



**Interim Financial Statements
Unaudited**

For the six months ended June 30, 2009

**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.

The accompanying notes are an integral part of these financial statements

**Anterra Energy Inc.
Balance Sheets**

Unaudited	As at June 30, 2009	As at December 31, 2008
Assets		
Current		
Accounts receivable	\$ 830,353	\$ 1,288,584
Deposits and prepaid expenses	280,946	273,472
	1,111,299	1,562,056
Property and equipment (Note 4)	24,978,608	25,902,617
Intangible assets (Note 5)	10,001	10,001
	\$26,099,908	\$ 27,474,674
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 3,434,153	\$ 3,338,729
Bank loan (Note 6)	5,131,969	5,376,763
	8,566,122	8,715,492
Asset retirement obligation (Note 7)	1,943,194	1,859,564
Future income taxes	2,388,020	2,331,802
	12,897,336	12,906,858
Share capital (Note 8)	15,213,697	15,677,369
Contributed surplus (Note 9)	1,092,825	1,008,452
Deficit	(3,103,950)	(2,118,005)
	13,202,572	14,567,816
	\$ 26,099,908	\$ 27,474,674
Going Concern (Note 2)		
Commitments and Contingencies (Note 12)		

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Anterra Energy Inc.
Statements of Operations, Comprehensive Income (Loss) and Deficit

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Revenues				
Revenue	\$ 1,064,653	\$ 2,390,334	\$ 2,025,966	\$ 4,572,006
Royalties	(26,260)	(185,810)	(67,406)	(310,948)
	<u>1,038,393</u>	<u>2,204,524</u>	<u>1,958,560</u>	<u>4,261,058</u>
Expenses				
Operating	558,051	946,086	1,181,326	1,900,907
Transportation	43,370	75,502	96,627	128,948
General and administrative	338,165	407,985	669,755	808,571
Stock compensation	75,208	19,653	84,373	99,993
Interest	53,169	84,929	108,672	114,031
Asset retirement accretion	41,815	38,421	83,630	76,456
Depletion, depreciation and amortization (note 4)	525,627	606,277	1,107,253	1,182,206
	<u>1,635,405</u>	<u>2,178,853</u>	<u>3,331,636</u>	<u>4,311,112</u>
Income (loss) before taxes	(597,012)	25,671	(1,373,076)	(50,054)
Income taxes				
Current	20,323	-	20,323	-
Future	(177,371)	6,677	(407,454)	(16,283)
	<u>(157,048)</u>	<u>6,677</u>	<u>(387,131)</u>	<u>(16,283)</u>
Net Income (loss) and comprehensive income (loss)	(439,964)	18,994	(985,945)	(33,771)
Deficit, beginning of the period	<u>(2,663,986)</u>	<u>(306,039)</u>	<u>(2,118,005)</u>	<u>(253,274)</u>
Deficit, end of period	(3,103,950)	(287,045)	(3,103,950)	(287,045)
Basic income (loss) per share				
	\$ (0.012)	\$ 0.001	\$ (0.026)	\$ (0.001)
Diluted income (loss) per share				
	\$ (0.012)	\$ 0.001	\$ (0.026)	\$ (0.001)
Weighted average Class A shares outstanding				
	38,001,398	32,169,040	38,001,398	32,169,040

The accompanying notes are an integral part of these financial statements

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**Anterra Energy Inc.
Statements of Cash Flows**

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
Cash flows from operating activities				
Operations				
Net income (loss) for the period	\$ (439,964)	\$ 18,994	\$ (985,945)	\$ (33,771)
Items not involving cash				
Stock compensation	75,208	19,653	84,373	99,993
Depletion, depreciation and amortization	525,627	606,277	1,107,253	1,182,206
Asset retirement accretion	41,815	38,421	83,630	76,456
Future income taxes	(177,371)	6,677	(407,454)	(16,283)
	25,315	690,022	(118,143)	1,308,601
Changes in non-cash working capital balances				
Accounts receivable	(12,353)	473,884	3,243	170,228
Deposits and prepaid expenses	(63,274)	(94,718)	(7,474)	(51,760)
Accounts payable	233,732	(1,189,516)	358,833	(200,960)
Income taxes recoverable	-	-	-	43,077
Cash flow from operating activities	183,420	(120,328)	236,459	1,269,186
Financing activities				
Bank loan	(10,397)	1,550,000	(244,794)	4,528,018
	(10,397)	1,550,000	(244,794)	4,528,018
Investing activities				
Additions to property and equipment	(60,905)	(643,544)	(183,245)	(3,606,308)
Change in non-cash working capital	(112,118)	(193,260)	191,580	(2,465,771)
	(173,023)	(836,804)	8,335	(6,072,079)
Increase (decrease) in cash and cash equivalents	-	592,868	-	(274,875)
Cash / (bank indebtedness) and cash equivalents, beginning of the period	-	(863,671)	-	4,072
Cash / (bank indebtedness) and cash equivalents end of the period	\$ -	\$ (270,803)	\$ -	\$ (270,803)

Supplementary Disclosures (Note 11)

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1. Basis of Presentation

The interim financial statements of the Company have been prepared by management, without audit or review by the Company's auditor, in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The interim financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and are based upon accounting policies consistent with those used and described in Note 3 to the audited financial statements for the year ended December 31, 2008. These interim financial statements do not include all the note disclosures required for annual financial statements and therefore they should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008.

In 2008 and the first quarter of 2009 the global credit market crisis, volatility in the price of oil and natural gas, the recession in Canada and the slowdown of economic growth in the rest of the world has created a substantially more volatile business environment. These conditions will limit certain of the Company's previously planned business development activities and it will continue to provide risk for the Company in the future. Refer to the Company's going concern assessment at Note 2.

2. Going Concern

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company reported a net loss of \$985,945 and a negative cash flow from operating activities before changes in non cash working capital balances of \$118,143 for the six months ended June 30, 2009. The Company had a net working capital deficit, including bank debt, of \$7,454,823 at June 30, 2009.

The Company's ability to continue as a going concern is dependent upon the ability to raise capital, the generation of positive cash flow, the maintenance of its existing reserve and production base, the success of the development and exploration program and the continued support of its lender (Note 6) and creditors. Under the current economic conditions, oil and gas prices declined significantly in the fourth quarter of 2008 and early 2009 and the resulting reduction in the Company's revenue was reflected in negative cash flow from operating activities before changes in non cash working capital balances in the month of December and the first quarter of 2009. During the second quarter, the Company was able to achieve a small positive cash flow from operating activities before changes in non cash working capital of \$25,315, but it did not make a material impact on the working capital deficit. In addition, the Company's ability to raise additional capital through equity financing or through the disposition of assets has been limited by the recent market conditions even though the Company has exerted considerable effort. As a result the Company's working capital deficiency has not reduced significantly in recent months. The Company was not in compliance with its working capital ratio either at December 31, 2008, at March 31, 2009 or at June 30, 2009 (see note 10 "Capital Disclosures") and requested a waiver from its lender as at December 31, 2008. In addition, the Company has allowed liens with respect to debts amounting to \$333,000

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2. Going Concern - continued

to be registered against certain assets. The lender responded by notifying the Company of its default under the terms of its agreement, and subsequent to June 30, 2009, the lender has requested that the Company enter into a forbearance agreement, (see note 17 "Subsequent Events"). In this current environment, the company has taken steps to reduce operating and administrative costs, suspend all capital expenditures, and shut-in uneconomic production. The Company is progressing with its strategies for reducing the working capital deficit, including the settlement on amounts owed to unsecured creditors; and through pursuing other potential equity financing and corporate transactions. The Company is in communication with the lender on these initiatives with the intent of eliminating all long term defaults by October 30, 2009.

Without positive cash flows and the support of its lenders, the Company may not be able to continue as a going concern.

The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. Significant Accounting Policies

Recent accounting pronouncements

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company is currently evaluating the impact of adopting IFRS.

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests" which replace CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Section 1601 carries forward the requirement of Section 1600, "Consolidated Financial Statements," other than those relating to non-controlling interests which would be covered in Section 1602. Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be calculated without deducting non-controlling interest and instead net income is allocated between the controlling and non-controlling interests. Section 1601 and 1602 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011.

The Company is assessing the impact on its financial statements of these new standards, but management does not anticipate that this will have a material impact on the Company's financial position or results of operations.

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4. Property and Equipment

	June 30, 2009			December 31, 2008		
	Cost	Accumulated depletion, depreciation and amortization	Net Book Value	Cost	Accumulated depletion, depreciation and amortization	Net Book Value
Petroleum and natural gas properties and equipment	\$ 31,164,849	\$ 7,868,422	\$ 23,296,427	\$ 30,981,604	\$ 6,830,423	\$ 24,151,181
Processing equipment and furniture and fixtures	3,093,078	1,410,897	1,682,181	3,093,078	1,341,642	1,751,436
	\$ 34,257,927	\$ 9,279,319	\$ 24,978,608	\$ 34,074,682	\$ 8,172,065	\$ 25,902,617

Costs aggregating various amounts up to \$Nil (2008 - \$Nil) relating to seismic work on unproved properties, and a salvage value amounting to \$690,000 (2008 - \$690,000) on property and equipment were excluded from the depletion and depreciation calculations during 2009 and 2008.

As at June 30, 2009, certain suppliers have filed liens against the Company's petroleum and natural gas properties in respect of a total amount of \$333,000 owed by the Company.

An impairment test calculation was performed on the Company's petroleum and natural gas properties at December 31, 2008, and the Company performed an updated impairment test calculation at June 30, 2009, and on both dates the estimated undiscounted future net cash flows associated with the proved reserves exceeded the carrying amount of the Company's petroleum and natural gas properties.

An impairment test was also performed on certain processing facilities at December 31, 2008 and a write-down of \$543,677 was recorded.

5. Intangible Assets

	June 30, 2009			December 31, 2008		
	Cost	Accumulated depreciation	Net Book Value	Cost	Accumulated depreciation	Net Book Value
Intangible Assets	\$ 319,177	\$ 309,176	\$ 10,001	\$ 319,177	\$ 309,176	\$ 10,001
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Intangible assets, consisting of licenses and permits, were added as part of an acquisition in 2004. As a result of the significant adverse changes in the business environment at December 31, 2008, the Company completed an impairment calculation on the intangible assets and, as a result, reflected an impairment loss of \$263,617 at that date.

As a result of significant adverse changes in the business environment, the Company completed a goodwill impairment calculation at December 31, 2008 and, as a result, reflected an impairment loss of \$606,017 at that date.

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6. Bank Loans

At June 30, 2009, the Company had available a \$6,000,000 (December 31, 2008 - \$6,000,000) revolving demand loan facility and an additional \$1,000,000 (December 31, 2008 - \$1,000,000) non-revolving acquisition and development demand loan facility with a Canadian chartered bank. The revolving loan bears interest at prime plus 3/4% and the non-revolving loan at prime plus 1%, an effective rate at quarter end of 3.75% and 4.00% respectively (December 31, 2008 – 3.75% and 4.00%), and the loans are secured by a general assignment of book debts and a \$10,000,000 first floating charge debenture over all assets of the Company. At the request of the Bank, the Company has provided additional security by issuing fixed charges, mortgages and security interests over certain of the Company's oil and gas assets. As at June 30, 2009, including bank indebtedness, the Company had drawn \$5,131,969 (December 31, 2008 - \$5,376,763). At June 30, 2009; March 31, 2009 and December 31, 2008, the Company was not in compliance with its debt covenants. The lender has not provided a waiver but has since notified the Company that it is in default of its obligations to the lender with respect to the working capital covenant. (see Capital Disclosures Note 10). Subsequent to June 30, 2009, the lender has requested that the Company enter into a forbearance agreement and the lender has given notice that, effective August 1, 2009, the revolving demand loan facility will be decreased to \$5,250,000 and the non-revolving acquisition and development demand loan facility will be cancelled. The interest rate on the operating loan will be increased to prime plus 5%. (See Note 17, Subsequent Events.)

7. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas properties.

	June 30, 2009	December 31, 2008
Asset retirement obligation, beginning of year	\$ 1,859,564	\$ 1,689,965
Change in future cash flows	-	(26,806)
Liabilities incurred	-	43,067
Accretion expense	83,630	153,338
Asset retirement obligation, end of year	\$ 1,943,194	\$ 1,859,564

The undiscounted amount of cash flows, required over the estimated reserve life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at \$4,541,000 (December 31, 2008 - \$4,541,000). The obligation was calculated using a credit-adjusted risk free discount rate of 9 percent and an inflation rate of 2 percent. It is expected that this obligation will be funded from general Company resources at the time the costs are incurred with the majority of costs expected to occur between 2011 and 2023.

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8. Share Capital

(a) Authorized

Unlimited number of Class A Shares

Unlimited number of Class B Shares

Unlimited number of Preferred shares issuable in series, rights and privileges to be determined upon issue.

The Class B shares are convertible, at the option of the Corporation, at any time after October 1, 2009 and before the close of business on September 30, 2011, into Class A shares upon five days prior notice to the holders of Class B shares. The number of Class A shares obtained upon conversion of each Class B share shall be equal to \$10.00 divided by the greater of \$1.00 and the then current market price of the Class A shares. If the Corporation fails to exercise the conversion option by the close of business on September 30, 2011, then the Class B shares shall be convertible at the option of the shareholder at any time after October 1, 2011 and before November 1, 2011 into Class A shares pursuant to the conversion formula described above. Any Class B shares not converted by the close of business on November 1, 2011 shall be automatically converted into Class A shares pursuant to the conversion formula described above.

(b) Issued

Six Months Ended June 30, 2009

	Class A Shares	Class B Shares	Warrants	Amount
Balance, beginning of year	38,001,398	753,014	-	\$ 15,677,369
Tax benefits renounced on flow-through shares	-	-	-	(463,672)
Balance, end of period	38,001,398	753,014	-	\$ 15,213,697

Year Ended December 31, 2008

	Class A Shares	Class B Shares	Warrants	Amount
Balance, beginning of year	32,169,040	753,014	2,500,000	\$ 15,275,854
Tax benefits renounced on flow-through shares	-	-	-	(1,006,245)
Private Placement of Flow Through Class A shares for cash	5,832,358	-	-	1,749,707
Share issue costs, net of tax of \$34,290				(81,947)
Expired warrants			(2,500,000)	(260,000)
Balance, end of year	38,001,398	753,014	-	\$ 15,677,369

Between October 7, 2008 and November 4, 2008, the Company issued 5,832,358 Class A shares, in four tranches, under a private placement flow-through financing at a price of \$0.30 per share for aggregate gross proceeds of \$1,749,707.

Pursuant to the rules of the TSX Venture Exchange, the shares of the previous directors, officers and insiders of Resolve (which were exchanged for shares of the Company) are subject to escrow conditions, whereby 10 percent of Class A shares were released from escrow upon receipt of a listing notice on the TSX Venture Exchange. The remaining 90 percent of the escrowed Class A

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shares shall be released in equal 15 percent tranches every six months thereafter, for a period of 36 months. As at June 30, 2009, 1,111,800 Class A Shares remained in escrow pursuant to these conditions.

(c) Stock options

The Company has a stock option plan under which employees, directors and consultants are eligible to receive grants. At June 30, 2009 Nil Class A shares (December 31, 2008 – 3,113,333 Class A shares) were reserved for issuance under the plan. Options granted under the plan have varying vesting periods and are determined by the Board at the grant date. All outstanding options were cancelled effective April 27, 2009.

A summary of the status of the Company's stock option plan as at June 30, 2009 and December 31, 2008 and changes during the periods ending on those dates is presented below.

Stock Options	Six months Ended June 30, 2009		Year Ended December 31, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding beginning of year	3,113,333	\$0.57	2,060,000	\$0.57
Granted	-	-	1,355,000	\$0.43
Forfeited	(116,666)	\$0.53	(301,667)	\$0.58
Cancelled	(2,996,667)	\$0.51	-	-
Outstanding end of period	-	-	3,113,333	\$0.51
Exercisable, end of period	-	-	2,147,499	\$0.53

d) Warrants

On November 9, 2007, the Company issued 2,000,000 warrants as part of a financing for 4,000,000 units at a price of \$0.85 per unit. Each unit consisted of one Class A common share and one-half of a Class A common share purchase warrant. Each whole warrant was exercisable into one Class A common share at an exercise price of \$1.10 until November 9, 2008, on which date they all expired.

On May 1, 2007, the Company assumed 871,790 warrants on the amalgamation with Resolve Energy Inc. Each warrant entitles the warrant holder to acquire one Class A share of the Company at the exercise price of \$0.26. 371,790 warrants were exercised prior to their expiry date of December 29, 2007. The remaining 500,000 warrants had an expiry date of December 29, 2008, on which date they all expired.

The following is a continuity of the warrants outstanding:

	Six Months Ended June 30, 2009		Year Ended December 31, 2008	
	Number of warrants	Weighted average Class A exercise price	Number of warrants	Wghtd avg exercise price
Beginning of year	-	-	2,500,000	\$0.93
Expired	-	-	(2,500,000)	\$0.93
End of period	-	-	-	\$ -
Exercisable, end of period	-	-	-	\$ -

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9. Contributed Surplus

The following table presents the reconciliation of the beginning and ending balance of the contributed surplus:

	<u>Six Months ended June 30, 2009</u>	<u>Year ended December 31, 2008</u>
Contributed surplus, beginning of year	\$ 1,008,452	\$ 561,357
Expired warrants	-	260,000
Stock compensation expense	<u>84,373</u>	<u>187,095</u>
Contributed surplus, end of year	<u>\$ 1,092,825</u>	<u>\$ 1,008,452</u>

10. Capital Disclosures

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The Company's objectives in managing the capital structure are to maintain a flexible financial structure to preserve the Company's access to capital markets, and to finance the Company's growth and continue to meet its financial obligations. The capital structure of the Company consists of bank credit facilities (Note 6), working capital and Shareholder's equity comprised of issued share capital, contributed surplus and deficit. The Company's ability to meet these objectives for managing the Company's capital has been severely challenged by the current economic conditions, and in particular by the pace at which oil and gas prices declined and the availability of new sources of capital has diminished.

The capital structure is as follows:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Current assets	\$1,111,299	\$ 1,562,056
Accounts payable	(3,434,153)	(3,338,729)
Current portion of bank loans	<u>(5,131,969)</u>	<u>(5,376,763)</u>
Net debt and working capital deficiency	<u>\$(7,454,823)</u>	<u>\$ (7,153,436)</u>
Shareholder's equity	<u>\$13,202,573</u>	<u>\$ 14,567,816</u>
Bank Facilities		
Revolving demand loan facility	<u>\$6,000,000</u>	<u>\$6,000,000</u>
Non-revolving acquisition and demand loan facility	<u>\$1,000,000</u>	<u>\$1,000,000</u>

In a normal economic environment, the Company is able to manage its capital structure and makes adjustments to it in light of market and economic conditions as well as the risk characteristics of the Company's underlying assets. The Company monitors capital and its financing requirements through the annual budget process and monthly updates to the budget forecast and working capital projections. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, the use of bank credit facilities, adjusting capital spending, or by undertaking other strategies as deemed appropriate under the specific circumstances.

However, in the current economic environment, the Company is working on alternative strategies to deal with the working capital deficit, including the disposition of non-core assets and reviewing

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alternative financing opportunities. In addition, the Company made an informal approach to its unsecured trade creditors proposing to settle all debts with an element of cash, a two year debenture and an equity component, treating all creditors equally.

Under its credit facility agreement, the Company is required to maintain a working capital ratio, after adding the unused portion of the revolving demand loan and after excluding outstanding bank debt under the facility, of not less than 1:1. The Company was not in compliance with this covenant either at December 31, 2008, at March 31, 2009 or at June 30, 2009 and requested a waiver from its lender at December 31, 2008. The lender has not provided a waiver but has since responded by notifying the Company that it is in default of its obligations to the lender with respect to the working capital covenant. In addition, the Company has allowed liens with respect to debts amounting to \$333,000 to be registered against certain assets. The Company continues to progress with its strategies for reducing the working capital deficit, including the settlement on amounts owed to unsecured creditors and pursuing other potential equity financing and corporate transactions, and is in communication with the lender on these initiatives with the intent of eliminating all long term defaults. Subsequent to the end of the quarter, the Company has agreed to sign a forbearance agreement with the lender (See note 17, Subsequent Events).

11. Supplementary Information – Statement of Cash Flows

During the quarter ended June 30, 2009, the Company paid \$53,169 in interest, (June 30, 2008 - \$84,929, and \$20,323 in income taxes (2008 - \$Nil). Cash and cash equivalents at June 30, 2009 and at December 31, 2008 include only nominal cash equivalents.

The change in non-cash working capital for the six month periods ended June 30 is allocated between operating and investing activities as follows:

	June 30, 2009	June 30, 2008
Accounts receivable	458,231	211,803
Deposits and prepaid expenses	(7,474)	(51,760)
Income tax recoverable	-	43,077
Accounts payable and accrued liabilities	95,425	(2,708,306)
Net change in non-cash working capital balances	546,182	(2,505,186)
Net change in operating activities	354,602	(39,415)
Net change in investing activities	191,580	(2,465,771)
	546,182	(2,505,186)

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12. Commitments and Contingencies

The Company is involved in various claims arising in the normal course of business. While the outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour, the Company does not currently believe that the outcome of adverse decisions in any proceedings related to these matters or any amount which it may be required to pay would have a material adverse impact on its financial position, results of operations or liquidity.

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. As disclosed in note 7, the Company has recognized a liability at June 30, 2009 of \$1,943,194 (December 31, 2008 - \$1,859,564) related to the retirement of its long-lived petroleum assets based on current legislation and estimated costs. Any changes in these estimates will affect future earnings. Costs attributable to these commitments and contingencies are expected to be incurred over an extended period of time and are to be funded mainly from the Company's cash provided by operating activities.

The operations of the Company are complex, and regulations and legislation affecting the Company are continually changing. Although the ultimate impact of these matters on net earnings cannot be determined at this time, it could be material for any one quarter or year.

The Company entered into a lease arrangement for office space and related services for five years commencing January 1, 2008. The future minimum lease payments is \$931,166 (2007- \$111,900). This commitment will be expended equally over 5 years ending December 31, 2013.

Pursuant to a flow-through financing completed by the Company during 2008, at June 30, 2009 the Company had an outstanding commitment of approximately \$1,180,000 to spend on qualified exploration expenditures by December 31, 2009. In the Company's current financial condition, there is no certainty of sufficient expenditures being incurred to satisfy this commitment, and in that event the Company could be liable to Canada Revenue Agency for certain amounts renounced as deductions to investors.

The Company has entered into employment agreements with certain senior management. In addition to defining the terms of employment, the agreement entitles the employees to payment ranging from 3 months to 18 months of compensation for termination without cause or in the event of a change of control.

13. Related Party Transactions

Except as disclosed elsewhere the Company had the following related party transactions:

- (a) In July 2009, the Company completed a private placement of Units, each Unit comprising one Class A Share and one flow-through Class A Share, for a total of 2,666,740 Class A Shares and 2,666,740 flow-through Class A Shares, at a price of \$0.15 per Unit. Directors and officers of the Company subscribed for an aggregate of 1,000,040 Class A Shares and 1,000,040 flow-through Class A Shares.
- (b) The Company completed a private placement of 5,832,358 flow-through Class A Shares in October and November 2008, at a price of \$0.30 per share. Directors and officers of the Company subscribed for an aggregate of 636,358 Class A Shares.

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The above transactions were completed on the same terms as to other arms length participants in the private placements.

- (c) During the period ended June 30, 2009, a legal firm, of which a director is a partner, charged the Company \$32,341 (2008 - \$35,314) for legal fees and services.
- (d) An officer of the Company has an agreement with the Company whereby a company controlled by the officer has a 2% gross overriding royalty on all revenues from the earning well drilled on a lease of the Company and also with respect to future revenues arising from the area of mutual interest for the Judy Creek area. During the period, the officer received \$1,275 (2008 - \$Nil) from this royalty.

All related party transactions in the normal course of operations 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 those negotiated with third parties.

15. Financial Instruments and Risk Management

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to fair value, commodity price, foreign currency, interest rate, industry credit and liquidity risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

- (a) Fair value of financial assets and liabilities
The carrying value of cash, accounts receivable and accounts payable approximates their fair value due to the relatively short period to maturity. The carrying value of the bank debt approximates fair value as the amount bears interest at a rate that is based on current bank prime rates.
- (b) Commodity price risk
Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. The Company is subject to commodity price risk for the delivery of natural gas and crude oil, the price of which is subject to world economic events that dictate the levels of supply and demand. The Company had no financial derivative contracts in place as at or during the six months ended June 30, 2009.
- (c) Foreign currency risk
Foreign currency exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. Although all of the Company's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no financial instruments denominated in foreign currencies and no forward exchange contracts in place at or during the six months ended June 30, 2009.
- (d) Credit risk
Credit risk represents the risk that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. Substantially all the Company's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. Approximately 85% of the Company's monthly revenue is

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receivable from the marketing arm of a major energy company. The Company also attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure or through cash calling a partner in advance of completion of work. Additionally the Company has the ability to withhold production or net payables from joint venture partners in the event on non-payment. Maximum credit risk is calculated as the total recorded value of accounts receivable.

During the six months ended June 30, 2009, there were no receivables written off and the carrying amount of accounts receivable represents the maximum exposure. The aging of accounts receivable, including cash call receivables is as follows:

<u>Aging</u>	<u>June 30, 2009</u>
	<u>\$,000</u>
Current (0-30 days)	\$402
31 – 60 days	73
61 – 90 days	62
More than 90 days	293
Total	\$830

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. The Company considers all amounts greater than 90 days to be past due. As at June 30, 2009 \$293,000 of accounts receivable are past due, excluding amounts described above, all of which are considered to be collectible.

(e) Interest rate risk management

Interest rate risk is the risk that fair values or future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates. As at June 30, 2009, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating rate debt amounts to approximately \$51,300 (December 31, 2008 - \$53,800). The related disclosures regarding the debt instruments are included in Note 6 of these financial statements. The Company had no interest rate swap or financial contracts in place as at or during the three months ended June 30, 2009.

(f) Liquidity risk

Liquidity risk represents the risk that the Company will not be able to meet its financial obligations as they become due. The Company's processes for managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company monitors its financial obligations and its ability to meet those obligations through an annual budget process and monthly updates to the budget forecast and working capital projections. In addition, the Company requires authorizations for expenditures on its capital projects and defers timing of capital expenditures as necessary.

In the current economic conditions, the pace at which oil and gas prices declined in the fourth quarter of 2008 and have remained low in the first two quarters of 2009 has increased the liquidity risk. As discussed in Note 2, "Going Concern", and Note 10 "Capital Disclosures", without additional sources of capital from equity financing or dispositions of assets, the Company will not be able to pay its outstanding accounts payable in a timely manner until oil and gas prices increase significantly.

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16. Segmented Information

The Company has two reportable segments. The Oil and Gas Production segment explores for, develops and produces oil and gas. The Midstream Processing segment provides processing and disposal services in the oil and gas industry.

For the six months ended June 30, 2009	Oil and Gas Production	Midstream Processing	Other Corporate	Eliminations	Consolidated
Revenue	\$ 1,424,552	\$ 644,805	\$ -	\$ (43,391)	\$ 2,025,966
Other revenue	-	-	-	-	-
Total Revenue	1,424,552	644,805	-	(43,391)	2,025,966
Royalties	(67,406)	-	-	-	(67,406)
Net Revenue	1,357,146	644,805	-	(43,391)	1,958,560
Operating expenses	937,481	383,863	-	(43,391)	1,277,953
Depletion, depreciation	1,037,999	69,254	-	-	1,107,253
Asset retirement accretion	74,658	8,972	-	-	83,630
Income (loss) before corporate items	(692,992)	182,716	-	-	(510,276)
General and administrative	443,750	200,857	25,148	-	669,755
Stock compensation	-	-	84,373	-	84,373
Interest	80,916	27,756	-	-	108,672
Income taxes	(365,181)	(14,531)	(7,419)	-	(387,131)
Net loss	\$ (852,477)	\$ (31,366)	\$ (102,102)	\$ -	\$ (985,945)
Capital expenditures, net	\$ 183,245	\$ -	\$ -	\$ -	\$ 183,245
Total Assets	\$24,061,449	\$ 1,993,501	\$ 44,958	\$ -	\$26,099,908

For the six months ended June 30, 2008	Oil and Gas Production	Midstream Processing	Other Corporate	Eliminations	Consolidated
Revenue	\$ 3,917,978	\$ 744,156	\$ -	\$ (93,612)	\$ 4,568,522
Other revenue	3,484	-	-	-	3,484
Total Revenue	3,921,462	744,156	-	(93,612)	4,572,006
Royalties	(310,948)	-	-	-	(310,948)
Net Revenue	3,610,514	744,156	-	(93,612)	4,261,058
Operating expenses	1,616,005	507,462	-	(93,612)	2,029,855
Depletion, depreciation	1,104,213	77,993	-	-	1,182,206
Asset retirement accretion	68,224	8,232	-	-	76,456
Income before corporate items	822,072	150,469	-	-	972,541
General and administrative	618,608	117,494	72,469	-	808,571
Stock compensation	-	-	99,993	-	99,993
Interest	97,745	16,286	-	-	114,031
Income taxes	(14,556)	(1,727)	-	-	(16,283)
Net Profit (loss)	\$ 120,275	\$ 18,416	\$ (172,462)	\$ -	\$ (33,771)
Capital expenditures, net	\$ 3,623,617	\$ -	\$ -	\$ -	\$ 3,623,617
Total Assets	\$ 24,253,983	\$ 3,354,438	\$ 65,491	\$ -	\$ 27,673,912

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17. Subsequent Events

On July 20, 2009 the Company closed the first tranche of a private placement of Units, each Unit being priced at \$0.15 and comprising one Class A Share priced at \$0.05 per share and one Flow-Through Class A Share priced at \$0.10 per share. The initial closing resulted in the receipt of \$400,011 from the sale of 2,666,740 Class A shares and 2,666,740 Flow-Through Class A Shares.

Following completion of the private placement, the Company commenced the settlement process with approximately 80 creditors who had agreed to the proposed settlement terms of 20% of the amount due in cash, 30% in a two year debenture, and 25% in Class A Shares. As of August 24, 2009, the Company has completed settlement with approximately \$1 million of its outstanding creditors, and is currently finalizing the settlement with an additional \$250,000 of outstanding creditors. The Company is working with the remaining creditors to reach agreement. The Company will issue up to \$5,000,000 Class A Shares at a deemed price of \$0.10 in satisfaction of 25% of the outstanding obligation to each creditor. The Company has also authorized issuance of up to \$600,000 of debentures, paying an interest rate of 5%, which can be fully redeemed at the option of the Company at any time up to the twenty four month anniversary of the issuance and will, in any event, be fully redeemed on the twenty four month anniversary of the issuance of the debentures.

The Company has agreed to sign a forbearance agreement ("Agreement") with the Bank, under which the Company is committed to eliminate all long-term defaults by October 30, 2009; and by that date the loan shall either be repaid in full or the Company shall qualify for replacement financing. In addition to the ongoing initiative with creditors, the Company will undertake to refinance or recapitalize the Company to achieve this objective and the proposed terms of the Agreement require the Company to meet interim deadlines. Under the terms of the Agreement, effective August 1, 2009, the revolving demand loan facility is reduced to \$5,250,000 and the non-revolving acquisition and development facility has been cancelled. The interest rate on the operating loan has been increased to prime plus 5%.

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**ANTERRA ENERGY INC
CORPORATE INFORMATION**

Directors

James H. Coleman
Ross O. Drysdale
William E. Johnson
Jacob T. Halldorson
Owen C. Pinnell
J. Ronald Woods

Officers

Owen Pinnell	– Executive Chairman and CEO
William Johnson	– President and COO
Giles Parker	– Vice President, Finance and CFO
Bob McCuaig	– Executive Vice President and General Manager
Alastair Robertson	– Treasurer and Corporate Secretary
Marlene Stewart	– Assistant Corporate Secretary

Head Office

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Web Site

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Stock Exchange

TSXV Venture Exchange
Trading Symbols: A Shares: AE.A
B Shares: AE.B

Auditors

Deloitte & Touche LLP

Bankers

National Bank of Canada

Legal Counsel

Macleod Dixon LLP

Abbreviations

ARTC Alberta Royalty Tax Credit
bbls/d barrels per day
boe barrels of oil equivalent
mbbl thousand barrels
mmboe million barrels of oil equivalent
mcf/d thousand cubic feet per day
WTI West Texas Intermediate

Conversion of Units

1.0 bbl = 0.159 cubic meters
1.0 mcf = 28.2 cubic meters
Natural gas is equated to oil on the basis
of 6mcf = 1 boe

bbl barrel
bcf billion cubic feet
boe/d barrels of oil equivalent per day
mboe thousand barrels of oil equivalent
mcf thousand cubic feet
NGLs natural gas liquids
TSX TSX Venture Exchange

6.29 bbls = 1.0 cubic meter
0.035 mcf = 1.0 cubic meter