



Third Quarter Report

September 30, 2006

Anterra Company ("Anterra" or the "Company") is a junior energy company with a focus on the exploration and development of oil and gas reserves and the exploitation of associated fee-based energy projects in western Canada. Anterra is publicly traded on the TSX Venture Exchange under the symbol ATR and currently operates through its two wholly owned subsidiaries, Anterra Resources Inc. and Anterra Midstream Inc.

HIGHLIGHTS

- The highlight of the quarter was the drilling of a successful oil and gas well at Breton. The Anterra Breton 11-23-47-3W5 well (100 percent working interest), penetrated 5 meters of oil bearing marine sands in the producing Basal Belly River formation and 6 meters of gas in the Basal Belly River channel sands, 20 meters above the oil bearing formation. Following the completion, the oil zone was swabbed at rates of 120 barrels of fluid per day cutting 50% oil. A single point 40 hour flow test through a 9.53 mm choke was conducted on the gas zone. During this test, the well flowed at restricted average rates of 3/4 million cubic feet per day of raw gas with no water, at a flowing pressure which increased from 1,309 KPA to 1,400 KPA during the test. The well is currently shut in for pressure build up and the Company is evaluating tie-in options for this well. Management estimates that the well will produce at rates in excess of 3/4 million scfd once the pipeline tie in has been completed in early 2007.
- At MacLeod, Anterra executed a farm-in agreement to acquire a fifty two and one half (52.5%) percent working interest in two sections of land in Township 55 Range 14W5M and 12.5 square miles of 3-D seismic. The primary target is a Swan Hills Devonian reef and after project payout, Anterra's working interest in this high impact project will reduce to thirty one and one half (31.5%) percent.
- Daily production volumes were up 5% to 219 boepd in the third quarter of 2006 from 209 boepd in the same period of 2005. On a year-to-date basis, production volumes have averaged 226 BOE/day. The additional production expected from the recently drilled LSD 11-23 well at Breton, which is scheduled to be on production early in the new year, should permit the Company to achieve production of 350 BOE/day (the exit target for 2006).

FINANCIAL REVIEW

Anterra's funds flow from operations were \$772,689 (\$0.029 per share) for the nine months ended September 30, 2006, compared to \$1,013,538 (\$0.046 per share) reported for the same period in 2005. Funds flow from operations for the third quarter of 2006 was \$340,721 compared to \$485,967 for the same period in 2005. Operating netbacks for oil and gas production were \$29.54 per boe compared to \$40.27 for the third quarter of 2005. Oil and gas production was impaired due to well work-over requirements at Breton, which also impacted operating costs and netbacks. Operating netbacks for midstream operations were \$0.95 per m³ processed compared to a contribution of \$1.75 per m³ in the third quarter of 2005, however this was a significant improvement over the second quarter (\$1.19 per m³) loss, as processing volumes increased at both Breton and Suffield. For the quarter, the Company experienced a loss of \$81,891, compared to a profit of \$126,492 for the same period last year. For the nine month period, the Company experienced a loss of \$257,475 compared to a profit of \$324,122 for the same period last year. Earnings were reduced by higher depletion and general and administrative costs

combined with a reduced operating contribution.

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Financial				
Total net revenue	\$ 1,332,735	\$1,385,924	\$3,918,569	\$ 3,506,404
Oil and gas operating margin	\$ 596,740	\$ 770,611	\$1,944,425	\$1,913,602
Net back \$/boe for the period	\$29.54	\$40.27	\$31.42	\$35.24
Funds flow from operations	\$ 340,721	\$485,967	\$772,689	\$1,013,538
Funds flow per share, basic	\$ 0.012	\$0.022	\$0.029	\$ 0.046
Net income (loss)	\$ (81,891)	\$126,492	\$(257,475)	\$324,122
Net income (loss) per share, basic	\$ (0.003)	\$0.006	\$ (0.010)	\$ 0.015
Operating costs per boe	\$26.55	\$20.86	\$24.14	\$19.64
G and A per boe	\$13.29	\$15.90	\$15.12	\$11.80
Total assets	\$14,195,996	\$9,334,932	\$14,195,996	\$9,334,932
Capital Expenditures	\$692,278	\$588,385	\$3,880,068	\$1,571,435
Bank debt plus working capital	(\$3,976,796)	(\$2,640,242)	(\$3,976,796)	(\$2,640,242)
Shareholders' equity	\$ 5,705,824	\$3,466,948	\$5,705,824	\$3,466,948
Weighted average shares o/s	27,842,833	21,979,000	26,444,035	21,979,000
Share Trading				
High	\$0.38	\$0.79	\$0.66	\$0.79
Low	\$0.20	\$0.26	\$0.20	\$0.23
Close	\$0.22	\$0.58	\$0.22	\$0.58
Trading volume	1,054,670	1,428,900	3,413,115	2,684,150
Operating (6:1 conversion)				
Production volumes				
Natural gas (mcf/d)	368	264	417	270
Oil & NGL (bbls/d)	158	165	156	153
Total (boe/d)	219	209	226	198
Average sale price				
Natural gas (\$/mcf)	\$ 5.25	\$6.55	\$7.17	\$6.21
Liquids (\$/boe)	\$72.55	\$73.24	\$69.49	\$65.77
Barrel of oil equiv. \$ per boe)	\$61.04	\$66.07	\$61.35	\$59.30

PRESIDENTS REPORT

The highlight of the quarter was the drilling of the first in-fill development well at Breton and this success has driven management to pursue a modified strategic plan. The plan involves more drilling and the pursuit of grass roots exploration concepts in parallel with the Company's historic oil and gas exploitation and midstream activities at Breton and in southeast Alberta. This decision was driven by the need to provide shareholders with more consistent and sustainable financial results while exposing the Company to higher impact projects that could have a more material impact on long term operating and financial performance.

Four new projects have been assembled during the quarter and the Company has executed several joint venture agreements with Resolve Energy Inc. ("Resolve") a private company in which two of Anterra's directors are investors and board members. The joint ventures are under typical industry terms and will allow Anterra as operator to pursue an expanded capital program.

MacLeod: During the quarter, Anterra reached agreement to acquire a fifty two and one half (52.5%) percent working interest in the MacLeod project, a high impact Swan Hills Devonian reef prospect. The MacLeod project lies four miles northeast of the Rosevear Beaverhill Lake 'A' Pool which has produced 169 BCF of gas and six miles north of the Rosevear Beaverhill Lake 'B' Pool which has produced 160 BCF of gas. Anterra has acquired 3-D seismic over the structure and has identified a potential pool of similar geographical extent over its lands. A cased well on the lands at LSD 11-20-55-14W5M was recently drilled to 2,450 meters by the farmor and cased with 7 inch casing. Anterra will earn its interest in the two section project by deepening the well to 3,200 meters at a cost of \$700,000 (gross) and testing the Swan Hills Devonian reef formation. Resolve is participating with a fifty (50%) percent interest in Anterra's interest at MacLeod and will pay \$50,000 to Anterra for this participation.

Judy Creek: Further north of MacLeod on the same Devonian reef trend, Anterra has acquired a 100% interest in a key quarter section of land and an abandoned well which will be re-entered in the spring of 2007. This re-entry is forecast to cost \$300,000 and the target is the Devonian Swan Hills formation which is oil bearing in the area. The Company also plans a \$1 million 3-D program in the area and is presently assembling a larger land base over a two township area. Resolve is earning a fifty (50%) percent working interest in the Judy Creek project by paying one hundred (100%) percent of the \$300,000 cost to re-enter the well.

Suffield: Also during the quarter, Anterra was successful in acquiring four key quarter sections of land at Suffield. As the Company had extensive 3 D seismic over the lands, an agreement has been made to farm out an interest in these lands to Resolve who is expected to drill the first Sunburst test during the first quarter of 2007. The terms of the farm-in include an option for Resolve to earn a fifty (50%) percent interest in all of the lands by drilling a second Sunburst test.

Frontier: At Frontier, in southwest Saskatchewan, the Company and Resolve have agreed to jointly acquire lands and explore for Shaughnavon oil over a twenty township area. This is a new exploration area for Anterra and the lower risk nature of the project provides balance to the higher risk projects discussed above.

OPERATIONS REVIEW

While the recently drilled development well at Breton has been successful, the difficulty in delivering predictable, sustainable and growing production from exploitation projects on the Company's producing properties at Breton and in southeast Alberta has proven to be a challenge. It has been difficult to achieve targets and acceptable operating metrics, despite the addition of reserves and production. It is for this reason that management is now pursuing a business strategy that will focus more on the drilling of new wells. Finding and development costs and unit operating costs will only decrease through the addition of new reserves and new production resulting from new drilling.

The midstream business at Breton has been steady during the quarter while at Suffield the Class 1(b) water disposal operation continues to be profitable. The midstream business is not presently a focus for the Company however the income contributes to overhead and funds flow and the facilities are integrated into our oil and gas operations.

At Breton the first successful development well was drilled during the third quarter. The 100% working interest LSD 11-23-47-4W5M Basal Belly River well was drilled to a total depth of 1,095 meters and encountered 5 meters of oil bearing marine sands in the producing Basal Belly River formation. The well also encountered 6 meters of gas in the Basal Belly River channel sands, 20 meters above the oil bearing formation. The well is expected to be produced at a restricted rate of 600 mcf/d which is expected to bring total productive capacity at Breton to over 300 boepd. The well was drilled in the southern portion of the Breton Unit and with this success further locations are being surveyed and licensed for drilling over the next two quarters.

In southern Alberta, production remains at 65 boepd, primarily from Matziwin and no further exploitation work is planned for the balance of the year. The Company has identified two Pekisko drilling locations on the Matziwin property but these locations will be inventoried and drilled at a later date. At Suffield, the Company's joint venture partner will drill the first exploration well in early 2007.

OUTLOOK

To ensure more stable growth with greater upside for shareholders, we now think it is prudent to expand the Company's business strategy to include a greater focus on development and exploration drilling. Development drilling at Breton has delivered quick and very positive results and further drilling on this property and our exploration properties will be a focus in 2007, allowing us to add reserves and production at more attractive unit costs.

As a result of the recent success at Breton, we expect to achieve our exit target of 350 boepd by early 2007, subject to getting the new gas well pipeline connected. The oil zone in the new well is expected to be on production in mid November, adding 40 boepd to our daily production. Next year's budget is in preparation and we are therefore not yet in a position to issue guidance for 2007. We intend to continue to focus on growing our business and with a new strategic direction we are targeting significant growth in shareholder value in 2007.

Management would like to thank shareholders for their patience and again to thank the directors for their help and guidance during the quarter.

Investors and investment brokers are directed to the Company's web site at www.anterra.org for a full corporate presentation of the Company's operations and prospects.



Owen Pinnell
President and Chief Executive Officer



Management Discussion and Analysis Third Quarter September 30, 2006

The following discussion is management's analysis of Anterra Company's ("Anterra" or the "Company") operating and financial data for the three months and nine months ended September 30, 2006 and prior periods, as well as estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2005 and the unaudited consolidated financial statements for the nine months ended September 30, 2006. The Management Discussion and Analysis ("MD&A") was prepared as of November 13, 2006.

Operating Summary

The Company's business is the exploration, development and production of oil and gas and the provision of associated midstream services. The following table outlines the operations for the three months ended September 30, 2006, and the nine months ended September 30, 2006 compared to the same periods in 2005.

	Three Months September 30, 2006	Three Months September 30, 2005	Nine Months September 30, 2006	Nine Months September 30, 2005
Oil and Gas Production				
Revenue	1,229,046	\$1,267,117	3,782,560	\$3,209,187
Royalties	(99,763)	(94,833)	(357,188)	(239,104)
Gross overriding royalties	1,999	1,121	7,280	8,970
Net revenue	1,131,282	1,173,405	3,432,652	2,979,053
Operating costs	534,542	402,794	1,488,227	1,065,451
Oil and gas operating margin	596,740	770,611	1,944,425	1,913,602
Midstream Processing				
Revenue	242,968	268,987	641,658	693,610
Operating costs	210,759	171,572	682,344	556,264
Midstream operating margin	32,209	97,415	(40,686)	137,346
Other revenue	-	36	-	148
Intersegment revenue and cost	(41,515)	(56,505)	(155,741)	(166,407)
Total Net Revenue	1,332,735	1,385,924	3,918,569	3,506,404
Total Operating Costs	703,786	517,861	2,014,830	1,455,308
Total Operating Margin	628,949	868,063	1,903,739	2,051,096
Expenses				
General and administration	267,648	304,999	932,163	638,744
Stock compensation	6,929	100,464	56,492	128,161
Interest	60,590	35,119	143,181	99,010
Loss on sale of assets	-	-	-	242
Depletion, depreciation, accretion	474,244	279,635	1,157,741	724,414
Total Expenses	809,411	720,217	2,289,577	1,590,571
Net Profit (Loss) Before Tax	(180,462)	147,846	(385,838)	460,525
Provision For Taxes	(98,571)	21,354	(128,363)	136,403
Net Profit (Loss)	(81,891)	\$126,492	(257,475)	\$324,122
Earnings per share				
Basic	(0.003)	\$0.006	(0.010)	\$0.015
Fully Diluted	(0.003)	\$0.006	(0.010)	\$0.015
Weighted Average Number of Shares In Thousands	27,842,833	21,978,883	26,444,035	21,978,883
Funds Flow From Operations	340,721	\$485,967	772,689	\$1,013,538
Funds Flow Per Share	0.012	\$0.022	0.029	\$0.046

Funds flow from operations is not a recognized measure under Canadian generally accepted accounting principles (GAAP). However, management believes that funds flow from operations is a useful measure of financial performance. For the purposes of funds flow from operations calculations, funds flow is defined as “funds flow from operations” before changes in non-cash operating working capital.

Quarterly Financial Information

	3rd Quarter 2006	2nd Quarter 2006	1st Quarter 2006	4th Quarter 2005
Net Revenue (1)	\$ 1,332,735	\$ 1,281,658	\$ 1,304,176	\$ 1,468,205
Oil and gas operating margin	596,740	608,887	738,797	816,797
Midstream operating margin	32,209	(41,131)	(31,763)	42,207
Net Profit (Loss)	(81,891)	(102,561)	(73,023)	123,907
Earnings (loss) per share				
Basic	(0.003)	(0.004)	(0.003)	0.006
Fully Diluted	(0.003)	(0.004)	(0.003)	0.006
Weighted Average Number of Shares In Thousands	27,843	25,733	23,865	22,191
Funds Flow From Operations	340,721	172,283	259,685	640,120
Funds Flow Per Share	0.012	0.007	0.011	0.029

	3rd Quarter 2005	2nd Quarter 2005	1st Quarter 2005	4th Quarter 2004
Net Revenue (1)	\$ 1,385,924	\$ 1,086,000	\$ 1,034,480	\$ 973,465
Oil and gas operating margin	770,611	585,696	557,295	358,115
Midstream operating margin	97,415	(5,177)	45,108	148,250
Net Profit	126,492	84,126	113,504	147,586
Earnings per share				
Basic	0.006	0.004	0.005	0.008
Fully Diluted	0.006	0.004	0.005	0.008
Weighted Average Number of Shares In Thousands	21,979	21,930	21,930	17,970
Funds Flow From Operations	485,967	267,025	260,546	340,849
Funds Flow Per Share	0.022	0.012	0.012	0.018

(1) Certain amounts have been restated to reflect the retroactive application of changes in accounting policies as indicated in the notes to the financial statements for the year ended December 31, 2004.

Oil & Gas Production

Production of 219 boepd in the third quarter of 2006 was 5% higher than the third quarter of 2005 but 4% lower than the second quarter of 2006.

	Three Months September 30, 2006	Three Months September 30, 2005	Nine Months September 30, 2006	Nine Months September 30, 2005
Oil (bbl/d)	153	160	150	149
Natural Gas (mcf/d)	368	264	417	270
NGLs (bbl/d)	5	5	6	4
Total (boe/d)	219	209	226	198

Oil & Gas Revenue and Realized Prices

Commodity prices have remained strong during the first nine months of 2006. Recently, oil prices have softened and the outlook is for commodity prices to remain at softer levels for the balance of 2006.

	Three Months September 30, 2006	Three Months September 30, 2005	Nine Months September 30, 2006	Nine Months September 30, 2005
Oil				
Revenues	\$1,021,105	\$1,084,252	\$2,860,969	\$2,692,125
Prices \$/bbl	\$72.63	\$73.72	\$69.72	\$68.11
Natural Gas				
Revenues	\$177,731	\$159,341	\$816,288	\$457,012
Prices \$/mcf	\$5.25	\$6.55	\$7.17	\$6.21
NGL's				
Revenues	\$30,210	\$23,524	\$105,303	\$60,050
Prices \$/bbl	\$70.09	\$56.56	\$63.59	\$53.55
Total				
Revenues	\$1,229,046	\$1,267,117	\$3,782,560	\$3,209,187
Price \$/bbl	\$61.04	\$66.07	\$61.35	\$59.30

Gross Overriding Royalty Income

Two farm-in gas wells drilled at Breton generate gross overriding royalties to the Company until payout. These wells have provided gross overriding royalties of \$7,280 for the nine months ended September 30, 2006.

Oil & Gas Royalties Expense

Total royalties including crown royalties were \$99,763 for the third quarter of 2006 and \$357,188 for the nine months ended September 30, 2006 as compared to \$94,833 for the third quarter of 2005 and \$239,104 for the nine months ended September 30, 2005. This represented \$4.95 per boe for the third quarter of 2006 and \$5.79 per boe for the nine months ended September 30, 2006 as compared to \$4.94 per boe for the third quarter of 2005 and \$4.42 per boe for the nine months ended September 30, 2005. The royalties per boe increased as a greater proportion of production during the first half of the year was from gas which attracts a higher royalty rate than oil.

Oil & Gas Operating Costs

Operating costs for the third quarter of 2006 were \$534,542 or \$26.55 per boe, including \$35,160 for inter-company processing charges and \$123,255 for well repairs and maintenance. Operating costs were \$402,794 or \$20.86 per boe in the third quarter of 2005, including \$56,505 for inter-company processing charges and \$78,798 for well repairs and maintenance.

Oil & Gas Operating Net Back

	Three Months September 30, 2006	Three Months September 30, 2005	Nine Months September 30, 2006	Nine Months September 30, 2005
Average realized price (\$/boe)	\$61.04	\$66.07	\$61.35	\$59.30
Royalties, net of ARTC (\$/boe)	4.95	4.94	5.79	4.42
Operating expenses (\$/boe)	26.55	20.86	24.14	19.64
Operating net back (\$/boe)	\$29.54	\$40.27	\$31.42	\$35.24

Processing

Processing revenue for the third quarter of 2006 was \$242,968 and \$641,658 for the nine months ended September 30, 2006 compared to \$268,987 in the third quarter of 2005 and \$693,610 for the nine months ended September 30, 2005. Processing revenue during the second quarter was affected negatively by oil losses at Breton and a general slow down in activity at Suffield. During the third quarter business conditions returned to a more normal level, and revenue increased 44% over the second quarter. It is expected that the fourth quarter will reflect continued improvement.

Processing Operating Costs

The processing operating costs for the third quarter of 2006 were \$210,759 and \$682,344 for the nine months ended September 30, 2006 compared to \$171,572 in the third quarter of 2005 and \$556,264 for the nine months ended September 30, 2005. Higher operating costs during the quarter were primarily attributable to high maintenance and utility costs.

General and Administrative Expenses

General and administrative expenses were \$267,648 for the third quarter of 2006 as compared to \$347,120 for the second quarter of 2006, and \$304,999 for the third quarter of 2005.

Interest Expense

Interest expense for the third quarter of 2006 was \$60,590 compared to \$41,171 for the second quarter of 2006, and \$35,119 for the third quarter of 2005. The higher interest cost reflects the higher debt level in the company.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion expense increased to \$474,244 in the third quarter of 2006 and \$1,157,741 for the nine months ended September 30, 2006 compared to \$279,635 for the third quarter of 2005 and \$724,414 for the nine months ended September 30, 2005. This increase is due to the increase in capital spending during the last quarter of 2005 and the first nine months of 2006.

Net Profit and Loss

The Company generated a net loss of \$81,891 for the third quarter of 2006, compared to a net profit of \$126,492 for the third quarter of 2005. The loss is due to a reduced contribution from operations, combined with higher general and administrative costs in the first half of the year and higher depletion.

Capital Expenditures and Commitments

Up to September 30, 2006 the Company has spent \$3,783,000 on oil and gas capital expenditures including the cost of the acquisition of Panterra Energy Corp Ltd and \$97,000 on midstream capital expenditures. As at September 30, 2006, the company had incurred \$1million of the qualifying expenditures required to satisfy the terms of the flow through common shares issued during in April 2006.

Liquidity and Capital Resources

The Company continues to generate positive funds flow from operations and, for the nine months ended September 30, 2006, funds flow generated totaled \$772,689. The Company expects a small improvement in funds flow during the fourth quarter as additional production from the new Breton well is brought on. The Company may need to raise additional capital to fund the planned capital program for the fourth quarter and first quarter 2007 in addition to the funds flow and the available bank debt as noted below.

Bank Debt

The Company has a \$4,500,000 revolving demand loan facility with a Canadian chartered bank. The loan bears interest at prime plus 3/4% and is secured by a general assignment of book debts and a \$10,000,000 first floating charge debenture over all assets of the Company. The availability under the facility is subject to periodic review. The loan is shown as a current liability due to its demand nature despite the lender having not demanded repayment of the loan. At September 30, 2006 there was a balance outstanding on the loan of \$4,150,000.

Share Capital

At September 30, 2006 there were 27,842,833 common shares outstanding. At September 30, 2006 there were 1,950,000 stock options outstanding at a weighted average exercise price of \$0.40.

In February 2006 stock options were granted for 100,000 common shares exercisable at \$0.50. The options vested immediately.

In May 2006 stock options were granted for 265,000 common shares exercisable at \$0.50 per share. Of the 265,000 options granted 148,333 shares vested immediately with the remaining options vesting at various times up to the second anniversary of the grant date. Also, in May stock options were granted for a further 100,000 common shares exercisable at \$0.40 per share. These options vested immediately.

During the year, 725,000 options, which had been granted to employees who have since left the Company, were cancelled.

Related Party Transactions

For the nine months ended September 30, 2006 a Company owned by a director charged \$52,200 (2005 \$40,500) to the Company for office space and related services. A legal firm of which a director is a partner charged the Company \$77,378 (2005 \$5,351) for fees and services.

At the end of March, 2004, the Company entered into a lease whereby it leased its office space and related services from the director's Company. The lease, which is subject to review, currently requires a monthly payment of \$5,800 and is for a period of three years expiring on March 31, 2007.

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.

Business Risks

Crude oil and natural gas exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing government law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance is also maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

Financial risks include commodity prices, interest rates and the Canadian/United States exchange rate, all of which are beyond the Company's control. The Company sells all of its production on the spot market and does not currently have a hedge program in place.

Anterra Company
Consolidated Balance Sheets

Unaudited	As at	As at
	September 30, 2006	December 31, 2005
Assets		
Current		
Cash and cash equivalents	\$ 126,732	\$ 698,602
Accounts receivable	1,137,167	788,844
Deposits and prepaid expenses	224,865	170,219
	1,488,764	1,657,665
Property and equipment (Note 4)	11,802,905	8,528,573
Intangible assets	298,310	302,702
Goodwill	606,017	606,017
	\$14,195,996	\$ 11,094,957

Liabilities and Shareholders' Equity

Current		
Accounts payable and accrued liabilities	\$ 1,262,760	\$ 2,070,789
Bank loan (Note 5)	4,150,000	2,050,000
Income taxes payable	52,800	224,058
Current portion of long term debt	-	171,000
	5,465,560	4,515,847
Long term debt	-	-
Asset retirement obligation (Note 6)	1,332,827	1,083,540
Future income taxes	1,691,785	1,195,268
	8,490,172	6,794,655
Share capital (Note 7)	5,348,138	3,741,633
Contributed surplus (Note 8)	269,981	213,489
Retained earnings	87,705	345,180
	5,705,824	4,300,302
	\$ 14,195,996	\$ 11,094,957

See accompanying notes

Approved on behalf of the Board:

_____"signed"_____
Owen Pinnell Director

_____"signed"_____
James Coleman Director

Anterra Company

Unaudited Consolidated Statements of Operations and Retained Earnings (Deficit)

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Revenues				
Revenue	\$ 1,432,498	\$ 1,480,757	\$ 4,275,757	\$ 3,745,508
Royalties	(99,763)	(94,833)	(357,188)	(239,104)
	<u>1,332,735</u>	<u>1,385,924</u>	<u>3,918,569</u>	<u>3,506,404</u>
Expenses				
Operating	656,764	483,630	1,904,587	1,379,051
Transportation	47,022	34,231	110,243	76,257
General and administrative	267,648	304,999	932,163	638,744
Stock compensation	6,929	100,464	56,492	128,161
Loss on sale of assets	-	-	-	242
Interest	60,590	35,119	143,181	99,010
Accretion and site restoration	27,529	21,210	80,174	63,630
Depletion, depreciation and amortization	446,715	258,425	1,077,567	660,784
	<u>1,513,197</u>	<u>1,238,078</u>	<u>4,304,407</u>	<u>3,045,879</u>
Income (loss) before taxes	(180,462)	147,846	(385,838)	460,525
Income taxes				
Current	(40,010)	41,978	55,706	299,804
Future	(58,561)	(20,624)	(184,069)	(163,401)
	<u>(98,571)</u>	<u>21,354</u>	<u>(128,363)</u>	<u>136,403</u>
Net Income (loss)	(81,891)	126,492	(257,475)	324,122
Retained earnings, (deficit), beginning of the period	<u>169,596</u>	<u>94,781</u>	<u>345,180</u>	<u>(102,849)</u>
Retained earnings, end of period	87,705	221,273	87,705	221,273
Basic income (loss) per share	\$ (0.003)	\$ 0.006	\$ (0.010)	\$ 0.015
Diluted income (loss) per share	\$ (0.003)	\$ 0.006	\$ (0.010)	\$ 0.015
Weighted average shares outstanding	27,842,833	21,979,000	26,444,035	21,979,000

See accompanying notes

Unaudited**Anterra Company
Consolidated Statements of Cash Flows**

	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Cash flows from operating activities				
Operations				
Net income (loss) for the period	\$ (81,891)	\$ 126,492	\$ (257,475)	\$ 324,122
Items not involving cash				
Stock compensation	6,929	100,464	56,492	128,161
Depletion, depreciation and amortization	446,715	258,425	1,077,567	660,784
Accretion	27,529	21,210	80,174	63,630
Loss on sale of assets	-	-	-	242
Future income taxes	(58,561)	(20,624)	(184,069)	(163,401)
Funds flow from operations	340,721	485,967	772,689	1,013,538
Change in non-cash working capital balances				
Accounts receivable	(150,204)	(156,133)	(348,324)	(106,766)
Deposits and prepaid expenses	(35,920)	(52,383)	(54,646)	(60,637)
Accounts payable	(642,505)	184,936	(808,030)	182,214
Income taxes payable	(40,010)	41,978	(171,258)	299,804
	(527,918)	504,365	(609,569)	1,328,153
Financing activity				
Issue of Common Shares	-	98,250	2,024,322	98,250
Share Issue Costs	-	-	(35,555)	-
Bank loan	1,400,000	-	2,100,000	175,000
Payments of long term debt	-	-	(171,000)	-
Payments on capital lease	-	(1,664)	-	(4,895)
	1,400,000	96,586	3,917,767	268,355
Investing activity				
Cash paid on acquisition	-	-	(1,269,854)	-
Additions to long lived assets	(692,278)	(588,385)	(2,610,214)	(1,571,435)
Disposal proceeds, property and equipment	-	-	-	1,100
	(692,278)	(588,385)	(3,880,068)	(1,570,335)
Increase (decrease) in cash	179,804	12,566	(571,870)	26,173
Cash (bank indebtedness) beginning of the period	(53,072)	139,242	698,602	125,635
Cash end of the period	\$ 126,732	\$ 151,808	\$ 126,732	\$ 151,808

See accompanying note

Anterra Company
Selected Notes to Consolidated Financial Statements

September 30, 2006 and 2005

1. Basis of Presentation

The interim consolidated 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 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 judgment with reasonable limits of materiality. 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, 2005.

2. Business Acquisition

On March 15, 2006, the Company acquired all of the issued and outstanding common shares of Panterra Energy Corp. Ltd., a private Alberta based energy company. The acquisition was accounted for using the purchase method with the results of operations included from March 15, 2006, the effective date of acquisition. An independent reserve evaluation was prepared on the Matziwin properties owned by Panterra, which valued proved and probable reserves (discounted at 10%) in excess of the fair value reflected by the purchase price below.

	<u>Book Value</u>	<u>Fair Value</u>	<u>Difference</u>
Working capital	Nil	Nil	-
Property, plant and equipment	975,452	1,737,291	761,839
Asset retirement obligation	-	(169,113)	(169,113)
Future income taxes	-	(298,324)	(298,324)
Net assets acquired	<u>\$ 975,452</u>	<u>\$ 1,269,854</u>	<u>\$ 294,402</u>
Purchase price			
-Cash		<u>1,269,854</u>	
		<u>\$ 1,269,854</u>	

3. Related Party Transactions

During the period a Company owned by a director charged \$52,200 (2005 \$40,500) to the Company for office space and related services. A legal firm, of which a director is a partner, charged the Company \$77,378 (2005 \$5,351) for fees and services.

At the end of March, 2004, the Company entered into a lease whereby it leased its office space and related services from the director's Company. The lease, which is subject to review, currently requires a monthly payment of \$5,800 and is for a period of three years expiring on March 31, 2007.

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.

Anterra Company
Selected Notes to Consolidated Financial Statements

September 30, 2006 and 2005

4. Property and Equipment

	September 30, 2006			December 31, 2005		
	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	\$ 11,795,686	\$ 2,541,291	\$ 9,254,395	\$ 7,484,139	\$ 1,512,158	\$ 5,971,981
Processing equipment and furniture and fixtures	2,958,369	409,859	2,548,510	2,856,277	299,685	2,556,592
	\$ 14,754,055	\$ 2,951,150	\$ 11,802,905	\$ 10,340,416	\$ 1,811,843	\$ 8,528,573

Pursuant to a flow through financing completed in April 2006, the Company is committed to spending \$1,124,300 on qualified exploration and development expenditures by December 31, 2007. As at September 30, 2006 the Company had expended \$1,000,000 on qualified expenditures related to the April 2006 financing.

5. Bank Loan

The Company has a \$4,500,000 (2005 \$3,000,000) revolving demand loan facility with a Canadian chartered bank. The loan bears interest at prime plus 3/4 % and is secured by a general assignment of book debts and a \$10,000,000 first floating charge debenture over all assets of the Company. The availability under the facility is subject to periodic review. The loan is shown as a current liability due to its demand nature despite the lender having not demanded repayment of the loan. At September 30, 2006 there was a balance outstanding on the loan of \$4,150,000 (2005 - \$1,950,000).

6. 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.

	September 30 2006	December 31 2005
Asset retirement obligation, beginning of period	\$ 1,083,540	\$ 994,073
Liabilities assumed on asset purchases	169,113	-
Liabilities incurred	-	-
Accretion expense	80,174	89,467
Asset retirement obligation, end of period	\$ 1,332,827	\$ 1,083,540

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 \$3,591,000. The obligation was calculated using a credit-adjusted risk free discount rate of 9 percent and an inflation rate of 2 percent.

Anterra Company
Selected Notes to Consolidated Financial Statements

September 30, 2006 and 2005

7. Share Capital

(a) Authorized

Unlimited number of Common Shares

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

(b) Issued

	Period Ended September 30, 2006		Year Ended December 31, 2005	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	23,865,000	\$ 3,741,633	21,930,000	\$ 2,994,697
Shares issued on option exercise	-	-	655,000	110,750
Private placement of common shares for cash	2,104,000	1,052,000	1,280,000	640,000
Private placement of flow through shares for cash	1,873,833	1,124,300		
Tax Benefits renounced on flow through shares	-	(382,262)	-	-
Shares issued for acquisition	-	-	-	-
Share issue costs	-	(187,533)	-	(3,814)
Balance, end of period	27,842,833	\$ 5,348,138	23,865,000	\$ 3,741,633

On April 7, 2006, Anterra raised gross proceeds of \$2,176,300, issuing 1,873,833 common shares on a flow-through basis at \$0.60 per share and 2,104,000 units at \$0.50 per unit. Each unit consisted of a common share and one half of a common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.75 until October 7, 2007.

(g) Stock options

The Company has a stock option plan under which employees, directors and consultants are eligible to receive grants. At September 30, 2006 1,950,000 (2005 2,258,500) common 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.

In February 2006 stock options were granted for 100,000 common shares exercisable at \$0.50. The options vested immediately.

In May 2006 stock options were granted for 265,000 common shares exercisable at \$0.50 per share. Of the 265,000 options granted 148,333 shares vested immediately with the remaining options having varying vesting periods up to the second anniversary of the grant date. Also, in May stock options were granted for a further 100,000 common shares exercisable at \$0.40 per share. These options vested immediately.

During the year, 725,000 options, which had been granted to employees who have since left the Company, were cancelled.

Anterra Company
Selected Notes to Consolidated Financial Statements

September 30, 2006 and 2005

A summary of the status of the Company's stock option plan as at September 30, 2006 and December 31, 2005 and changes during the periods ending on those dates is presented below.

Stock Options	Number of options	Period Ended	Number of options	Year Ended
		September 30, 2006		December 31, 2005
		Weighted average exercise price		Weighted average exercise price
Beginning of period	2,210,000	\$0.39	1,285,000	\$0.15
Granted	465,000	\$0.48	1,700,000	\$0.47
Exercised	-		(655,000)	\$0.15
Cancelled	(725,000)	\$0.41	(120,000)	\$0.24
End of period	1,950,000	\$0.40	2,210,000	\$0.17
Exercisable, end of period	1,713,333	\$0.40	1,186,667	\$0.16

8. Contributed Surplus

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

	Six months ended	Year Ended
	September 30, 2006	December 31, 2005
Contributed surplus, beginning of year	\$ 213,489	\$ 24,566
Exercised stock options	-	(12,500)
Stock compensation expense	56,492	201,423
Contributed surplus, end of year	\$ 269,981	\$ 213,489

CORPORATE INFORMATION

Directors

James H. Coleman
Jacob T. Halldorson
John McGilvary
Owen C. Pinnell
John K. Read
J. Ronald Woods

Officers

Owen Pinnell – Executive Chairman and CEO
Giles Parker – Vice President, Finance and CFO
Bob McCuaig – Executive Vice President and General Manager
Sheila McKinley – Vice President Administration and Controller of the Company's subsidiaries
Marlene Stewart -- Corporate Secretary

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Stock Exchange

TSX Venture Exchange
Trading Symbol: ATR

Auditors

Deloitte & Touche LLP

Bankers

National Bank of Canada

Web Site

www.anterra.org

Abbreviations

ARTC Alberta Royalty Tax Credit
bbls/d barrels per day
boe barrels of oil equivalent
mbbl thousand barrels
mmbbl 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