Antrim Energy Inc.

Management's Discussion and Analysis

December 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") provides a detailed explanation of Antrim Energy Inc.'s (the "Company" or "Antrim") operating results for the fourth quarter and year ended December 31, 2010 compared to the fourth quarter and year ended December 31, 2009 and should be read in conjunction with the audited consolidated financial statements of Antrim. This MD&A has been prepared using information available up to March 28, 2011. The audited consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Unless otherwise noted all amounts are reported in United States dollars.

Non-GAAP Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under GAAP and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations and net back to assess operational and financial performance to allocate capital among alternative projects and to assess the Company's capacity to fund future capital programs.

Cash flow from operations is defined as cash flow from operating activities before changes in working capital. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow from operations to its nearest measure prescribed by GAAP is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended December 31		Year Ended December 31	
	2010	**2009**	**2010**	**2009**
$				
Cash flow from (used in) operating activities	267,033	96,454	778,806	(1,082,261)
Less: Increase (decrease) in non-cash working capital	667,353	(1,474,670)	(732,000)	15,088
Cash flow (deficiency) from operations	(400,320)	(1,378,216)	1,510,806	(1,067,173)

Overview

Oil and gas revenue of $12.5 million for the year ended December 31, 2010 decreased from $13.0 million in 2009. Revenue decreased as a result of lower oil production partially offset by higher gas production and by higher oil and gas prices received. Antrim generated cash flow from operations of $1.5 million in 2010 compared to a cash flow from operations deficiency of $1.1 million in 2009. Cash flow increased due to lower operating and general and administrative costs and higher interest and other income offset by lower revenue. Production in Argentina decreased to 1,783 barrels of oil equivalent per day ("boepd") from 1,840 boepd in 2009 due to the sale of the Puesto Guardian property in February 2010 partially offset by production from new wells drilled in Tierra del Fuego.

In the United Kingdom, total proved plus probable reserves were 27.7 million barrels of oil equivalent ("boe") (net to Antrim) as at December 31, 2010, the same as in 2009. Fyne and Dandy total proved plus probable reserves at December 31, 2010 remained at 17.5 million boe, unchanged from 2009. Up to two exploration wells are planned for the latter part of 2011 in licences adjacent to Fyne (the "Greater Fyne Area"). The Fyne and Dandy Fields represent 50.2% of the Company's total proved plus probable reserves as at December 31, 2010. Causeway total proved plus probable reserves remained at 10.2 million boe (net to Antrim).

In March 2010, Antrim signed a Conditional Letter Agreement ("CLA") with Valiant Petroleum plc ("Valiant") to sell a 30% interest in UK Continental Shelf ("UKCS") licences P201 Block 211/22a South East Area and P1383 Block 211/23d (the "Causeway Licences"). In return, Antrim will receive up to $21.75 million towards their remaining working interest share of development costs of the Causeway Field. The UK reserves previously described do not reflect the impact of this sale as the transaction has not yet closed.

In October 2010, Antrim signed an Earn In Agreement ("EIA") with Premier Oil UK Limited ("Premier") to jointly explore development options for Fyne and the Greater Fyne Area located in the UK Central North Sea. Under the terms of the EIA, Premier paid initial consideration of $2 million to Antrim for an option to acquire a 39.9% interest in the UKCS Licence P077 Block 21/28a (the "Fyne Licence). In return, Antrim will receive up to $50 million, less the initial consideration, towards its remaining working interest share of development costs of the Fyne Field. The option to farm-in has not yet been exercised.

In the Tierra del Fuego Concessions in Argentina, a ten well (net 2.5) development drilling program designed to increase gas and NGL production from the Los Flamencos Field, commenced in late February 2010 and was completed in December 2010. Eight of the ten wells have been cased as producers and three have been tied in as of December 31, 2010. The remaining five cased wells are expected to be completed and placed on production by the end of the second quarter of 2011. Total proved plus probable reserves in Tierra del Fuego decreased by 22.6% to 7.1 million boe as at December 31, 2010 compared to 9.24 million boe in 2009 (net to Antrim). This reduction was primarily due to 2010 production and the impact of remapping of undeveloped drilling locations in the gas reservoir of the Los Flamencos Field following the 2010 drilling campaign.

On March 17, 2011, Antrim completed an equity financing with gross proceeds of $51.6 million (net proceeds of $48.5 million). The proceeds are to be used for appraisal drilling of the West Teal and Carra Prospects in the Greater Fyne Area and for general corporate purposes.

On March 23, 2011, the UK government announced an increase to the supplementary tax on UK oil and gas production from 20% to 32% effective March 24, 2011, thereby increasing the combined rate of tax on UK oil and gas production from 50% to 62%. The impact on Antrim is anticipated to be minimal over the next few years as Antrim has approximately $217 million in UK tax loss carry-forwards which can be applied to reduce future taxable income.

On March 28, 2011, Antrim announced that it had signed a Letter of Award ("LOA") with AGR Peak Management Limited to drill two wells (the West Teal and the Carra Prospects) commencing in the third quarter of 2011. The LOA is for a minimum duration of 50 days.

United Kingdom

Fyne Field

In October 2010, Antrim signed an EIA with Premier to jointly explore development options for the Fyne and the Greater Fyne Area located in the UK Central North Sea. Under the terms of the EIA, Premier paid an initial consideration of $2 million to Antrim for an option to acquire a 39.9% interest in the Fyne Licence. As part of the transaction, Antrim will transfer operatorship of the licence should Premier exercise their option to acquire a 39.9% interest in the licence. In return, Antrim will receive up to $50 million, less the initial consideration, towards its remaining working interest share of development costs of the Fyne Field. Completion of the transaction is subject to several conditions, including Premier's commitment to submit a Field Development Plan ("FDP") to the UK Department of Energy and Climate Change ("DECC") or a commitment to drill an appraisal/development well in East Fyne. Antrim and Premier are currently conducting an analysis of a development plan.

Following completion of the transaction, Antrim will retain a 35.1% working interest in the Fyne Licence. The agreement also provides Premier with the option to participate at a "promoted" 20% to 50% working interest alongside Antrim in a planned drilling program in its surrounding licences in the Greater Fyne Area, (Antrim 100%).

Antrim had been negotiating with a floating production storage and offloading ("FPSO") provider for use as an export route for Fyne crude oil production, however the provider withdrew its available capacity in the third quarter of 2010. Antrim is working with Premier on the identification of alternative export routes. The preferred production system will handle up to 20,000 barrels of oil per day ("bopd") directly from the Fyne Field, with potential capacity add-ons to handle additional volume from the satellite fields.

The Fyne Licence expires on November 25, 2011. DECC has agreed to a three year extension on the condition that a FDP is submitted by December 25, 2011 or by June 25, 2012 if an appraisal well is drilled on the licence prior to expiry in November 2011. An East Fyne appraisal well is expected to be drilled in 2011 with the Fyne Field FDP submitted by June 2012. First production is anticipated in the middle of 2013.

Greater Fyne Area

In addition to the Fyne development, Antrim has identified several high priority drilling prospects in Antrim licences in the surrounding Greater Fyne Area. Initial drilling targets are expected to be the “West Teal” Upper Jurassic Fulmar Prospect, at 11,500 feet drilling depth, in Licence P1625 Block 21/7b and the “Carra” Eocene Tay Prospect in Licence P1563 Block 21/28b at 5,000 feet drilling depth. The West Teal Prospect contains a discovery well drilled by a previous operator in 1991 that was subsequently abandoned after encountering mechanical problems. Antrim plans to commence exploration drilling in the Greater Fyne Area in the third quarter of 2011. The drilling will fall within the joint venture area with Premier.

In October 2010, DECC notified Antrim that it had been awarded licences in the UK 26th Seaward Licensing Round with an effective date of January 10, 2011. The two new licences are Block 21/29d, located in the Greater Fyne Area, and Block 21/7b located north of the Greater Fyne Area. Both blocks contain additional drilling prospects, which are currently being evaluated.

Causeway Field

In March 2010, Antrim signed a CLA with Valiant to sell a 30% interest in the Causeway Licences. In return, Antrim will receive up to $21.75 million towards their remaining working interest share of development costs of the Causeway Field. Completion of the transaction is subject to several conditions, including sanction of a FDP and the consent of DECC.

As part of the transaction, Antrim transferred operatorship of the licences to Valiant. Following completion of the transaction, Antrim will retain a 35.5% working interest in the Causeway Licences.

Antrim previously assumed the export route for Causeway production would be to the Dunlin platform. Antrim was unable to reach an agreement for a tie-in at Dunlin in the third quarter of 2010 and along with its partners began the assessment of other infrastructure alternatives. The operator (Valiant) is currently negotiating with another industry partner in respect of an offshore platform. Antrim expects that agreement will be reached in respect of an offshore platform as an export route for Causeway production. Antrim anticipates costs to be similar to the previously assumed Dunlin export route, and reserves are not likely to be materially impacted.

Antrim and Valiant are currently discussing the FDP to be submitted to DECC with respect to the Causeway Field. Among the items being discussed is Valiant's estimate of reserves associated with Phase II and later production phases of the field, which may be lower than that of Antrim and its independent reserve evaluator McDaniel & Associates Consultants Ltd. Such discussions are at a preliminary stage and subject to finalization as the process of preparing the FDP evolves. Antrim expects that a finalized FDP will be submitted to DECC by the middle of 2011, with first production expected in the middle of 2012.

Argentina

In 2010, the Company completed a ten well (net 2.5) drilling program on its Tierra del Fuego Concessions in southern Argentina. The program targeted the liquid-rich gas bearing sandstone reservoirs of the Springhill Formation in the Los Flamencos Field. Of the ten wells drilled in 2010, eight were cased for production and two were plugged and abandoned. Three cased wells have been completed and tied-in. The remaining five wells are expected to be completed and placed on production by the end of the second quarter of 2011. With the tie-in of the additional wells, Antrim's daily production is expected to average approximately 1,800 boepd in 2011.

Antrim's average gas price for the fourth quarter of 2010 was $1.80 per mcf compared to $1.63 for the same period in 2009, a 10.4% increase. In the fourth quarter 2010, oil prices averaged $54.60 per barrel compared to $44.46 per barrel for the same period in 2009, a 22.8% increase. Antrim's gas price averaged $1.84 per mcf for the year ended December 31, 2010 compared to $1.53 per mcf in 2009. Oil prices averaged $49.34 per barrel in 2010 compared to $39.89 per barrel in 2009.

Antrim sells all of its oil production and approximately 80% of its natural gas production from Tierra del Fuego to the Argentine mainland. These sales generate value-added tax ("VAT") of 21%, which is retained by Antrim due to favourable tax laws pertaining to Tierra del Fuego. VAT of $2.1 million (2009 - $1.7 million) is reported as interest and other income and is not included in Antrim's per unit sales prices.

Antrim's field netbacks in Argentina, based on sales, were $7.51 (2009 - $3.75) and $9.05 (2009 - $5.92) per boe for the three and twelve month periods ended December 31, 2010. The increase in the 2010 field netbacks, as compared to 2009, was due to the lower operating costs partially offset by a higher proportion of gas to oil sales.

The Company applied for "Gas Plus" pricing incentives for new gas that will be produced from the wells being drilled in 2010. If approved by the federal authorities, this will permit Antrim to sell its gas in the higher-priced industrial market on the mainland.

In February 2010, Antrim sold its non-operated 40% working interest in the Puesto Guardian Concession effective January 1, 2010, for consideration in the form of a $1.4 million non-interest bearing promissory note. The Puesto Guardian Field was reaching the end of its economic life and the purchaser retained responsibility of all abandonment and environmental remediation work on the concession.

Effective February 25, 2010, Antrim relinquished its non-operated 70% working interest in the Medianera Concession and its non-operated 70% working interest in the Tres Nidos Sur Concession. Medianera production, as previously reported, was shut-in in February 2009. Well abandonment and seismic and drilling obligations on the properties were assumed by the operator of both concessions.

On December 7, 2010 Antrim announced that it had entered into an agreement to acquire a 50.1% interest in and operatorship of the 307,215 acre Cerro de Los Leones Exploration Concession, located in Argentina's Neuquén Basin.

Cerro de Los Leones is situated in the northern portion of the Neuquén Basin in the Province of Mendoza. The existing 2-D seismic coverage of 700 km provides regional control and has identified numerous lower Tertiary and Cretaceous structural and stratigraphic leads at drilling depths of between 5,000 and 8,200 feet. Antrim is currently working on obtaining the necessary environmental approvals to shoot a 3-D seismic program in the first half of 2011. At least one exploration well is planned for the latter part of 2011.

Antrim's Argentine operations are self-sustaining thereby enabling the Company to evaluate other opportunities in Argentina using the cash flow generated from the Tierra del Fuego properties.

Tanzania

In December 2010, two agreements were signed in Tanzania which are expected to lead to the resumption of exploration activities on the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania (the "P-Z PSA"). Antrim signed an agreement with Ras Al Khaimah Gas Tanzania Limited ("RAK Gas") and NOR Energy AS ("NOR") whereby Antrim replaced its previous right to be carried for 30% through the pre-drilling exploration phase of the P-Z PSA with a 20% carried interest through the pre-drilling phase and an additional 10% right to participate in the P-Z PSA to be exercised up to 180 days following receipt of the initial drilling results. The carried interests (up to 30%) are to be repaid from future production. Concurrent with this agreement, RAK Gas and NOR entered into an agreement that provides RAK Gas with the option to acquire control of the P-Z PSA. The P-Z PSA has been in a state of effective force majeure for several years due to a dispute between the federal government of Tanzania and the provincial government of Zanzibar regarding revenue sharing, and access to the licence area for petroleum exploration activities has been blocked. RAK Gas is currently drafting a revised work program for the P-Z PSA for submission to the government of Tanzania.

Financial and Operating Results

All amounts reported in this MD&A related to the three month periods ended December 31, 2010 and 2009 are unaudited.

	Three Months Ended December 31		Year Ended December 31	
	2010	**2009**	**2010**	**2009**
Financial Results ($000's except per share amounts)				
Revenue	2,693	3,371	12,539	12,953
Cash flow (used in) from operations [1]	(400)	(1,378)	1,511	(1,067)
Cash flow (used in) from operations per share [1]	(0.00)	(0.01)	0.01	(0.01)
Net (loss)	(2,681)	(6,071)	(7,962)	(12,560)
Net (loss) per share – basic	(0.02)	(0.04)	(0.06)	(0.09)
Total assets	291,194	285,119	291,194	285,119
Working capital	26,690	31,960	26,690	31,960
Expenditures on petroleum and natural gas properties	248	(548)	6,695	4,782
Bank debt	-	-	-	-
Common shares outstanding (000's)				
End of period	135,572	135,349	135,572	135,349
Weighted average – basic	135,360	135,291	135,387	135,284
Weighted average – diluted	136,945	136,041	136,971	136,034
Production				
Oil, natural gas and NGL production (boe per day) [2]	1,757	1,990	1,783	1,840

(1) Cash flow from operations and cash flow from operations per share are Non-GAAP Measures. Refer to "Non-GAAP Measures" in Management's Discussion and Analysis.

(2) The boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue from the sale of oil, natural gas and NGL for the three month periods and year ended December 31, 2010 and 2009 consisted of the following:

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
($000's)				
Oil	1,100	1,888	6,033	8,007
Natural gas	1,464	1,353	5,923	4,572
NGL's	129	130	583	374
Total Oil, Natural Gas and NGL Revenue	2,693	3,371	12,539	12,953

Revenue decreased in the fourth quarter of 2010, as compared to the same period in 2009, due to lower oil sales volumes offset by higher product prices for oil and gas.

The sale of crude oil from Tierra del Fuego can be impacted by intermittent shipments. Oil production from Tierra del Fuego is stored and periodically transported by ship to a refinery on the mainland. As at December 31, 2010, Antrim held 11,100 (December 31, 2009 – 19,000) barrels of oil in inventory in Tierra del Fuego.

Net revenue after royalties and export taxes of $10.6 million for the year ended December 31, 2010 decreased from $11.1 million in 2009. For the three months ended December 31, 2010, net revenue after royalties and export taxes was $2.2 million, compared to $2.8 million for the same period in 2009. The decrease in net revenue is a result of lower oil production and higher royalties and export taxes partially offset by higher gas production and higher product prices.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three month periods and years ended December 31, 2010 and 2009:

	Three Months Ended December 31		Year Ended December 31	
	2010	**2009**	**2010**	**2009**
Oil (bbl/day)	303	512	326	530
Natural gas (mmcf/day)	8.4	8.5	8.3	7.5
NGL (bbl/day)	59	65	65	53
Total Production (boe/day)	1,757	1,990	1,783	1,840

Gas production increased for the year ended December 31, 2010, as compared to the same periods in 2009, due to well tie-ins to the San Martin pipeline during 2009 and new wells drilled in 2010. In the year ended December 31, 2010, Antrim recorded oil production from Puesto Guardian for the period until the closing date of the sale on February 16, 2010. As a result, the average daily oil production reported includes 28 bbl/day of oil from Puesto Guardian (2009 - 225 bbl/day).

Oil prices averaged $49.34 per barrel in the year ended December 31, 2010 compared to $39.89 per barrel in 2009. For the fourth quarter 2010, oil prices averaged $54.60 per barrel compared to $44.46 for the same period in 2009.

Oil production from the Tierra del Fuego Concessions is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales are also subject to in-country price discounts. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. Despite this tax imposed ceiling price, increases in mainland Argentina demand have resulted in increased market prices for oil since the middle of 2009, resulting in increases in the oil price received.

Antrim's gas sales prices in Argentina averaged $1.80 and $1.84 per mcf in the three and twelve month periods ended December 31, 2010 compared to $1.63 and $1.53 per mcf for the same periods in 2009. Average gas prices increased due to the negotiation of higher priced contracts.

NGL prices, before export taxes, averaged $28.25 per barrel in the year ended December 31, 2010 compared to $22.97 per barrel for the comparable period in 2009. For the fourth quarter 2010, NGL prices averaged $33.39 per barrel compared to $13.22 for the same period in 2009. NGL prices increased in the fourth quarter of 2010 as compared to 2009, as the Argentina Secretary of Energy allowed exports of NGL to Chile, resulting in decreased sales of NGL into the lower-priced mainland and Tierra del Fuego markets.

Royalties and Export Tax

The following table provides a comparative analysis of royalty and export tax expenses for the three month periods and years ended December 31, 2010 and 2009:

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
($000's)				
Royalties	433	540	1,782	1,777
Percentage of Total revenue	16.1%	16.0%	14.2%	13.7%
Export tax	32	36	146	108
Percentage of NGL revenue	24.9%	27.6%	25.1%	29.0%

Royalty expenses, as a percentage of total revenue, for the year ended December 31, 2010, increased in 2010 compared to 2009 as government mandated royalty rates in Tierra del Fuego increased. Export taxes, as a percentage of NGL revenue, decreased for the year ended December 31, 2010, compared to 2009, as exports to Chile were curtailed due to restrictions in obtaining export permits.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three month periods and years ended December 31, 2010 and 2009:

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
$/boe				
Wellhead price	17.68	18.49	19.27	19.17
Royalties	(2.84)	(2.96)	(2.74)	(2.63)
Export tax	(0.21)	(0.20)	(0.22)	(0.16)
Operating expenses	(7.12)	(11.58)	(7.25)	(10.46)
Netback	7.51	3.75	9.06	5.92
Oil, Natural gas and NGL sales (boe)	152,336	182,319	650,804	675,767
Oil, Natural gas and NGL sales (boepd)	1,656	1,982	1,783	1,851

Field netbacks increased in 2010, as compared to 2009, primarily due to lower operating costs partially offset by a higher proportion of gas to oil sales in 2010.

The elimination of high operating costs related to the sale of Puesto Guardian in February 2010 and drilling rig tolling charges of $1.0 million or $1.48 per boe in 2009 resulted in operating costs on a boe basis decreasing to $7.25 compared to $10.46 for 2009.

Average wellhead prices were impacted as lower valued gas, on a boe basis, accounted for 78% of sales in 2010, as compared to 68% in 2009.

General and Administrative

General and administrative ("G&A") costs decreased in 2010 to $6.6 million compared to $7.1 million for the comparable period in 2009. The decrease in G&A was due to reduced financing costs in 2010 offset by the impact of changes in foreign exchange rates and lower cost recoveries from joint venture partners. During 2010, Antrim capitalized $1.5 million (2009 – $2.9 million) of G&A costs related to exploration and development activity in Argentina and the United Kingdom.

Depletion and Depreciation

Depletion and depreciation expense was $7.4 million for 2010 compared to $5.7 million in 2009. The consolidated per unit charge for 2010 was $10.09 per boe compared to $8.67 per boe in the same period of 2009. The per unit charge increased in 2010, as compared to 2009, due to 2010 drilling expenditures combined with a reduction in reserves due to the remapping in the Los Flamencos Field. No depletion was recorded with respect to the $235.7 million of United Kingdom assets as they are classified as unproven properties. Depletion of these assets will commence with production.

Income Taxes

The following table provides a comparative analysis of income tax expenses for the three month periods and years ended December 31, 2010 and 2009:

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
($000's)				
Current income taxes	72	3	131	84
Future income taxes	-	509	-	321
Total	72	512	131	405

Current income taxes relate to taxes based on the book value of assets in Argentina.

Future income taxes arise from differences between accounting and the tax basis of assets and liabilities. As of December 31, 2010, no future income tax assets were recorded due to uncertainty with respect to the ability of Antrim to generate sufficient taxable income to utilize the unrecognized losses. Income generated in Tierra del Fuego is tax exempt.

Foreign Exchange Loss and Comprehensive (Loss) Income

The measurement currency of the Company is the Canadian dollar, while its reporting currency is the US dollar. A significant portion of the Company's activities are transacted in or referenced to US dollars, Canadian dollars, British pounds sterling or Argentine pesos. The Company's operating costs and certain of the Company's payments in order to maintain property interest are made in the local currency of the jurisdiction where the applicable property is located. As a result of these factors, fluctuations in the Canadian dollar, British pounds sterling, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss of $0.2 million for the year ended December 31, 2010 compared to a loss of $0.2 million in the same period in 2009.

Antrim recorded unrealized gains on translation of the consolidated assets and liabilities of $8.4 million and $11.3 million for the three months and year ended December 31, 2010.

Cash Flow and Net Loss

In the three month period ended December 2010, Antrim incurred a cash flow from operations deficiency of $0.4 million ($0.00 per share) compared to a cash flow from operations deficiency of $1.4 million (($0.01) per share) in the same period in 2009. Antrim generated cash flow from operations of $1.5 million ($0.01 per share) in 2010 compared to a cash flow from operations deficiency of $1.1 million ($(0.01) per share) in 2009. Cash flow increased in 2010, as compared to 2009, due to lower operating and general and administrative costs and higher interest and other income offset by lower revenue.

In the fourth quarter of 2010 and 2009, Antrim incurred net losses of $2.7 million and $6.1 million respectively. For the year ended December 31, 2010, the Company incurred a net loss of $8.0 million compared to $12.6 million in the same period in 2009.

Capital Expenditures

Antrim incurred capital expenditures related to petroleum and natural gas properties of $6.7 million and $4.8 million for the year ended December 31, 2010 and 2009. The 2010 capital expenditures are net of $2 million received from Premier for the Fyne option. Capital expenditures in 2010 relate to the drilling program in Argentina and ongoing development costs on the UK properties.

Financial Resources and Liquidity

As at December 31, 2010, Antrim had working capital of $26.7 million and no bank debt. There were no restrictions on the use of cash and cash equivalents at December 31, 2010. Accounts payable and accrued liabilities decreased to $2.4 million at December 31, 2010 from $3.4 million as at December 31, 2009.

In March 2011, Antrim completed an equity financing with gross proceeds of $51.6 million (net proceeds of $48.5 million).

As part of the CLA with Valiant, Valiant agreed to loan Antrim up to $2.2 million on a non-interest bearing basis to satisfy cash calls and invoices for joint operations prior to the completion of the sale. The loan relates to both the 30% interest conditionally sold to Valiant and Antrim's remaining 35.5% share. The balance outstanding as of December 31, 2010 was $0.8 million. Upon successful completion of the sale, the outstanding loan balance related to Antrim's remaining 35.5% interest will be applied to and reduce the $21.75 million carried contribution. If the sale is not completed, the outstanding balance on the entire 65.5% interest will be due and payable to Valiant immediately.

Antrim invests cash not required for immediate operations needs in Canadian denominated short-term bankers' acceptances and money market instruments.

Although there have been improvements in the global economy and financial markets in recent months, restrictions on availability of credit remain and may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process to enable Antrim to better adapt to changing market conditions. Although Antrim may need to raise additional funds from internal or external sources, if available, in order to develop both of its major UK properties, the Company maintains flexibility to manage its financial commitments.

Antrim's planned capital program for 2011 includes ongoing development of the Fyne and Causeway Fields and the exploration of the 25th bid round licences and the Cerro de Los Leones property in Argentina. Fyne and Causeway will be predominately funded by the carried interest obtained from the EIA and CLA, respectively. The remaining capital expenditures will be funded by existing cash resources combined with operating cash flow. With the net proceeds from the March 2011 equity financing, Antrim plans to drill two exploratory wells in the UK North Sea.

Contractual Obligations and Commitments

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at December 31, 2010 as follows:

	2011	2012	2013	2014	2015	Thereafter
($000's)						
United Kingdom						
• Fyne and Dandy (1)	70	10,024	24	24	24	24
• Causeway (2)	138	184	32	32	32	32
• 25th Bid Round(3)	157	12,580	19,000	-	-	-
Argentina						
• Tierra del Fuego	650	650	650	650	650	650
• Cerro de Los Leones (4)	4,433	1,246	1,246	-	-	-
Office Leases	300	262	111	111	111	249
Total	5,748	24,946	21,063	817	817	955

(1) The Company acquired a 75% working interest in Fyne and Dandy and upon approval of a Field Development Plan by DECC, has agreed to pay an additional $10 million as part of the acquisition cost of the block.

(2) Relates to Antrim's 65.5% interest in Causeway prior to the conditional sale of 30% interest to Valiant.

(3) The Company acquired two licences in the 25th bid round which include contingent drilling commitments estimated at $28 million in 2012 and 2013. These commitments will be waived by DECC if they agree that drilling the wells would not be an appropriate use of resources. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) Relates to Antrim's 50.1% interest in the exploration concession and includes seismic and firm well commitment costs.

On March 4, 2010, the Company announced that it had signed a CLA to sell a 30% interest in the UK North Sea Causeway Licences. The Company will receive up to $21.75 million contributed to the Company's remaining share of development costs of bringing the field to production start-up. Completion of the transaction is subject to several conditions including the sanction of a FDP by DECC which is anticipated in 2011.

On October 6, 2010, Antrim announced the signing of an EIA with Premier to jointly explore development options for Fyne and the Greater Fyne Area. Premier paid Antrim $2 million in initial consideration for an option to acquire a 39.9% interest in the Fyne Licence in return for a up to a $50 million carried contribution, less the initial consideration, towards the pre-development and development costs of the Fyne Field. The EIA also provides Premier the option to participate up to 50% alongside Antrim in a planned drilling program in the Greater Fyne Area.

On March 28, 2011, Antrim announced that it had signed a Letter of Award ("LOA") with AGR Peak Management Limited to drill two wells commencing in the third quarter of 2011. The LOA is for a minimum duration of 50 days at a contractual obligation of $245,000 per day plus services, for an estimated cost of $27.3 million.

Outlook

Antrim expects to have a FDP for Causeway submitted and approved in 2011 for an anticipated production startup in the middle of 2012. Production startup from the Fyne Field is anticipated in the middle of 2013.

In 2011, Antrim will use its strong financial position to take a leading role in the exploration of the Greater Fyne Area. The drilling program is scheduled to begin in the third quarter with a well drilled and tested on the West Teal Prospect (Antrim 100%). The well is expected to take 55 days to drill and test and cost approximately $30 million.

An additional exploration well in the Greater Fyne Area is expected to be drilled on the Carra Prospect. The well is expected to take 19 days to drill, at an estimated cost of $12 million.

An East Fyne appraisal well is scheduled to be drilled on the Fyne Field. This well is intended to de-risk the eastern extent of the Fyne Field and extend the submission deadline of the FDP for Fyne to June 25, 2012.

In Argentina, Antrim's focus will be on the recently acquired Cerro de Los Leones Exploration Concession (Antrim 50.1% and operator) in the Neuquén Basin. A 3-D seismic program will be shot to support the drilling of at least one exploration well on the licence in 2011. Cash flow from Antrim's expected 1,800 boepd from Tierra del Fuego will be utilized to support this exploration program and any new in-country opportunities.

In East Africa, Antrim holds an option to participate up to 30% working interest in an exploration program on the Tanzanian Pemba-Zanzibar Licence. This region has recently experienced a significant increase in exploration activity, with several major discoveries announced by consortiums led by Anadarko and British Gas. The Pemba-Zanzibar Licence has been in an effective force majeure for several years. Antrim expects this impasse could be resolved with the recently announced agreement signed with RAK Gas LLC, a UAE–based exploration and production company with interests elsewhere in Tanzania.

Antrim also considers other global exploration opportunities and views its bilateral strategy of balancing longer term and capital-intensive investments in the UK North Sea with shorter investment cycle on-shore exploration and production opportunities as central to its corporate development.

Subsequent Event

On March 17, 2011, the Company issued 48,191,700 common shares at a price of Cdn $1.07 per common share for gross proceeds of Cdn $51.6 million (net proceeds Cdn $48.5 million) which included 6,191,700 common shares issued to the underwriters pursuant to the 98.3% exercise of the overallotment option.

Summary of Quarterly Results

($000, except per share amounts)	Oil, Natural Gas and NGL Revenue, Net of Royalties and Export Tax	Cash Flow from Operations (deficiency)	(Loss)	(Loss) Per Share – Basic
2010				
Fourth quarter	2,228	(400)	(2,681)	(0.02)
Third quarter	3,498	1,509	(1,150)	(0.01)
Second quarter	2,284	236	(2,020)	(0.02)
First quarter	2,601	166	(2,111)	(0.01)
Total	10,611	1,511	(7,962)	(0.06)
2009				
Fourth quarter	2,796	(1,378)	(6,071)	(0.04)
Third quarter	3,590	744	(1,751)	(0.01)
Second quarter	1,821	(716)	(2,888)	(0.03)
First quarter	2,861	283	(1,850)	(0.01)
Total	11,068	(1,067)	(12,560)	(0.09)

Antrim's net revenue and cash flow from operations has fluctuated over the quarters due to intermittent shipments of crude oil from Tierra del Fuego, increasing gas sales and lower oil production due to decline rates and property sales in early 2010. Fourth quarter cash from the operations in 2010 was negatively impacted by lower production and higher general and administrative expenses. Fourth quarter cash flow from operations and loss in 2009 was negatively impacted by VAT valuation allowances. Fourth quarter losses in 2009 also increased due to the write-down of investments and other non-current assets and future income tax assets.

Critical Accounting Policies and Estimates

Preparing financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. The estimates of proved and probable reserves are critical to many aspects of the Company's financial statements, including net income and the carrying amount of petroleum and natural properties and future asset retirement obligations.

The Company also incurs costs related to properties for which no proved reserves may be attributable. These costs must also be assessed to ascertain whether impairment has occurred. In certain instances, the Company may be required under Canadian GAAP to record an impairment charge against these costs even though the Company has maintained and intends to maintain the underlying licence or agreement pertaining to the properties.

The fair value of the asset retirement obligations is estimated and recorded on a discounted basis over the expected life of the assets. Factors that may affect the fair value of these obligations include the expected costs to complete the retirement, the useful lives of the assets and the discount rate applied. Cost estimates may vary as the extent of work required changes either as a result of operational considerations or changes to environmental legislation.

The amount recorded as stock-based compensation expense is determined using the Black-Scholes option pricing model, which includes numerous estimates as described in Note 12 to the consolidated financial statements.

New Accounting Pronouncements

In December 2008, the CICA issued Section 1582 "Business Combinations" which replaced CICA Section 1581 of the same name. Section 1582 established principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011. Adoption of this accounting standard is not expected to have a material effect on Antrim's consolidated financial statements.

Conversion to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the mandatory changeover from existing GAAP to International Financial Reporting Standards ("IFRS") is to take effect for financial years beginning on or after January 1, 2011. The Company will report its results in accordance with IFRS starting in 2011, with comparative IFRS information for the 2010 fiscal year. The key elements of the Company's conversion plan include determining appropriate changes to accounting policies and disclosures, identifying and implementing associated changes to processes and information systems, ensuring compliance to internal controls and educating and training staff and other stakeholders. The Company has completed a diagnostic analysis of the differences between GAAP and IFRS and is finalizing accounting policy alternatives, the IFRS opening balance sheet and systems changes.

Possible significant accounting difference between Antrim's current accounting policies under GAAP and expected accounting policies under IFRS are as follows:

First-time adoption exemption – the International Accounting Standards Board has approved additional exemptions from the retrospective application of IFRS for first time adopters. Of most relevance to Antrim is an exemption that allows full cost oil and gas companies to elect, at the date of transition to IFRS, to measure exploration evaluation assets at the amount determined under GAAP and to measure oil and gas assets in the development or production phases by allocating the amount determined under GAAP to the underlying assets pro-rata using reserve volumes or reserve values as of that date. The Company is planning to adopt this exemption.

Re-classification of exploration and evaluation ("E&E") expenditures from property, plant and equipment ("PP&E") on the consolidated balance sheet – this will consist of the book value of Antrim's undeveloped land that relates primarily to its UK properties which are currently excluded from the depletion calculation and are assessed for impairment. Antrim will re-classify approximately $223 million of book value from PP&E to E&E. E&E assets will not be depleted and must be assessed for impairment when indicators suggest the possibility of impairment. The Company anticipates that certain E&E assets, where no further exploration or evaluation is planned or budgeted, will be impaired, by approximately $6.0 million, at the date of transition. The adjustment will be recorded as an increase in deficit.

Calculation of depletion expense for PP&E – upon transitioning to IFRS, Antrim has the option to calculate depletion using a reserve base of proved reserves or both proved and probable reserves. Antrim intends to use both proved and probable reserves for the calculation of depletion expense.

Impairment of PP&E – under IFRS, impairment of PP&E must be assessed at a more detailed level than what is currently required under GAAP. Impairment calculations will be performed at the cash generating unit ("CGU") level based on discounted cash flows using either total proven or proven plus probable reserves. Under GAAP, undiscounted estimated future cash flows are used to assess for impairment. As such, impairment losses may be recognized earlier under IFRS than under GAAP. Impairment losses may be reversed under IFRS if there is an increase in the recoverable amount. The Company does not anticipate an impairment upon conversion to IFRS.

Asset retirement obligation – under IFRS, the Company has made a preliminary decision to discount the estimated fair value of its asset retirement obligations and the related PP&E using a risk-free interest rate. Antrim plans to adopt the first-time adoption exemption for full-cost oil and gas companies described above and differences in the liability calculated under GAAP and IFRS as at January 1, 2010 will arise due to different discount rates or cost estimates. As a result, the asset retirement obligation is estimated to increase by approximately $3.0 million, with the increase being charged to deficit.

Cumulative translation differences – under IFRS, translation gains or losses are not recognized in profit and loss until disposition of the business for foreign operations with functional currencies different from that of the parent company. The Company plans to adopt the first-time adoption exemption available in IFRS 1, whereby cumulative translation differences are deemed to be zero at the transition balance sheet date with the difference of approximately $2.0 million being recorded directly to deficit.

Foreign currency – Under GAAP all of the Company's UK subsidiaries were integrated foreign operations. Therefore, monetary items were translated at period end rates and non-monetary items were translated at historical rates with all foreign currency gains and losses recognized in profit or loss. IFRS requires that the functional currency of each subsidiary of the Company be determined separately and all monetary and non-monetary items translated at period end rates with all foreign currency gains and losses recognized in other comprehensive income.

Under IFRS, it was determined that the British pound was the functional currency of all UK subsidiaries and therefore as at the transition date a foreign exchange translation reserve had accumulated. In accordance with IFRS 1 optional exemptions, the Company has elected to transfer the foreign currency translation reserve, recognized as a separate component of equity, directly to deficit resulting in an estimated increase in deficit by approximately $39 million.

Sto*ck-based compensation* – under IFRS, stock-based compensation will be expensed based on a graded vesting schedule rather than the straight-line method utilized by the Company under GAAP. The Company estimates that the difference calculated, using the two methods for options that were not fully vested on the transition date, will result in an approximate increase in deficit of $1.5 million.

The impacts on the Company's financial position and results of operations for the accounting policy differences previously identified are not finalized. The Company expects to finalize the transitional balance sheet in the first quarter of 2011. In the first quarter of 2011, Antrim will complete is assessment of accounting policy alternatives and complete systems changes.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with Canadian GAAP. The Company tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2010. As a result of this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures and internal controls over financial reporting have been designed and are operating effectively.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable but not absolute assurance that financial information is accurate and complete.

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In 2010, Antrim incurred fees of $185,934 (2009 - $63,178) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. The Company had no off-balance sheet transactions in the year ended December 31, 2010.

Risks and Uncertainties

The oil and gas industry involves a wide range of risks which include but are not limited to the uncertainty of finding new commercial fields, securing markets for existing reserves, commodity price fluctuations, exchange and interest rate costs and changes to government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production and environmental protection and access to off-shore production facilities in the UK. The oil and natural gas industry is intensely competitive and the Company competes with a large number of companies that have greater resources.

The Company's ability to increase reserves in the future will depend not only on its ability to develop its present properties but also on its ability to select and acquire suitable producing properties or prospects. The acquisition and development of properties also requires that sufficient funds, including funds from outside sources, will be available in a timely manner. The availability of equity or debt financing is affected by many factors, many of which are outside the control of the Company. Recent world financial market events and the resultant negative impact on economic conditions have increased the risk and uncertainty of the availability of equity or debt financing.

The Company has significant investments in Argentina and the United Kingdom and its primary source of revenue is from two oil and gas properties in Argentina. A number of risks are associated with conducting foreign operations over which the Company has no control, including currency instability, potential and actual civil disturbances, restriction of funds movement outside of these countries, the ability of joint venture partners to fund their obligations, changes of laws affecting foreign ownership and existing contracts, environmental requirements, crude oil and natural gas price and production regulation, royalty rates, OPEC quotas, potential expropriation of property without fair compensation, retroactive tax changes and possible interruption of oil deliveries.

Further discussions regarding the Company's risks and uncertainties, can be found in the Company's Annual Information Form dated March 28, 2011 which is filed on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on Antrim's internal reasonable expectations, estimates, projections, assumptions and beliefs as at the date of such statements or information. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting", "forecast", "achieve" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. Antrim believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information included in this MD&A and any documents incorporated by reference herein should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this MD&A or the particular document incorporated by reference herein and Antrim does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

In particular, this MD&A and any documents incorporated by reference herein, contain specific forward-looking statements and information pertaining to the quality of and future net revenues from Antrim's reserves of oil, natural gas liquids ("NGL") and natural gas production levels. This MD&A may also contain specific forward-looking statements and information pertaining to commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGL's and natural gas, expectations regarding Antrim's ability to raise capital, to continually add to reserves through acquisitions and development, the schedules and timing of certain projects, Antrim's strategy for growth, Antrim's future operating and financial results, treatment under governmental and other regulatory regimes and tax, environmental and other laws and the start up of production from the Causeway or Fyne Fields in the UK North Sea.

With respect to forward-looking statements contained in this MD&A and any documents incorporated by reference herein, Antrim has made assumptions regarding Antrim's ability to obtain additional drilling rigs and other equipment in a timely manner, obtain regulatory approvals, future oil and natural gas production levels from Antrim's properties and the price obtained from the sales of such production, the level of future capital expenditure required to exploit and develop reserves, the ability of Antrim's partners to meet their commitments as they relate to the Company and more specifically the ability of Valiant to honour its commitments as identified in the CLA and Antrim's reliance on industry partners for the development of some of its properties. Antrim's ability to obtain financing on acceptable terms, the general stability of the economic and political environment in which Antrim operates and the future of oil and natural gas pricing. In respect to these assumptions, the reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

Antrim's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks, including risks associated with the exploration for and development of oil and natural gas reserves, operational risks and liabilities that are not covered by insurance, volatility in market prices for oil, NGLs and natural gas, changes or fluctuations in oil, NGLs and natural gas production levels, changes in foreign currency exchange rates and interest rates, the ability of Antrim to fund its substantial capital requirements and operations, the impact of adoption of International Financial Reporting Standards as opposed to Canadian GAAP from January 1, 2011, Antrim's ability to finalize the sale of a portion of the Causeway Field to Valiant, Premier exercising its option to acquire a portion of the Fyne Licence, Antrim's ability to obtain access to sub-sea or floating facility including transportation and production storage offshore providers, and Antrim's reliance or industry partners for the development of some of its properties, risks associated with ensuring title to the Company's properties, liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing problems, the accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim's exploration and development drilling and estimated decline rates, in particular the future production rates at the Causeway and Fyne Fields in the UK North Sea and at the Tierra del Fuego concession in Argentina. Additional risks include the ability to effectively compete for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, Antrim's success at acquisition, exploitation and development of reserves, changes in general economic, market and business conditions in Canada, North America, Argentina, South America, the United Kingdom, Europe and worldwide, actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws, royalty rates and incentive programs relating to the oil and gas industry and more specifically, changes to the capped market price in Argentina, changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws, adverse regulatory rulings, order and decisions and risks associated with the nature of the Common Shares.

Statements relating to "resources" are deemed to be forward-looking statements. The estimates of remaining recoverable prospective resources have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout the MD&A and in Antrim's management discussion and analysis for the year ended December 31, 2010. Readers are specifically referred to the risk factors described in this MD&A under "Risk Factors" and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The calculation of barrels of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas ("mcf") to one barrel of crude oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Vice President, Operations for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A. Mr. Fulton has over 30 years operating experience in the upstream oil and gas industry.