



NEWS RELEASE



ANTERRA AND TERREX ENTER INTO BUSINESS COMBINATION, AGREE TO SETTLEMENT OF TERREX CREDITOR OBLIGATIONS AND ANTERRA TO COMPLETE FINANCING

For Immediate Release

December 21, 2012

CALGARY, ALBERTA, December 21, 2012 – Anterra Energy Inc. ("**Anterra**" or the "**Company**") and Terrex Energy Inc. ("**Terrex**") are pleased to jointly announce that they have entered into an agreement (the "**Arrangement Agreement**") whereby Anterra will acquire 100% of the issued and outstanding common shares in the capital of Terrex ("**Terrex Shares**"), in exchange for Class A common shares in the capital of Anterra ("**Anterra Shares**"), by way of a statutory plan of arrangement (the "Arrangement"). The transaction is expected to close in the first quarter of 2013 provided all required Terrex securityholder, court and regulatory approvals are obtained.

Under the terms of the Arrangement, holders of Terrex shares ("**Terrex Shareholders**") will receive, in exchange for each Terrex Share held, 0.307 of an Anterra Share (the "**Exchange Ratio**"). The Exchange Ratio was determined by arm's length negotiations among the parties. All holders of Terrex warrants will receive replacement Anterra warrants which will entitle the holder to acquire Anterra Shares equal to that number of Terrex Shares which were otherwise issuable upon exercise of the Terrex warrants previously held, multiplied by the Exchange Ratio, with the exercise price adjusted accordingly.

Anterra also announces it has signed a term sheet for a private placement financing of \$7 million comprised of 107,692,308 Anterra Shares to be issued at a price of \$0.065 to LandOcean Energy Services Co., Ltd., a Beijing-based international oilfield services company ("**LandOcean**"), a party at arm's length to both Anterra and Terrex. As a condition to the closing of the private placement, LandOcean shall have the right to appoint two additional directors to the board of directors of Anterra. Anterra has agreed to pay a finder's fee and issue 1,000,000 broker's warrants, exercisable for Anterra Shares at a price of \$0.10 for a period of 2 years, in connection with the private placement.

Anterra's existing executive team, led by Dr. Gang Fang, will manage the combined company (the "**Combined Company**"). At closing, the Combined Company will have approximately 391,461,321 shares outstanding with former Terrex shareholders and creditors owning approximately 10% of the Combined Company. The Combined Company is expected to benefit from operational efficiencies, a stronger balance sheet and a larger portfolio of properties for future exploration and development.

The Combined Company's capital expenditures will continue to be focused in the Cardium light oil resource play and the Breton Belly River exploitation project in the Pembina area of central Alberta and the Bakken light oil play in Abbott, Saskatchewan as well as Terrex's properties in Two Creek and Strathmore, Alberta. The Combined Company's lower risk "oily" development drilling inventory and the high netback potential of these projects is expected to provide predictable cash flow for further capital investment. In addition, the Combined Company will look for opportunities to acquire stable, low decline assets with attractive netbacks.

In connection with the completion of the Arrangement, Terrex and Anterra have entered into a settlement agreement (the "**Settlement Agreement**") with Sandstorm Metals & Energy Ltd. and 0905896 BC Ltd. (collectively, "**Sandstorm**"). Pursuant to the Settlement Agreement, the obligations of Terrex (other than the delivery of purchased production) under the hydrocarbon purchase agreement dated March 18, 2011 between Terrex and Sandstorm are suspended, as are the enforcement proceedings initiated by Sandstorm on Terrex's default under the agreement.

Sandstorm has advanced \$500,000 to Terrex on a non-refundable basis for working capital until March 31, 2013. At the closing of the Arrangement, the hydrocarbon purchase agreement will be terminated in exchange for the following consideration to Sandstorm: a payment of \$3.5 million cash, to be funded by Anterra, the delivery of certain equipment from Terrex having a value of \$3 million, the issuance by Anterra of a \$4 million principal amount, 5 year secured convertible debenture (bearing interest at 6% and convertible at \$0.09 per Anterra Share), the issuance of 20,801,303 Terrex Shares (which shall be exchanged for approximately 6.39 million Anterra Shares under the Arrangement), and the issuance of 3 million Anterra Shares. The terms of the Settlement Agreement remain subject to the acceptance of the TSX Venture Exchange.

The Arrangement Agreement also contemplates the issuance by Terrex of an aggregate of 8.2 million Terrex Shares to current and former officers and employees in settlement of severance obligations and success fees that would otherwise be payable on completion of the Arrangement.

The Terrex Board of Directors has unanimously determined that the Arrangement is in the best interests of Terrex and that the consideration being offered to Terrex Shareholders is fair to the Terrex Shareholders. The Terrex Board has resolved to unanimously recommend that Terrex Shareholders and Terrex warrant holders vote their shares and warrants in favour of the Arrangement at the special meeting (the "**Terrex Meeting**") of Terrex Shareholders and warrant holders (voting together as a single class) to be held on or about March 31, 2013.

The directors and senior officers of Terrex have entered into support agreements with Anterra to vote their Terrex Shares and Terrex warrants in favour of the Arrangement at the Terrex Meeting.

The Arrangement Agreement provides for, among other things, a non-solicitation covenant on the part of Terrex that entitles Terrex to consider and accept a superior proposal and a right in favour of Anterra to match any superior proposal. If the Arrangement Agreement is terminated in certain circumstances, including if Terrex enters into an agreement with respect to a superior proposal or if the Board of Directors of Terrex withdraws or modifies its recommendation with respect to the proposed transaction, Anterra is entitled to a termination payment in cash of \$400,000. Additionally, Terrex is entitled to a termination payment of \$400,000 in certain circumstances as described in the Arrangement Agreement. A complete copy of the Arrangement Agreement will be available under each of Anterra's and Terrex's issuer profiles on SEDAR at www.sedar.com.

Completion of the transaction is subject to customary closing conditions, including: court approval of the Arrangement; approval of two-thirds of the votes cast by holders of Terrex Shares and Terrex warrants (voting together as a single class) in person or by proxy at the Terrex Meeting; approval of a majority of the votes cast by disinterested holders of Terrex Shares and Terrex warrants in person or by proxy at the Terrex Meeting, and applicable government and regulatory approvals by, among others, the TSX Venture Exchange ("**TSXV**") and relevant Canadian governmental authorities. It is expected that, upon successful completion of the Arrangement, the Terrex Shares would be delisted from the TSXV.

Full details of the transaction will be included in the information circular to be mailed to Terrex Shareholders and warrant holders in accordance with applicable securities laws. A copy of the information circular and related documents will be filed under Terrex's issuer profile on SEDAR at www.sedar.com.

The Anterra Shares and the Terrex Shares are expected to resume trading upon completion by the TSXV of its review of the terms of the proposed financing by Anterra, including the addition of the proposed new directors of Anterra. Anterra and Terrex will provide an update regarding the dates that the Anterra Shares and Terrex Shares will resume trading.

ABOUT ANTERRA ENERGY INC.

Anterra Energy is an independent exploration, development and production company with an emerging focus on the use of advanced exploration technologies including 3-D imaging, horizontal drilling and multi-stage completions to systematically develop its portfolio of conventional and non-conventional oil and gas projects. Complementing this strong exploitation and development focus, the Company owns and operates fee-based midstream facilities in western Canada. Anterra is a public Canadian company listed on the TSXV under the symbol AE.A. More information about Anterra is available on the Company's website at www.anterraenergy.com.

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ABOUT TERREX ENERGY INC.

Terrex Energy Inc. is a Calgary based junior oil company that focuses on the application of proven enhanced oil recovery ("EOR") methods to improve oil production from existing mature fields. Terrex targets underexploited and undercapitalized light to medium oil reservoirs in Western Canada. The Company's shares are listed on the TSXV under the trading symbol "TER".

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FORWARD-LOOKING INFORMATION AND CAUTIONARY STATEMENTS

This press release contains forward-looking information and statements within the meaning of applicable securities laws and are based on the expectations, estimates and projections of management of Anterra and Terrex as of the date of this news release unless otherwise stated. The use of any of the words "*expect*", "*anticipate*", "*continue*", "*estimate*", "*objective*", "*ongoing*", "*may*", "*will*", "*project*", "*should*", "*believe*", "*plans*", "*intends*" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking information and statements concerning: the anticipated benefits of the Arrangement to Anterra and Terrex and their respective shareholders, including anticipated synergies; the anticipated cash flow of the Company post-Arrangement, the timing and anticipated receipt of required regulatory, court and securityholder approvals for the transaction; the ability of Anterra and Terrex to satisfy the other conditions to, and to complete, the Arrangement; the anticipated timing of the mailing of the information circular regarding the Arrangement, the proposed terms of the financing by Anterra, the holding of the Terrex Meeting and the closing of the Arrangement.

In respect of the forward-looking information and statements concerning the anticipated benefits and completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, Anterra and Terrex have provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the time required to prepare and mail securityholder meeting materials, including the required information circular; the ability of Anterra and Terrex to receive, in a timely manner, the necessary government, regulatory, court, securityholder, stock exchange and other third party approvals; the ability of Anterra and Terrex to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; and expectations and assumptions concerning, among other things: commodity prices and interest; planned synergies, capital efficiencies and cost-savings; anticipated cash flow of the Company following the Arrangement; applicable tax laws; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services. The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary securityholder, government, regulatory, court or other third party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking information and statements contained in this press release. In respect of the forward-looking information and statements, Anterra and Terrex have provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions in respect of: the expected terms of the Anterra financing, prevailing commodity prices, margins and exchange rates; that Anterra's future results of operations will be consistent with past performance and management expectations in relation thereto; the continued availability of capital at attractive prices to fund future capital requirements relating to existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns; the success of growth projects; future operating costs; that counterparties to

material agreements will continue to perform in a timely manner; that there are no unforeseen events preventing the performance of contracts; and that there are no unforeseen material construction or other costs related to current growth projects or current operations.

Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which Anterra and Terrex operate in general such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; failure to realize the anticipated benefits of the Arrangement and to successfully integrate Terrex and Anterra; failure of Anterra to close the Anterra financing on the terms set forth herein or at all, however, the financing is not a condition to the completion of the Arrangement; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. Risks and uncertainties inherent in the nature of the Arrangement include the failure of Anterra or Terrex to obtain necessary securityholder, government, regulatory, court and other third party approvals, or to otherwise satisfy the conditions to the Arrangement, in a timely manner, or at all. Failure to so obtain such approvals, or the failure of Anterra or Terrex to otherwise satisfy the conditions to the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of Anterra, Terrex and the combined company, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Anterra's management's discussion and analysis of the results for the year ended December 31, 2011 which may be accessed on Anterra's SEDAR profile at www.sedar.com and the Annual Information Form of Terrex for the year ended December 31, 2011 which may be accessed on Terrex's SEDAR profile.

The forward-looking information and statements contained in this press release are made as of the date hereof and Anterra undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.