ANTRIM ENERGY INC.

Q3 2011

INTERIM FINANCIAL REPORT – THIRD QUARTER 2011

Three and Nine Months Ended September 30, 2011

All financial figures are unaudited and in US dollars unless otherwise noted

HIGHLIGHTS:

- **Field Development Plan submitted for Causeway**
- **Premier farms-in on Erne Prospect**
- **TAQA farms-in on Contender Prospect**
- **Average oil and gas prices in Argentina increased 24% and 23% respectively**
- **Current unrestricted cash position of $48.3 million and no bank debt**

Oil and gas revenue, net of royalties, was $7.5 million for the nine months ended September 30, 2011 compared to $8.5 million for the same period in 2010. Net revenue decreased as a result of lower oil and gas sales volumes partially offset by higher oil and gas prices. Antrim generated cash flow from operations of $1.1 million for the nine months ended September 30, 2011 compared to $1.5 million for the same period in 2010.

In the first nine months of 2011, average production in Argentina was 1,579 barrels of oil equivalent per day ("boepd") compared to 1,792 boepd in the same period in 2010. The reduced production is attributable to a natural decline combined with ongoing gas plant maintenance and temporary oil storage problems that curtailed production for periods of time during the second quarter.

Antrim's average gas price for the third quarter of 2011 was $2.25 per mcf compared to $1.83 per mcf for the same period in 2010, a 23% increase. For the third quarter, oil prices averaged $61.87 per barrel compared to $49.98 per barrel for the same period in 2010, a 24% increase.

Antrim announced on August 31, 2011 the submission of the Field Development Plan ("FDP") to the UK Department of Energy and Climate Change ("DECC") for the Causeway Field. DECC approval of the FDP is anticipated in the fourth quarter of 2011. The FDP includes a production well and a water injection well in the East and Far East fault panels, with first oil production anticipated in the middle of 2012.

In addition, Antrim finalized the sale of a 30% interest in the Causeway Field, along with the pro rata share of the reserves and tax losses, to Valiant Petroleum plc ("Valiant") on October 7, 2011. In return, Antrim will receive up to $21.75 million carried contribution towards its remaining 35.5% working interest share of the development costs of the Causeway Field. Antrim recorded an impairment expense on exploration and evaluation assets of $35.6 million in the third quarter related to this sale.

Antrim signed a Heads of Agreement ("HOA") to farm out a portion of its Erne Prospect located in the Greater Fyne Area in the Central North Sea to Premier Oil UK Limited ("Premier"). Premier will earn a 50% working interest in Antrim's 100% owned licence P1875 by funding a promoted share of the costs to drill a well on the Erne Prospect on Block 21/29d. The well will commence drilling in the next few days.

Antrim signed a farm-out agreement with TAQA Bratani Limited ("TAQA") related to P201 Block 211/22a North West Area. TAQA has agreed to drill an exploration well in a prospect ("Contender") in the southern area (the "Contender sub-area") of the licence to earn an interest in the licence. After satisfaction of the drilling requirements by TAQA, Antrim's remaining interest will be 8.4% in the Contender sub-area of the block and 13.65% in the northern area (the "Kerloch sub-area").

Financial and Operating Results (unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	**2010**	**2011**	**2010**
Financial Results ($000's except per share amounts)				
Revenue	2,403	3,545	7,517	8,497
Cash flow from operations [(1)]	666	1,925	1,140	1,536
Cash flow from operations per share [(1)]	0.00	0.01	0.01	0.01
Net (loss)	(36,124)	(190)	(38,020)	(2,906)
Net (loss) per share – basic	(0.20)	(0.00)	(0.22)	(0.02)
Total assets	247,259	233,775	247,259	233,775
Working capital	60,693	26,524	60,693	26,524
Capital expenditures	2,116	3,596	6,345	6,659
Common shares Outstanding (000's)				
End of period	184,103	135,420	184,103	135,420
Weighted average – basic	184,100	135,355	170,590	135,361
Weighted average – diluted	185,422	136,933	172,004	136,939
Production				
Oil, natural gas and natural gas liquids production (boe per day) [(2)]	1,546	1,803	1,579	1,792

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

(2) The barrels of oil equivalent ("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.

OVERVIEW OF OPERATIONS

United Kingdom

Fyne Field

Premier elected to farm-in and drill the East Fyne well in the Fyne Field in P077 Block 21/28a (the "Fyne Licence"). The appraisal well is designed to de-risk the eastern extent of the Fyne Field and is expected to be drilled starting in early December 2011. Antrim's share of drilling, completion and/or abandonment will be covered by Premier's carried contribution of up to $50 million under the Earn-In Agreement ("EIA").

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 the East Fyne appraisal well is spud on the licence prior to February 25, 2012.

Antrim is continuing to work with Premier on the identification of export routes. The currently preferred production system will handle approximately 20,000 barrels of oil per day ("bopd"), with potential capacity add-ons to handle additional volume from satellite fields. First production is anticipated between the middle of 2013 and the middle of 2014, depending on the export route adopted.

Greater Fyne Area

In addition to the Fyne development, Antrim has identified several high priority drilling prospects on Antrim licences within the Greater Fyne Area. The drilling targets chosen for the 2011 exploration program are the Erne Tay Prospect in P1875 Block 21/29d at 5,600 feet drilling depth, and the Carra Eocene Tay Prospect in P1563 Block 21/28b at 5,000 feet drilling depth. The estimated duration for the drilling of the two wells is 50 days, not including testing. The Erne well will commence drilling in the next few days. Once finished, the drilling rig will be moved to the Carra location (Antrim 100%).

Antrim signed a HOA with Premier to farm-out a 50% working interest in licence P1875 (the "Erne Prospect"). Premier retains a right to participate up to 50% in future Greater Fyne Area exploration programs.

Causeway Field

Antrim finalized the sale of a 30% interest in the Causeway Field, along with the pro rata share of the reserves and tax losses, to Valiant on October 7, 2011. In return, Antrim will receive up to $21.75 million carried contribution towards its remaining 35.5% working interest share of the development costs of the Causeway Field.

The FDP has been submitted to DECC for the Causeway Field and approval is anticipated in the fourth quarter of 2011.

The Causeway FDP includes a production well and a water injection well in the East and Far East fault panels and will utilize existing wells in the field drilled during the appraisal phase. The production well will be completed with dual electrical submersible pumps and first oil is anticipated in the middle of 2012. Hydrocarbons will be transported to and processed at the Cormorant North production platform operated by TAQA before being exported to the Sullom Voe terminal for sale. Development costs net to Antrim are estimated at $32 million, net of the carried contribution received from the sale of a 30% interest to Valiant.

Commitments are now in place for all long lead equipment and the operator has awarded a letter of intent for the main subsea installation contract. The option to include the Central panel in the first phase of development is still under review.

Kerloch Field

Antrim signed a farm-out agreement with TAQA related to P201 Block 211/22a North West Area (Antrim 21%) whereby TAQA has agreed to drill an exploration well to earn an interest in the licence. TAQA assumed operatorship and will drill an exploration well on the Contender prospect in the southern area of the block from the Cormorant North platform. The well will target the Jurassic Brent sequence of sandstones at a projected drilling depth of 16,900 feet, less than two kilometres east of the Cormorant North Field. The well is expected to spud in the first half of 2012 and drilling will be funded by TAQA.

After satisfaction of the drilling requirements, TAQA will earn 60% interest in the southern area of the Contender sub-area and 35% interest in the Kerloch sub-area. Antrim's remaining interests will be 8.4% in the Contender sub-area and 13.65% in the Kerloch sub-area.

Block 211/22a North West Area is located approximately five kilometres west of the Causeway development. In 2007, Antrim and partners drilled the Kerloch discovery well 211/22a-10 that penetrated an oil column approximately 116 feet thick in the Jurassic Ness Formation.

Argentina

During the third quarter, two wells on the Los Flamencos gas pool were re-entered and fracture stimulated. LF-1023, drilled in 2010 and initially completed with a flow rate of 0.4 million cubic feet per day ("mmcfd") of gas at low pressures, was re-entered and fracture stimulated. Production in September averaged 3.3 mmcfd of gas plus 33 bopd.

The LF-1010 well, drilled in 2008 and producing gas at a rate of approximately 1 mmcfd, was also successfully fracture stimulated and production in September averaged 1.5 mmcfd of gas plus 47 bopd.

The addition of LF-1023 and improved flow rates from LF-1010 have helped to bolster Antrim's daily production which is expected to average approximately 1,580 barrels of oil equivalent per day ("boepd") in 2011.

As a result of these successful fracture stimulation operations, Antrim and its partners are evaluating other Los Flamencos wells as candidates for fracture stimulation. Several suitable candidates have been identified and further analysis to high grade is now underway with the objective to fracture stimulate five wells beginning in the fourth quarter.

Antrim's average gas price for the third quarter of 2011 was $2.25 per mcf compared to $1.83 per mcf for the same period in 2010, a 23% increase. In the third quarter of 2011, oil prices averaged $61.87 per barrel compared to $49.98 per barrel for the same period in 2010, a 24% increase.

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 $1.5 million (2010 - $1.6 million) is reported as other income and is not included in Antrim's per unit sales prices.

Antrim's field netbacks in Argentina, based on sales, were $8.37 (2010 - $11.97) per boe and $9.07 (2010 - $9.52) for the three and nine month periods ended September 30, 2011. The decrease in the 2011 field netbacks, as compared to 2010, was due to higher operating costs, royalties and export taxes.

The Company applied for "Gas Plus" pricing incentives for new gas that will be produced from the wells drilled in 2010. The submission has received a favourable technical review and Antrim continues to await final government approval. If approved by the federal authorities, this will permit Antrim to sell a portion of its gas in the higher-priced industrial market on the mainland.

Antrim and its partners in the Tierra del Fuego Concession are currently negotiating a ten year extension to the licences which expire in November 2016. Antrim expects to finalize terms later in 2011. Terms of the extension will include an upfront cash payment to the Province of Tierra del Fuego, an increase in royalties and a multi-well drilling commitment.

In December 2010 Antrim 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 continues to work on obtaining the necessary environmental approvals to shoot a 3-D seismic program and now expects to have approval to shoot seismic in early 2012 with drilling now scheduled to start later in 2012.

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.

Ireland

On October 18, 2011, Antrim announced that it had been awarded a Frontier Licence Option by the Department of Communications, Energy and Natural Resources of Ireland, under the Irish 2011 Atlantic Margin Licensing Round. The Licence option area covers Blocks 44/4, 44/5 (part), 44/9, 44/10, 44/14, 44/15, an area of approximately 1,409 square km located in the Porcupine Basin situated approximately 110 km off the southwest coast of Ireland. The option allows Antrim two years to qualify the blocks for a full Exploration Licence.

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 holds an option for a 20% carried interest in the P-Z PSA through the pre-drilling phase and an additional 10% option to be exercised up to 180 days following receipt of the initial drilling results. The carried interests would be repaid from future production. 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, the operator, is currently seeking approval from the government of Tanzania for a revised work program.

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 three and nine months ended September 30, 2011 compared to the same periods ended September 30, 2010 and should be read in conjunction with the interim consolidated financial statements of Antrim. This MD&A has been prepared using information available up to November 10, 2011. The interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all comparative figures for 2010 have been restated using IFRS. Unless otherwise noted all amounts are reported in United States dollars.

Transition to International Financial Reporting Standards

On January 1, 2011, Antrim adopted IFRS for Canadian publicly accountable enterprises as required by the Accounting Standards Board of Canada. Prior to the adoption of IFRS, Antrim followed Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Antrim has reported its results in accordance with IFRS starting in the first quarter 2011, with comparative IFRS information for the 2010 fiscal year. All amounts are unaudited. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company for the period ended September 30, 2010 is provided in note 16 of the consolidated interim financial statements. The Company's accounting policies and future accounting standards under IFRS and the impact on the Company's previously reported financial statements for the year ended December 31, 2010, and the opening balance sheet at January 1, 2010, are disclosed in the Company's consolidated interim financial statements for the three months ended March 31, 2011.

Non-IFRS Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under IFRS and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations and netback 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 IFRS is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	**2010**	**2011**	**2010**
$				
Cash flow from operating activities	239	1,205	2,152	358
(Increase) decrease in non-cash working capital	427	720	(1,012)	1,178
Cash flow from operations	666	1,925	1,140	1,536

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue, net of royalties, from the sale of oil, natural gas and natural gas liquids (“NGL") for the three and nine month periods ended September 30, 2011 and 2010 consisted of the following:

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2011	**2010**	**2011**	**2010**
($000’s)				
Oil	1,004	2,316	3,592	4,934
Natural gas	1,606	1,520	4,705	4,457
NGL’s	266	179	591	454
Total Oil, Natural gas and NGL Revenue	2,876	4,015	8,888	9,845
Less: Royalties	473	470	1,371	1,348
Net Oil, Natural Gas and NGL Revenue	2,403	3,545	7,517	8,497

Net revenue of $7.5 million for the nine months ended September 30, 2011 decreased from $8.5 million in the same period in 2010. The decrease in net revenue is a result of lower oil and gas sales volumes, partially offset by higher oil and gas prices.

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 September 30, 2011, Antrim held 20,500 (September 30, 2010 – 4,065) barrels of oil in inventory in Tierra del Fuego.

Oil production from the Tierra del Fuego Concessions is sold on a spot basis with reference to the in-country Medanito crude oil benchmark price less a quality discount 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.

Oil prices averaged $58.16 per barrel in the nine month period ended September 30, 2011 compared to $48.30 per barrel in 2010. For the third quarter of 2011, oil prices averaged $61.87 per barrel compared to $49.98 for the same period in 2010.

Antrim’s gas sales prices in Argentina averaged $2.25 and $2.18 per mcf in the three and nine month periods ended September 30, 2011 compared to $1.83 and $1.85 per mcf for the same periods in 2010. Average gas prices increased due to the negotiation of higher priced contracts.

NGL prices, before export taxes, averaged $34.08 per barrel in the nine months ended September 30, 2011 compared to $27.07 per barrel for the comparable period in 2010. For the third quarter of 2011, NGL prices averaged $37.63 per barrel compared to $24.82 for the same period in 2010. NGL prices increased in 2011 as compared to 2010 due to increases in the export price combined with a higher proportion of NGL being exported to the higher-priced Chilean market.

Royalty expenses, as a percentage of total revenue, were 15.4% in 2011 compared to 13.7% in 2010 due to an adjustment in deductible operating expenses in prior periods combined with higher NGL export volumes which are subject to an additional 1% royalty.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three and nine month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2011	**2010**	**2011**	**2010**
Oil (bbl/day)	246	313	266	334
Natural gas (mmcf/day)	7.4	8.5	7.5	8.3
NGL (bbl/day)	66	67	60	68
Total Production (boe/day)	1,546	1,803	1,579	1,792

Gas production decreased in the three and nine month periods ended September 30, 2011, as compared to the same periods in 2010, due to natural decline and gas plant maintenance. Oil production decreased as a result of short term shut-in of some oil production due to temporary storage problems at the Cruz del Sur tank farm and repairs to the workover rig in Tierra del Fuego.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three and nine month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2011	**2010**	**2011**	**2010**
$/boe				
Wellhead price	21.02	21.77	21.11	19.76
Royalties	(3.45)	(2.55)	(3.25)	(2.71)
Export tax	(0.66)	(0.25)	(0.46)	(0.23)
Production and operating expenses	(8.54)	(7.00)	(8.33)	(7.30)
Netback	8.37	11.97	9.07	9.52
Oil, Natural gas and NGL sales (boe)	136,778	184,421	421,102	498,468
Oil, Natural gas and NGL sales (boepd)	1,487	2,005	1,542	1,826

Field netbacks decreased in 2011, as compared to 2010, due to higher production and operating expenses, royalties and export taxes combined with a change in product mix. Although Antrim received higher oil and gas prices, the average wellhead price decreased in the third quarter due to a higher percentage of gas sales volumes relative to total sales volumes.

Depletion and Depreciation

Depletion and depreciation expense was $3.0 million for the first nine months of 2011 compared to $3.6 million in 2010. The consolidated per unit charge for 2011 was $6.58 per boe compared to $6.84 per boe in the same period of 2010. No depletion was recorded with respect to the $150 million of exploration and evaluation assets.

General and Administrative

General and administrative ("G&A") costs, net of amounts capitalized, were $5.1 million in the first nine months of 2011 compared to $5.6 million for the same period in 2010. In the nine month period of 2011, Antrim capitalized $0.4 million of G&A costs related to exploration and evaluation activity compared to $0.2 million for the same period of 2010. Included in G&A is $0.7 million (2010 - $1.1 million) of share-based payments.

Other Income

Other income relates to VAT retention from operating in Tierra del Fuego and was $1.5 million (2010 - $1.6 million) for the nine months ended September 30, 2011.

Finance Costs

Finance costs were $0.3 million for the nine month period ended September 30, 2011 (2010 - $0.2 million) and relate to financial expenses and accretion of asset retirement obligations.

Income Taxes

The following table provides a comparative analysis of income tax expenses for the three and nine month periods ended September 30, 2011 and 2010:

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	**2010**	**2011**	**2010**
($000's)				
Current income taxes	11	3	143	59
Deferred income taxes	-	-	-	-
Total	11	3	143	59

Current income taxes relate to a minimum tax incurred based on the book value of assets in Argentina.

Deferred income taxes arise from differences between accounting and the tax basis of assets and liabilities. As of September 30, 2011, no deferred 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 in Canada, Argentina and the United Kingdom. Income generated in Tierra del Fuego is tax exempt.

Foreign Exchange Loss on Translation

The functional currency of the Company is the Canadian dollar, while the Company's presentation 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 capital costs 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 pound, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss on translation of foreign operations of $2.8 million for the nine month period ended September 30, 2011 compared to a loss of $1.5 million in the same period in 2010, which has been recorded in other comprehensive income (loss).

Cash Flow and Net Loss

In the three month period ended September 30, 2011 Antrim generated cash flow from operations of $0.7 million ($0.00 per share) compared to cash flow from operations of $1.9 million ($0.01 per share) for the same period in 2010. Antrim generated cash flow from operations of $1.1 million ($0.01 per share) in the first nine months of 2011 compared to $1.5 million ($0.01 per share) for the same period in 2010. The decrease in cash flow from operations in 2011, compared to 2010, is due to lower net revenue and other income and partially offset by lower G&A and higher finance income.

In the third quarter of 2011 and 2010, Antrim incurred net losses of $36.1 million and $0.2 million respectively. For the nine months ended September 30, 2011, the Company incurred a net loss of $38.0 million compared to $2.9 million in the same period of 2010. The increase in the net loss in 2011, compared to 2010, is primarily due to an impairment charge of $35.6 million on Causeway exploration and evaluation assets to recognize the loss incurred on the sale of the 30% interest in the Causeway licences that closed in October 2011.

Capital Expenditures

Antrim incurred capital expenditures related to exploration and evaluation assets of $12.3 million and $1.5 million for the first nine months of 2011 and 2010. Included in exploration and evaluation capital expenditures is $0.3 million (2010 - $0.2 million) of capitalized share-based payments. These expenditures relate to ongoing development costs on the UK properties.

Capital expenditures incurred related to petroleum, plant and equipment were $2.2 million and $5.1 million for the first nine months of 2011 and 2010. In 2011 the costs related to fracturing of wells drilled in 2010 in Tierra del Fuego.

Financial Resources and Liquidity

As at September 30, 2011, Antrim had working capital of $60.7 million and no bank debt. Restricted cash at September 30, 2011 of $19.7 million secures US dollar and British pounds sterling standby letters of credit issued with respect to Antrim's 2011 drilling program in the UK North Sea. Accounts payable and accrued liabilities increased to $8.3 million at September 30, 2011 from $2.4 million as at December 31, 2010 due to increase capital expenditures in the UK.

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

The global economy financial markets are fragile with restrictions on availability of credit which 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 exploration drilling in the Greater Fyne Area in the UK North Sea. Fyne and Causeway will be primarily funded by the carried interests obtained from Premier and Valiant, respectively, with the remaining capital expenditures being funded by existing cash resources.

Contractual Obligations and Commitments

Antrim has commitments in respect of its petroleum and natural gas properties and operating leases as at September 30, 2011 as follows:

	2011	2012	2013	2014	2015	Thereafter
($000's)						
United Kingdom						
• Fyne and Dandy [1]	9	11	10,011	11	11	11
• Causeway [2]	58	32,361	28	28	28	28
• 25th Bid Round[3]	14,060	3,083	24,079	-	-	-
• 26th Bid Round[4]	4,630	6,080	13	13	-	-
Argentina						
• Tierra del Fuego	53	650	650	650	650	1,300
• Cerro de Los Leones [5]	-	3,006	2,029	1,904	-	-
Office Leases	74	259	111	111	111	249
Total	18,884	45,450	36,921	2,717	800	1,588

(1) The Company agreed to pay an additional $10 million as part of the acquisition of the Fyne Licence, upon approval of a Field Development Plan by DECC.

(2) Relates to Antrim's 35.5% interest in the Causeway Licences after the sale of Antrim Causeway (N.I.) Limited to Valiant net of the carried contribution of up to $21.75 million.

(3) The Company acquired two licences in the 25th bid round which include contingent drilling commitments, one of which Antrim has committed to drill in the fourth quarter of 2011.

(4) The Company acquired two licences in the 26th bid round which include a firm drilling commitment estimated at $4.6 million net of Premier's share of the Erne Prospect and a contingent drilling commitment estimated at $6 million for 2012

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

Subsequent event

On October 7, 2011, Antrim finalized the sale of a 30% interest in the Causeway Field, along with the pro rata share of the reserves and tax losses, to Valiant Petroleum plc ("Valiant"). In return, Antrim will receive up to $21.75 million carried contribution towards its remaining 35.5% working interest share of the development costs of the Causeway Field.

Outlook

Antrim expects to have a FDP for the Causeway Field sanctioned by DECC in the fourth quarter of 2011 for an anticipated production startup in the middle of 2012. Production startup from the Fyne Field is anticipated between the middle of 2013 and middle of 2014, depending on the export route adopted.

In the fourth quarter of 2011, Antrim will take a leading role in the exploration of the Greater Fyne Area. The drilling program began in early November with a well being drilled to test the Erne Tay Prospect. The well is expected to take 22 days to drill at an estimated cost to Antrim of $4.6 million after the farm-in by Premier. The Carra prospect will be drilled subsequent to the Erne prospect. It is expected to take 23 days to drill at an estimated cost to Antrim of $14 million.

An East Fyne appraisal well is also scheduled to be drilled on the Fyne Field in early December 2011. This well is intended to de-risk the eastern extent of the Fyne Field and will extend the submission deadline of the FDP for Fyne to June 25, 2012. Antrim, together with its partners, continues to work towards identifying the most attractive export route for future oil production from the Fyne Field. Under the terms of the EIA, Antrim's costs up to $50 million are paid by Premier.

In Argentina, Antrim expects to fracture-stimulate an additional five wells beginning in the fourth quarter of 2011. In addition, Antrim will focus 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 drilling, both scheduled for 2012. Cash flow from Antrim's expected 1,580 boepd from Tierra del Fuego will be used to support these capital expenditures.

Antrim is planning to commence studies on the blocks covered by the Frontier Licence Options awarded to the Company in the Irish 2011 Atlantic Margin Licensing Round.

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.

Summary of Quarterly Results

($000, except per share amounts)	**Oil, Natural Gas and NGL Revenue, Net of Royalties**	**Cash Flow from Operations (deficiency)**	**Net Loss**	**Net Loss Per Share – Basic**
IFRS				
2011				
Third quarter	2,403	666	36,124	0.20
Second quarter	2,730	(134)	760	0.00
First quarter	2,384	608	1,136	0.01
2010				
Fourth quarter	2,260	(1,767)	2,112	0.02
Third quarter	3,545	1,925	190	0.00
Second quarter	2,295	(141)	1,423	0.01
First quarter	2,658	(248)	1,294	0.01
Previous Canadian GAAP				
2009				
Fourth quarter	2,796	(1,378)	6,071	0.04

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 oil and gas prices and lower oil production due to decline rates and property sales in early 2010. The third quarter 2011 net loss was primarily due to an impairment charge on Causeway exploration and evaluation assets. Fourth quarter cash flow from the operations in 2010 was negatively impacted by lower production and higher general and administrative expenses.

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 IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the third quarter of 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 the first nine months of 2011, Antrim incurred fees of $234,353 (2010 - $132,857) 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 first nine months of 2011.

Risks and Uncertainties

The oil and gas industry is subject to 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.

DECC has agreed to a three year extension on the condition that an FDP is submitted by December 25, 2011 or by June 25, 2012 if an appraisal well is drilled on the licence prior to February 25, 2012. Antrim anticipates the drilling of this appraisal well to commence in early December 2011. First production must be achieved within the three year licence extension period in order to obtain a further licence extension. Antrim expects first production to be achieved in 2013 or 2014.

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 exploration or 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 only source of revenue is from one oil and gas property 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 startup 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 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 such as the risk that drilling operations may not be successful, 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, Premier exercising its option to acquire a portion of Antrim's interests in the Greater Fyne Area, Antrim's ability to obtain access to sub-sea or floating facility including transportation and production storage offshore providers, and Antrim's reliance on 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.

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.

Antrim Energy Inc.
Consolidated Balance Sheet
As at September 30, 2011 (unaudited)
(Amounts in US$ thousands)

	Note	September 30 2011 $	December 31 2010 $
Assets			
Current assets			
Cash and cash equivalents		48,339	25,650
Restricted cash	3	19,662	-
Accounts receivable		2,308	3,530
Inventory and prepaid expenses		904	727
		71,213	29,907
Exploration and evaluation assets	4	149,805	171,850
Property, plant and equipment	5	24,023	26,129
Investments and other non-current assets	6	2,218	2,026
		247,259	229,912
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		8,320	2,413
Loan from Valiant		2,200	836
		10,520	3,249
Asset retirement obligations	7	7,842	7,380
		18,362	10,629
Commitments and contingencies	13		
Shareholders' equity			
Share capital	8	361,568	312,062
Contributed surplus		19,314	18,377
Deficit		(144,824)	(106,804)
Accumulated other comprehensive loss		(7,161)	(4,352)
		228,897	219,283
		247,259	229,912

Antrim Energy Inc.

Consolidated Statement of Loss and Comprehensive (Income) Loss
For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(Amounts in US$ thousands, except per share data)

		Three Months September 30		Nine Months Ended September 30	
	Note	**2011 $**	**2010 $**	**2011 $**	**2010 $**
Revenue, net of royalties		2,403	3,545	7,517	8,497
Production and operating expenditures		1,169	1,291	3,510	3,636
Depletion and depreciation		953	1,289	2,980	3,571
General and administrative expenses		1,735	1,777	5,097	5,626
Exploration and evaluation expenditures		42	62	284	506
Other income	10	(454)	(720)	(1,495)	(1,628)
Export taxes		91	47	195	114
Impairment	4	35,605	-	35,605	-
Gain on disposals	5	-	-	-	(622)
		36,738	201	38,659	2,706
Finance income		(339)	(49)	(750)	(143)
Finance costs		126	73	305	204
Foreign exchange (gain) loss		(412)	(38)	(337)	80
Loss for the period before income taxes		36,113	187	37,877	2,847
Income tax expense		11	3	143	59
Net loss for the period		36,124	190	38,020	2,906
Other comprehensive (income) loss					
Exchange differences on translation of foreign operations		8,953	(8,135)	2,809	1,530
Other comprehensive (income) loss for the		8,953	(8,135)	2,809	1,530
Comprehensive (income) loss for the period		45,077	(7,945)	40,829	4,436
Net loss per common share					
Basic		0.20	0.00	0.22	0.02
Diluted		0.20	0.00	0.22	0.02

Antrim Energy Inc.

Consolidated Statement of Changes in Equity
For the nine months ended September 30, 2011 and 2010 (unaudited)
(Amounts in US$ thousands)

	Note	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, January 1, 2010	16	**311,946**	**16,929**	**-**	**(101,786)**	**227,089**
Net loss for the period		-	-	-	(2,906)	(2,906)
Other comprehensive loss		-	-	(1,530)	-	(1,530)
Share-based compensation	9	-	1,372	-	-	1,372
Stock options exercised		36	(14)	-	-	22
Balance, September 30, 2010		**311,982**	**18,287**	**(1,530)**	**(104,692)**	**224,047**
Balance, January 1, 2011		**312,062**	**18,377**	**(4,352)**	**(106,804)**	**219,283**
Net loss for the period		-	-	-	(38,020)	(38,020)
Other comprehensive income		-	-	(2,809)	-	(2,809)
Issuance of common shares	8	52,297	-	-	-	52,297
Share issuance costs	8	(2,999)	-	-	-	(2,999)
Share-based compensation	9	-	1,021	-	-	1,021
Stock options exercised		208	(84)	-	-	124
Balance, September 30, 2011		**361,568**	**19,314**	**(7,161)**	**(144,824)**	**228,897**

Antrim Energy Inc.

Consolidated Statement of Cash Flows
For the three and nine months ended September 30, 2011 and 2010 (unaudited)
(Amounts in US$ thousands)

		Three Months Ended September 30		Nine Months Ended September 30	
		2011	2010	2011	2010
	Note	$	$	$	$
Cash Provided by (used in):					
Operating Activities					
Net loss for the period		(36,124)	(190)	(38,020)	(2,906)
Items not involving cash:					
Depletion and depreciation		953	1,289	2,980	3,571
Accretion of asset retirement obligations		65	63	209	202
Accretion of financial asset		(39)	-	(115)	-
Share-based payments	9	187	318	697	1,060
Foreign exchange (gain) loss		19	445	(216)	231
Impairment	4	35,605	-	35,605	-
Gain on disposals	5	-	-	-	(622)
		666	1,925	1,140	1,536
Changes in non-cash working capital items	11	(427)	(720)	1,012	(1,178)
		239	1,205	2,152	358
Financing Activities					
Issue of common shares	8	31	15	52,421	21
Share issue expenses	8	-	-	(2,999)	-
		31	15	49,422	21
Investing Activities					
Capital expenditures		(2,116)	(3,596)	(6,345)	(6,659)
Restricted cash	3	(20,266)	-	(20,266)	-
Other non-current assets		(31)	20	(72)	(609)
		(22,413)	(3,576)	(26,683)	(7,268)
Effects of foreign exchange on cash and cash equivalents		(2,940)	376	(2,202)	246
Net increase (decrease) in cash and cash equivalents		(25,083)	(1,980)	22,689	(6,643)
Cash and cash equivalents – beginning of period		73,422	26,506	25,650	31,169
Cash and cash equivalents – end of period		48,339	24,526	48,339	24,526
Cash and cash equivalents are comprised of:					
Cash in bank		5,894	3,434	5,894	3,434
Short-term deposits		42,445	21,092	42,445	21,092
		48,339	24,526	48,339	24,526
Interest received		213	21	548	58
Income taxes paid		11	3	143	59

1) Nature of operations

Antrim Energy Inc. ("Antrim" or the "Company") is a Calgary based oil and natural gas company. Through subsidiaries, the Company conducts exploration, development and production activities in Argentina and exploration activities in the United Kingdom. Antrim Energy Inc. is incorporated and domiciled in Canada. The address of its registered office is 1600, 333 – 7th Avenue S.W, Calgary, Alberta, Canada.

2) Basis of presentation

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles, specifically International Accounting Standard 34 *Interim Financial Reporting* within Part 1 of the Canadian Institute of Chartered Accountants (CICA) Handbook. The unaudited interim financial statements were prepared using the same accounting policies as disclosed in the unaudited interim financial statements as at and for the period ended March 31, 2011. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2010.

Effective January 1, 2011, the Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS 1 *First-Time Adoption* of *International Financial Reporting Standards* ("IFRS 1") has been applied. In previous years, the Company prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles in effect prior to January 1, 2011 ("Canadian GAAP"). Comparative information has been restated from Canadian GAAP to IFRS. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company for the period ended September 30, 2010 is provided in note 16 of these consolidated interim financial statements. The Company's accounting policies under IFRS and the impact on the Company's previously reported financial statements for the year ended December 31, 2010, and the opening balance sheet at January 1, 2010, are disclosed in the Company's consolidated interim financial statements for the three months ended March 31, 2011.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as at November 10, 2011, the date the Board of Directors approved the interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2011 could result in restatement of these interim consolidated financial statements, including the adjustments recognized on transition to IFRS.

(Amounts in US$ thousands, except as otherwise noted)

b) Presentation currency

In these interim consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (U.S.) dollars. Antrim's functional currency is Canadian dollars, however, the Company has adopted the U.S. dollar as its presentation currency to facilitate a more direct comparison to other North American oil and gas companies with international operations.

c) Critical accounting judgments and key sources of estimation uncertainty

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Significant estimates and judgment used in the preparation of the financial statements are described in the Company's consolidated interim financial statements for the three months ended March 31, 2011.

3) Restricted cash

Restricted cash at September 30, 2011 relates to US dollar and British pounds sterling standby letters of credit issued with respect to the Company's drilling program in the UK North Sea.

4) Exploration and evaluation assets

	September 30 2011	**December 31 2010**
Opening balance	171,850	176,588
Expenditure incurred	12,253	569
Changes in ARO estimate	131	-
Impairment	(35,605)	(431)
Foreign currency translation	1,176	(4,876)
Balance carried forward	149,805	171,850

During the period, the Company capitalized $400 (2010 - $218) of general and administrative costs and $307 (2010 - $218) of share-based payments related to exploration and evaluation activity.

As a result of the impending sale of the 30% interest in the Causeway field the Company recognized an impairment charge of $35,605.

(Amounts in US$ thousands, except as otherwise noted)

5) Property, plant and equipment

	September 30 2011	December 31 2010
Opening balance	26,129	24,932
Additions	2,183	6,459
Disposals	-	(1,946)
Depletion	(2,980)	(4,743)
Changes in ARO estimate	39	793
Foreign currency translation	(1,348)	634
Balance carried forward	24,023	26,129

During the period, the Company capitalized $20 (2010 - $118) of general and administrative and $17 (2010 - $117) of share-based payments related to development activity.

At September 30, 2011, oil and gas assets include $780 (2010 - $865) related to stand-by equipment for the Argentina operations that has been excluded from the depletion calculation.

6) Investments and other non-current assets

	September 30 2011	December 31 2010
Non-interest bearing promissory note	932	771
Interest bearing bonds	668	794
VAT receivable	618	461
	2,218	2,026

On February 16, 2010, the Company sold its 40% working interest in Puesto Guardian Argentina for consideration of a $1,360 non-interest bearing promissory note. The note has a maturity date of February 16, 2014 and is convertible into common shares of Tripetrol Holdings Inc, a private Cayman Island incorporated company, at the option of Antrim. The Company estimated the fair value of the note receivable to be $0.7 million and no value was given to the option to convert the note receivable to common shares of Tripetrol Holdings Inc., with this amount reducing the book value of the Company's petroleum and natural gas properties. The discount of the fair value of the note receivable is recognized through finance income using the effective interest rate method over the term of the financial asset.

In 2009 the Argentina state owned natural gas transportation company commenced a project to increase capacity on the pipeline connecting Tierra del Fuego with the mainland. The Company was obligated to invest in the project through the purchase of interest bearing bonds issued by a national trust created by the Argentine government. As at September 30, 2011, the interest rate for the period was 17.7%. Repayment of the bonds is in thirty quarterly instalments that commenced in January 2011.

(Amounts in US$ thousands, except as otherwise noted)

7) Asset retirement obligations

	September 30 2011	December 31 2010
Opening balance	7,380	7,664
Additions	36	51
Accretion	209	269
Change in estimate	170	793
Dispositions	-	(1,172)
Foreign currency translation	47	(225)
Balance carried forward	7,842	7,380

At September 30, 2011, the estimated undiscounted asset retirement obligations are $2,370 (2010 - $1,836) and $9,717 (2010 - $9,830) for Argentina and United Kingdom, respectively. The Company expects the undiscounted obligations to be payable after 2015 for Argentina and after 2023 for the United Kingdom.

The present value of the asset retirement obligations has been calculated using risk-free interest rates of 1.0% and 4.3% (2010 – 1.8% and 4.5%) and inflation rates of 2.5% and 2.0% (2010 – 2.0% and 2.0%) for Argentina and United Kingdom, respectively.

The Company makes full provision for the future cost of decommissioning oil production facilities and pipelines in Argentina and United Kingdom on a discounted basis on the installation of those facilities.

8) Share capital

Authorized
Unlimited number of common voting shares

Common shares issued	Number of Shares	Amount $
Balance, December 31, 2009	135,349,272	311,946
Exercise of stock options	222,270	69
Transfer from contributed surplus	-	47
Balance, December 31, 2010	135,571,542	312,062
Issuance of common shares	48,191,700	52,297
Exercise of stock options	339,503	124
Transfer from contributed surplus	-	84
Share issuance costs	-	(2,999)
Balance, September 30, 2011	184,102,745	361,568

On March 17, 2011, the Company issued 48.2 million shares at a price of Cdn $1.07 per share for gross proceeds of $52.3 million (Cdn $51.6 million).

(Amounts in US$ thousands, except as otherwise noted)

9) Share-based payments

The Company has a program whereby it may grant options to its directors, officers and employees to purchase up to 10% of the issued and outstanding number of common shares. The exercise price of each option is no less than the market price of the Company's stock on the date of grant. Stock option terms are determined by the Company's Board of Directors but options typically vest evenly over a period of three years from the date of grant and expire five years after the date of grant.

Pursuant to the Company's stock option plan, as at September 30, 2011 there were 10,038,063 (2010 – 11,716,164) options outstanding to purchase common share at prices ranging from $0.31 Cdn to $6.95 Cdn.

Options totalling nil (2010 – 1,545,000) were granted during the nine month period ended September 30, 2011.

Share-based payments for the period were $1,021 (2010 – $1,372) of which $697 (2010 – $1,060) was expensed and $324 (2010 – $312) was capitalized.

10) Other income

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
VAT retention	454	720	1,495	1,628
	454	720	1,495	1,628

Other income relates to VAT retention from operating in Tierra del Fuego.

11) Supplemental cash flow information

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
(Increase) / decrease of assets:				
Trade and other receivables	(342)	(943)	1,222	(791)
Inventory and prepaid expenses	138	300	(176)	265
Increase / (decrease) of liabilities:				
Trade and other payables	(223)	(77)	(34)	(652)
	(427)	(720)	1,012	(1,178)

(Amounts in US$ thousands, except as otherwise noted)

12) Segmented information

The Company operates predominately in one business, namely the exploration, development and production of hydrocarbons and the sale of hydrocarbons and related activities. The Company also operates within two geographical markets, United Kingdom and Argentina.

The following tables present revenue, profit and certain asset and liability information regarding the Company's business segments. All sales are to external customers.

Three months ended September 30, 2011

	United Kingdom	Argentina	Corporate	Total
Segment revenue	-	2,403	-	2,403
Segment earnings (loss)	(35,888)	446	(1,296)	(36,738)
Finance income				339
Finance costs				(126)
Foreign exchange gain (loss)				412
Loss before tax				(36,113)
Total assets	171,799	32,916	42,544	247,259
Other segment information				
Capital expenditures	1,554	492	71	2,116
Depletion and depreciation	14	900	39	953

Three months ended September 30, 2010

	United Kingdom	Argentina	Corporate	Total
Segment revenue	-	3,545	-	3,545
Segment earnings (loss)	(454)	1,392	(1,139)	(201)
Finance income				49
Finance costs				(73)
Foreign exchange gain (loss)				38
Loss before tax				(187)
Total assets	178,291	32,023	23,461	233,775
Other segment information				
Capital expenditures	1,239	2,281	76	3,596
Depletion and depreciation	11	1,163	115	1,289

(Amounts in US$ thousands, except as otherwise noted)

Nine months ended September 30, 2011

	United Kingdom	Argentina	Corporate	Total
Segment revenue	-	7,517	-	7,517
Segment earnings (loss)	(36,462)	1,616	(3,813)	(38,659)
Finance income				750
Finance costs				(305)
Foreign exchange gain (loss)				337
Loss before tax				(37,877)
Total assets	171,799	32,916	42,544	247,259
Other segment information				
Capital expenditures	3,888	2,302	155	6,345
Depletion and depreciation	40	2,842	98	2,980

Nine months ended September 30, 2010

	United Kingdom	Argentina	Corporate	Total
Segment revenue	-	8,497	-	8,497
Segment earnings (loss)	(1,753)	2,238	(3,191)	(2,706)
Finance income				143
Finance costs				(204)
Foreign exchange gain (loss)				(80)
Loss before tax				(2,847)
Total assets	178,291	32,023	23,461	233,775
Other segment information				
Capital expenditures	2,677	3,727	255	6,659
Depletion and depreciation	34	3,387	150	3,571

(Amounts in US$ thousands, except as otherwise noted)

13) Commitments and contingencies

The Company has commitments in respect of its petroleum and natural gas properties and operating leases as follows:

	2011	2012	2013	2014	2015	Thereafter
United Kingdom						
• Fyne and Dandy(1)	9	11	10,011	11	11	11
• Causeway(2)	58	32,361	28	28	28	28
• 25th Bid Round(3)	14,060	3,083	24,079	-	-	-
• 26th Bid Round(4)	4,630	6,080	13	13	-	-
Argentina						
• Tierra del Fuego	53	650	650	650	650	1,300
• Cerro de Los Leones(5)	-	3,006	2,029	1,904	-	-
Office Leases	74	259	111	111	111	249
Total	18,884	45,450	36,921	2,717	800	1,588

(1) The Company agreed to pay an additional $10 million as part of the acquisition of the Fyne Licence, upon approval of a Field Development Plan by DECC.

(2) Relates to Antrim's 35.5% interest in the Causeway Licences after the sale of Antrim Causeway (N.I.) Limited to Valiant in August 2011.

(3) The Company acquired two licences in the 25th bid round which include contingent drilling commitments which Antrim has committed to drill in the third and fourth quarters of 2011. Includes estimated drilling costs net of Premier's share of the Erne Prospect. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) The Company acquired two licences in the 26th bid round which include firm drilling commitments estimated at $6 million in 2012. The remaining licence include committed licence fees and seismic costs to drill or drop decision.

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

14) Related party transactions

The Company may from time to time enter into arrangements with related parties which are accounted for at fair value. In 2011, the Company incurred fees of $234 (2010 - $133) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. There are no other related party transactions.

15) Subsequent event

On October 7, 2011, Antrim finalized the sale of a 30% interest in the Causeway Field, along with the pro rata share of the reserves and tax losses, to Valiant Petroleum plc ("Valiant"). In return, Antrim will receive up to $21.75 million towards its remaining 35.5% working interest share of the development costs of the Causeway Field.

16) Transition to IFRS

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian GAAP. The Company has prepared financial statements which comply with IFRS's applicable for periods beginning on or after January 1, 2010 and the significant accounting policies meeting those requirements are the same as disclosed in the unaudited interim financial statements as at and for the period ended March 31, 2011.

The effect of the Company's transition to IFRS is summarized in this note as follows:

(i) Transition elections
(ii) Reconciliation of equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS
(iii) Adjustments to the statement of cash flows

(i) Transition elections

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2011 year ends retrospectively. The Company has taken the following exemptions:

(a) IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010, the Company's date of transition.

(b) IFRS 2 *Share-based Payment* has not been applied to any equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

(c) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS at deemed cost equal to its previous GAAP historical book value for property, plant & equipment. As a result, any changes to asset retirement obligations are recorded directly to retained earnings.

(d) The Company has elected to apply the exemption, as allowed under IFRS 1, and deemed the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS. Any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.

(Amounts in US$ thousands, except as otherwise noted)

(ii) Reconciliation of equity as at September 30, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Assets								
Current assets								
Cash and cash equivalents	24,526	-	-	-	-	-	-	24,526
Accounts receivable	4,139	-	-	-	-	-	-	4,139
Inventory and prepaid expenses	494	-	-	-	-	191	-	685
	29,159	-	-	-	-	191	-	29,350
Exploration and evaluation assets	-	(71)	-	176,724	101	-	-	176,754
Property, plant and equipment	253,833	(38)	316	(230,277)	129	1,874	-	25,837
Investments and other non-current assets	1,834	-	-	-	-	-	-	1,834
	284,826	(109)	316	(53,553)	230	2,065	-	233,775
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	2,826	-	-	-	-	-	-	2,826
	2,826	-	-	-	-	-	-	2,826
Asset retirement obligations	5,529	-	(306)	-	1,679	-	-	6,902
	8,355	-	(306)	-	1,679	-	-	9,728
Shareholders' equity								
Share capital	311,982	-	-	-	-	-	-	311,982
Contributed surplus	17,440	847	-	-	-	-	-	18,287
Deficit	(54,868)	(956)	622	(53,553)	(1,449)	2,065	3,447	(104,692)
Accumulated other comprehensive income (loss)	1,917	-	-	-	-	-	(3,447)	(1,530)
	276,471	(109)	622	(53,553)	(1,449)	2,065	-	224,047
	284,826	(109)	316	(53,553)	230	2,065	-	233,775

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of loss and comprehensive loss for the three month period ended September 30, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Revenue, net of royalties	(3,545)	-	-	-	-	-	-	(3,545)
Expenses								
Production and operating expenditures	1,291	-	-	-	-	-	-	1,291
Depletion and depreciation	2,110	-	-	-	-	(821)	-	1,289
General and administrative	1,963	(186)	-	-	-	-	-	1,777
Exploration and evaluation expenditures	-	-	-	62	-	-	-	62
Other income	(720)	-	-	-	-	-	-	(720)
Export taxes	47	-	-	-	-	-	-	47
Gain on disposals	-	-	-	-	-	-	-	-
	1,146	(186)	-	62	-	(821)	-	201
Finance income	(49)	-	-	-	-	-	-	(49)
Finance costs	50	-	-	-	(15)	-	-	35
Loss for the period before income taxes	1,147	(186)	-	62	(15)	(821)	-	187
Income tax expense	3	-	-	-	-	-	-	3
Net loss for the period	1,150	(186)	-	62	(15)	(821)	-	190
Other comprehensive (income) loss								
Exchange differences on translation of foreign operations	(4,125)	-	-	-	-	-	(4,010)	(8,135)
Other comprehensive (income) loss for the period	(4,125)	-	-	-	-	-	(4,010)	(8,135)
Comprehensive (income) loss for the period	(2,975)	(186)	-	62	(15)	(821)	(4,010)	(7,945)

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of loss and comprehensive loss for the nine month period ended September 30, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Revenue, net of royalties	(8,497)	-	-	-	-	-	-	(8,497)
Expenses								
Production and operating expenses	3,636	-	-	-	-	-	-	3,636
Depletion and depreciation	5,431	-	-	-	-	(1,860)	-	3,571
General and administrative	5,993	(367)	-	-	-	-	-	5,626
Exploration and evaluation expenditures	-	-	-	506	-	-	-	506
Other income	(1,628)	-	-	-	-	-	-	(1,628)
Export taxes	114	-	-	-	-	-	-	114
Impairment	-	-	-	-	-	-	-	-
Gain on disposals	-	-	(622)	-	-	-	-	(622)
	5,049	(367)	(622)	506	-	(1,860)	-	2,706
Finance income	(143)	-	-	-	-	-	-	(143)
Finance costs	316	-	-	-	(32)	-	-	284
Loss for the period before income taxes	5,222	(367)	(622)	506	(32)	(1,860)	-	2,847
Income tax expense	59	-	-	-	-	-	-	59
Net loss for the period	5,281	(367)	(622)	506	(32)	(1,860)	-	2,906
Other comprehensive (income) loss								
Exchange differences on translation of foreign operations	(3,885)	-	-	-	-	-	5,415	1,530
Other comprehensive (income) loss for the period	(3,885)	-	-	-	-	-	5,415	1,530
Comprehensive (income) loss for the period	1,396	(367)	(622)	506	(32)	(1,860)	5,415	4,436

Notes to the reconciliation of equity, loss and comprehensive loss from Canadian GAAP to IFRS

(a) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS on a deemed cost basis. The Canadian GAAP full cost pool was measured upon transition to IFRS as follows:

(i) exploration and evaluation assets were reclassified from the full cost pool to intangible exploration assets at the amount that was recorded under Canadian GAAP; and

(ii) the remaining full cost pool was allocated to the producing assets and components pro rata using proved plus probable reserve volumes.

This resulted in $182,473 increase in evaluation and exploration assets (before consideration of impairment – see (b) below) as at January 1, 2010 with a corresponding decrease in property, plant and equipment.

(b) The recognition and measurement of impairment differs under IFRS from Canadian GAAP, therefore in accordance with IFRS 1 the Company performed an assessment of impairment for all property, plant and equipment and intangible assets at the date of transition. The results of the testing identified certain evaluation and exploration assets where the Company has elected to discontinue any further activities. This resulted in a $5,885 decrease in exploration and evaluation assets to recognize impairment with a corresponding increase in deficit.

For the three and nine months ended September 30, 2010, the Company expensed pre-licence costs of $62 and $506 that were previously capitalized under Canadian GAAP, respectively.

For the three and nine months ended September 30, 2010, the Company did not recognize an impairment.

As a result, the Company has recorded exploration and evaluation assets of $176,754 as at September 30, 2010.

(c) Under Canadian GAAP asset retirement obligations were discounted at a credit adjusted risk free rate. Under IFRS the estimated cash flow to abandon and remediate the wells and facilities has been risk adjusted and the provision is discounted at a risk free rate. Upon transition to IFRS this resulted in a $1,967 increase in the asset retirement obligations with corresponding adjustments to deficit and accumulated other comprehensive income.

As a result of the change in the asset retirement obligations, accretion expense decreased by $15 and $32 for the three and nine months ended September 30, 2010 under IFRS compared to Canadian GAAP. In addition, under Canadian GAAP accretion of the discount was included in depletion and depreciation. Under IFRS it is included in finance expenses.

(d) Under Canadian GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture estimate. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate. This increased contributed surplus and increased deficit at the date of transition by $1,323.

Share-based compensation expense decreased by $186 and $367 for the three and nine months ended September 30, 2010 respectively with offsetting adjustments to contributed surplus, exploration and evaluation assets and property, plant and equipment.

(e) In accordance with IFRS transitional provisions, the Company has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. Accumulated other comprehensive income has been increased and deficit has been increased by $1,968, the other comprehensive income balance recorded under Canadian GAAP.

(f) Under GAAP all of the Company's UK subsidiaries were considered 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 the foreign currency translation reserve in equity. Under IFRS, it was determined that the Great British pound was the functional currency of all UK subsidiaries and therefore as at the transition date a foreign exchange translation reserve had accumulated. This resulted in a $39,577 increase in other comprehensive loss. In accordance with IFRS 1 optional exemptions, the Company has elected to transfer the accumulated other comprehensive income balance at January 1, 2010, recognized as a separate component of equity, directly to deficit.

(g) Upon transition to IFRS, the Company adopted a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. The depletion policy under Canadian GAAP was based on units of production over proved reserves. In addition depletion was done on the Canadian cost centre level under Canadian GAAP. IFRS requires depletion and depreciation to be calculated based on individual components (i.e. fields or combinations thereof).

There was no impact of this difference on adoption of IFRS at January 1, 2010 as a result of the IFRS 1 election as discussed in Note 27(i)(c).

For the three and nine months ended September 30, 2010 depletion and depreciation decreased by $821 and $1,860 respectively, with the corresponding changes to property, plant and equipment and inventory.

(h) Under Canadian GAAP, proceeds from dispositions of upstream assets were deducted from the full cost pool without recognition of a gain or loss unless the deduction resulted in a change to the country cost centre depletion rate of 20 percent or greater, in which case a gain or loss was recorded.

Under IFRS, gains or losses are recorded on dispositions and are calculated as the difference between the proceeds and the net book value of the asset disposed. For the year ended December 31, 2010. Antrim recognized a $622 net gain on dispositions under IFRS compared to Canadian GAAP results. The net gain arose from the dispositions of the Puesto Guardian, Medianera and Tres Nidos Sur properties in Argentina.

(iii) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

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