prime rate plus 3.00% with an effective rate as at December 31, 2015 of 5.70%, and was 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 the Company was in default under the agreement and currently remains in default. On April 15, 2016 CWB made demand upon the Company for payment in full of all outstanding indebtedness. Please see the discussion under “Going Concern” in this MD&A and Note 2 to the financial statements for the period ended December 31, 2016 for additional information.

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 the short-term liquidity needs, including funding of the CCAA process.. The DIP Facility is repayable on demand, and is secured by a charge over all of the Company’s assets which ranks in priority to all other existing secured creditors. Western Union is a related party as outlined in Transactions with Related Parties. As at December 31, 2016, the Company has drawn $2,007,352 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.

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 December 31, 2016, Anterra had 496,871,120 Class A common shares issued and outstanding.

Income Taxes

As at December 31, 2016, the Company had accumulated amounts totaling $79.0 million including non-capital losses of $50.4 million, deductible for income tax purposes. The related tax benefits associated with these amounts have only been recognized to the extent of offsetting taxable temporary differences.

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.

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 December 31, 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 $3,797,641 related to the various projects were incurred of which $2,982,046, excluding accrued interest charges, remains payable at December 31, 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 10 to the financial statements for the period ended December 31, 2016 for additional information.

b) During year ended December 31, 2016, a consulting company, to which an officer of Anterra is related, charged the Company $33,812 (2015 - $101,256) for consulting services.

Off-Balance Sheet Arrangements

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

Subsequent Events

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 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 April 13, 2017 which grants an extension until June 2, 2017.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS 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 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.

Judgement is required to determine whether future taxable earnings will be realized sufficient to recognize deferred tax assets.

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.

(i) Impairment Estimate:

The assessment for impairment of 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 the 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 impairment not been recorded.

(ii) Decommissioning obligations:

The Company estimates future remediation costs of wells, 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 required, 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.

(iii) 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 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.

(iv) Reserves:

Estimation of reported recoverable quantities of proved and probable reserves includes estimates and assumptions regarding production profiles, future commodity prices, exchange rates, remediation costs, amount and timing of future development costs, and production, transportation and marketing costs relating to 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 Canadian Securities Regulation National Instrument 51-101.

(v) 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***.***

New Accounting Pronouncements

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2017 and have not yet been adopted by the Company. 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 addresses the classification and measurement of financial instruments with an, effective date of January 1, 2018. IFRS 9 introduces a single approach to determining whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. For financial liabilities designated as fair value through profit or loss a company can recognize the portion of the change in fair value related to the company's own credit risk, through other comprehensive income rather than profit of loss. .

IFRS 15 "Revenue from Contracts with Customers" provides clarification and establishes a single revenue recognition framework to contracts with customers. The standard requires an entity to recognize revenue to reflect the amount it expects to receive on the transfer of goods and services when control is transferred to the purchaser. The standard is to be adopted either retrospectively or using a modified retrospective approach for annual periods beginning on or after January 1, 2018. Disclosure requirements are also expanded.

IFRS 16 "Leases" replaces IAS 17 "Lease" and requires lessees to recognize lease assets and liabilities for most leases. The classification of leases as either operating or financing leases is removed and all leases, with the exception of certain short-term and leases of low asset value, are treated as finance leases. The standard is effective for years beginning on or after January 1, 2019.

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

Business Risks

Anterra's activities are concentrated in western Canada, within the province of Alberta, which is characterized as being highly competitive and includes a variety of companies ranging from small junior producers to much larger integrated companies possessing greater financial and personnel resources. In the normal course of business, Anterra is exposed to a variety of business risks and uncertainties inherent in the oil and gas industry that can have an effect on the Company's financial position.

Such risks include: access to oil and gas services; weather related delays; developing crude oil and natural gas reserves in commercial quantities at economic costs; environmental and safety risks; and commodity price and regulatory uncertainties. Anterra has engaged professional management and experienced technical personnel with many years' experience, to address and prudently mitigate and manage these risks.

Table 11: Supplemental Quarterly Information

Three months ended	**31-Dec-16**	30-Sep-16	30-Jun-16	31-Mar-16
	($)	*($)*	*($)*	*($)*
Gross revenue	**2,469,395**	2,183,944	1,275,689	1,831,551
Net income (loss)	**(7,789,549)**	(1,603,101)	(1,362,741)	(1,030,367)
Per share – basic	**(0.02)**	(0.00)	(0.00)	(0.00)
Per share – diluted	**(0.02)**	(0.00)	(0.00)	(0.00)
Funds flow from operations (1)	**302,436**	(483,284)	(240,685)	(91,604)
Per share – basic	**0.00**	(0.01)	(0.01)	0.00
Per share – diluted	**0.00**	(0.01)	(0.01)	0.00
Capital expenditures	**175,542**	263,841	680,467	18,365
Impairment expense	**5,775,103**			
Total assets	**31,843,559**	39,505,472	40,001,281	37,988,864
Working capital (deficiency)	**(23,802,275)**	(22,784,166)	(21,718,684)	(20,098,614)
Shareholders' equity	**(23,719,395)**	(15,929,845)	(14,326,744)	(12,964,003)
Production				
Light crude oil (bbls/d)	**358**	355	161	286
NGLs (bbls/d)	**50**	99	12	132
Natural gas (mcf/d)	**14**	30	9	16
Total (boe/d)	**380**	402	172	323
Total (boe)	**34,944**	36,923	15,597	29,427

Three months ended	31-Dec-15	30-Sep-2015	30-Jun-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)	(0.00)	0.00	(0.00)
Per share – diluted	(0.04)	(0.00)	0.00	(0.00)
Funds flow from operations	(256,265)	(108,190)	727,017	398,426
Per share – basic	(0.00)	(0)	0	0
Per share – diluted	(0.00)	(0)	0	0
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

(1)Funds flow from operations and funds flow from operations per share are not recognized measures under International Financial Reporting Standards. Refer to the Non-IFRS measures for further discussion.

(2) The selected quarterly information has been prepared in accordance with the accounting principles as contained in the notes to the consolidated financial statements for the years ended December 31, 2016 and 2015.

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

Gang Fang;	Calgary AB Canada	(1) (2)
Hong Lei;	Beijing P.R. China	
Zhen Xiang Huo;	Beijing P.R. China	(3)
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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Equity Financial Trust Company

Securities fillings
www.sedar.com

Stock Exchange
TSXV Venture Exchange
Trading Symbol: AE.A

Auditors
MNP LLP

Bankers
Canadian Western Bank
Bank of China

Legal Counsel
Norton Rose Fulbright Canada LLP

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