ANTRIM ENERGY INC. Q2 2012

INTERIM FINANCIAL REPORT – SECOND QUARTER 2012

Three and Six Months Ended June 30, 2012

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

HIGHLIGHTS:

- **Causeway first production on schedule for third quarter 2012**
- **Completed sale of Antrim Argentina to Crown Point Ventures Ltd.**
- **Contender exploration well to be drilled in August 2012**
- **Cyclone exploration well to be drilled in fourth quarter 2012**
- **Antrim granted extension for the submission of Fyne FDP**

First oil production from Causeway remains on track for the third quarter of 2012 with estimated first year average production of 3,000 barrels of oil per day ("bopd") net to Antrim. Subsea pipe laying is complete, and the semi-submersible rig is on location for the 211/23d-17z producing well completion.

Fionn Field first production continues to be anticipated in the middle of 2013. Antrim and Valiant Petroleum plc ("Valiant") have completed the installation of subsea facilities for the development of the Fionn Field in the UK Central North Sea Licence P201 South East Area Block 211/22a. A Field Development Plan ("FDP") was submitted in March this year, with approval anticipated in August. Fionn Field production will be combined with the Causeway Field production and transported for processing to the Cormorant North platform.

On May 28, 2012, Antrim completed the sale of Antrim Argentina S.A., to Crown Point Ventures Ltd. ("Crown Point"), an Argentine-focused oil and gas company listed on the TSX Venture Exchange, pursuant to a plan of arrangement (the "Arrangement"). Under the terms of the Arrangement, Antrim received Cdn $9.2 million in cash (net of certain adjustments) and 35,761,290 common shares of Crown Point ("Crown Point Shares"), which were distributed to Antrim shareholders on June 7, 2012, by way of a return of capital. As a result of the completed sale, Antrim's Argentina operations have been accounted for as discontinued operations. Comparative figures have been reclassified to conform with this presentation.

TAQA Britani Limited ("TAQA") is proceeding with plans to drill an exploration well on the Contender prospect, Block 211/22a Contender Area (Antrim working interest 8.4%), with drilling expected to start in August 2012. Under the terms of the farm-out agreement with TAQA, drilling costs will be completely funded by TAQA.

Antrim and its joint venture partner have approved an exploration well on the Cyclone prospect, Licence P1784 Block 21/7b, and have signed a contract for use of a semi-submersible drilling rig, with drilling expected to start in October of 2012. The block contains the "Cyclone" and the "Typhoon" Tertiary Cromarty prospects at approximately 5,000 and 5,600 feet respectively. The licence was acquired jointly with Premier Oil UK Limited ("Premier") (70%, operator) with a firm well commitment.

With the UK Department of Energy and Climate Change ("DECC") approval, Antrim acquired the working interests and reserves of Premier and First Oil Expro Limited ("First Oil") at no cost and regained operatorship in UK Central North Sea Licence P077 Block 21/28a (the "Fyne Licence") in June 2012. Antrim's increased ownership in Fyne, on execution by all parties of the final completion documents, allows Antrim sole control over development; however, increased ownership could increase the risk that the development of the Fyne Licence will not proceed as expected.

In June 2012 DECC notified Antrim that it had extended the deadline for approval of an FDP for the Fyne Licence from June 25, 2012 to January 11, 2013. Approval of the FDP by DECC is required for Antrim to proceed with the development. First oil production by November 2014 is a condition of the three year extension to the licence granted by DECC in November 2011. If an FDP is not submitted ready for approval by January 11, 2013, the Fyne Licence could be revoked.

Antrim continues to work on the design of the production facility for Fyne and surrounding fields in the Greater Fyne Area. Antrim is advancing negotiations on an existing production facility in order to fast track the development to meet the January 11, 2013 deadline for an FDP submission. In parallel to this work, Antrim is seeking joint venture partners to participate in appraisal and development of the Greater Fyne Area discoveries.

Financial and Operating Results from Continuing Operations (unaudited)

	Three Months Ended June 30		**Six Months Ended June 30**	
	2012	**2011**	**2012**	**2011**
Financial Results ($000's except per share amounts)				
Cash deficiency from operations [1] – continuing operations	3,177	1,215	4,779	2,020
Cash deficiency from operations per share [1]	0.02	0.01	0.03	0.01
Net loss – continuing operations	6,373	1,503	62,464	2,948
Net loss	6,572	813	61,993	1,896
Net loss per share – basic, continuing operations	0.03	0.01	0.34	0.02
Total assets	145,617	286,277	145,617	286,277
Working capital	41,669	71,665	41,669	71,665
Capital expenditures	8,694	1,945	14,737	2,390
Bank debt	-	-	-	-
Common shares outstanding (000's)				
End of period	184,316	184,044	184,316	184,044
Weighted average – basic	184,269	184,014	184,192	163,723
Weighted average – diluted	185,307	185,417	185,463	165,189

(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.

Overview of Continuing Operations

United Kingdom

Causeway Licences

First oil production from Causeway remains on track for the third quarter of 2012 with estimated first year average production of 3,000 bopd net to Antrim. The Causeway Field development plan includes one production well and a water injection well to be completed in early 2013. Subsea pipe laying is complete, and the semi-submersible rig is on location for the 211/23d-17z producing well completion. 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. Antrim's remaining development costs for its 35.5% working interest are estimated at $29.5 million.

Antrim and Valiant have completed the early installation of subsea facilities for the development of the Fionn Field. A development plan and budget for the Fionn Field was agreed to by the joint venture partners. An FDP for the Fionn Field was submitted in March and DECC approval is currently anticipated in August. Fionn Field production will be combined with the Causeway Field production and transported for processing to the Cormorant North platform. First oil production from the Fionn Field is anticipated in the middle of 2013. Antrim's share of the development costs for the Fionn Field, including the pre-investment costs, is estimated to be approximately $22 million.

Under the terms of the Fionn Agreement, Antrim has the option for three months following first oil production from the Causeway Field to opt out of participating in the Fionn Field development, or to confirm its participation by paying its 35.5% working interest share of the Fionn pre-investment cost plus interest.

Cyclone Prospect

Licence P1784 Block 21/7b (Antrim 30%) is located in the Central North Sea, north of the Greater Fyne Area. The block contains the "Cyclone" and the "Typhoon" Tertiary Cromarty prospects at approximately 5,000 and 5,600 feet respectively. The licence was acquired jointly with Premier (70%, operator) with a firm well commitment. The joint venture partners have approved an exploration well on the Cyclone prospect and signed a contract for use of a semi-submersible drilling rig to drill the well. Drilling is anticipated to start in October 2012.

Kerloch Licences

TAQA is proceeding with plans to drill an exploration well on the Contender prospect in Licence P201 Block 211/22a Contender Area (Antrim working interest 8.4%) in August 2012. Under the terms of the farm-out agreement with TAQA, drilling costs will be completely funded by TAQA. The well will be drilled from the TAQA-operated Cormorant North platform, targeting the top Jurassic Brent sequence of sandstones at a depth of approximately 11,000 feet true vertical depth and approximately two kilometres east of the Cormorant North Field. If successful, completion costs will be paid out of future production.

Fyne Licence

In June 2012, Antrim received approval from DECC to acquire a 39.9% working interest, associated reserves, and operatorship from Premier and an additional 25% working interest and associated reserves from First Oil at no cost. This follows notice from both Premier and First Oil of their intention to withdraw from the Fyne Licence. Antrim's increased ownership in Fyne, on execution by all parties of the final completion documents, allows Antrim sole control over development; however, increased ownership could increase the risk that the development of Fyne will not proceed as expected. The transfer is expected to be formally completed within the next few weeks.

Antrim is currently working on the development plan with respect to the Fyne Licence. If Antrim is to continue with the Fyne Licence, an FDP for the Fyne Field will need to be submitted ready for approval by the January 11, 2013 extended deadline. Approval of the FDP by DECC is required for Antrim to proceed with the development and first oil production by November 2014. If an FDP is not submitted ready for approval by January 11, 2013, the Fyne Licence could be revoked.

If an FDP is submitted to DECC, the proposed production facility is likely to be an existing production facility to fast track the development to meet the January 11, 2013 deadline for an FDP approval. The Fyne development would be phased to minimize initial capital expenditures and allow early production revenue to fund additional development, including water injection and additional producing wells. The first phase of the Fyne development would include the re-completion of the existing wells in Northwest and Central Fyne for production. In parallel to this work, Antrim is seeking joint venture partners to participate in appraisal and development of the Greater Fyne Area discoveries.

During the first quarter of 2012, management performed an impairment assessment on the carrying value of the Fyne Licence cash generating unit ("CGU") as there were indications that the recoverable value may be impaired. The facts and circumstances considered included the abandonment of the East Fyne appraisal well, the expectation that the gross Fyne Field reserves would likely decline by approximately 36%, the withdrawal of Premier and First Oil from the Joint Operating Agreement ("JOA"), the risk that Antrim may not obtain approval of an FDP from DECC, the risk of Antrim not finding partners, and the challenge in securing funding for the project in a difficult market. In light of these events, management determined that the carrying value of the Fyne Licence CGU was impaired. The carrying value of the Fyne Licence was written down 100% in the first quarter of 2012 to a $nil value with the Company incurring a $53.1 million impairment charge. If Antrim is able to proceed with developing the Fyne Licence, the impairment charge may be reversed.

Ireland

In 2011, Antrim was 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 approximately 110 km off the southwest coast of Ireland. The option allows Antrim two years to qualify the blocks for a full Exploration Licence. Antrim has licenced seismic and will reprocess and interpret the data into early 2013.

Tanzania

Antrim holds an option to acquire a 20% interest in the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania (the "P-Z PSA") following the pre-drilling (seismic) phase and an additional 10% interest to be exercised up to 180 days following receipt of the initial drilling results. Carried costs associated with the interests would be repaid from future production. RAK Gas, the operator, has submitted a proposal for a revised work programme to the federal government of Tanzania. Environmental impact assessment work has commenced, with seismic operations expected to proceed during 2012.

Overview of Discontinued Operations

Argentina

With the sale of the Argentina business, the Company's Argentine segment has been accounted for as discontinued operations. Comparative figures have been reclassified to conform with this presentation. Since the sale of Argentina operations was finalized on May 28, 2012, the financial results for the second quarter of 2012 reflect only Antrim's ownership to that date.

Argentina generated oil and gas revenue, net of royalties, of $2.2 million and $4.8 million for the three and six month periods ended June 30, 2012 which decreased from $2.7 million and $5.1 from the respective comparative periods in 2011. Revenue decreased as a result of a shorter production period and lower daily oil and gas production volumes, partially offset by higher oil and gas prices. Production in Argentina decreased to 1,433 barrels of oil equivalent per day ("boepd") for the second quarter of 2012 compared to 1,553 boepd for the same period in 2011 due to a natural decline and temporary oil storage problems.

Antrim's average gas price for the second quarter of 2012 was $2.38 per thousand cubic feet ("mcf") compared to $2.22 per mcf for the same period in 2011, a 7% increase. In the second quarter of 2012, oil prices averaged $70.09 per barrel compared to $58.42 per barrel for the same period in 2011, a 20% increase.

Antrim sold all of its oil production and approximately 76% of its natural gas production from Tierra del Fuego to the Argentine mainland. These sales generate value-added tax ("VAT") of 20%, which was retained by Antrim due to favorable tax laws pertaining to Tierra del Fuego. VAT of $0.9 million for the six months ended June 30, 2012 (2011 - $1.0 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 $13.44 (2011 - $9.35) per boe and $11.42 (2011 - $9.39) for the three and six month periods ended June 30, 2012. The increase in the 2012 field netbacks, as compared to 2011, was due to higher product prices partially offset by higher operating expenses, royalties and export taxes.

Corporate

At the Annual General and Special Meeting of Shareholders, Mr. Erik Mielke was elected as a Non-Executive Director of Antrim. We are pleased to welcome Erik to the Board and look forward to his guidance based on his extensive international oil and gas experience.

In connection with the recently completed sale of Antrim's Argentina operations, Dr. Brian Moss resigned his position as a Board member and as Executive, Vice President, Latin America. Brian was instrumental in adding significant value to the Antrim properties in Argentina and we thank him for his considerable contributions.

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 six month periods ended June 30, 2012 compared to the same periods ended June 30, 2011 and should be read in conjunction with the audited consolidated financial statements of Antrim for the year ended December 31, 2011. This MD&A has been prepared using information available up to August 10, 2012. The interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted all amounts are reported in United States dollars.

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 June 30		Six Months Ended June 30	
	2012	2011	2012	2011
($000's)				
Cash flow used in operating activities	(240)	(2,905)	(10,555)	(2,285)
Less: change in non-cash working capital	2,937	(1,690)	(5,776)	(265)
Cash deficiency from operations	3,177	1,215	4,779	2,020

Financial and Operating Discussion from Continuing Operations

Revenue

With the classification of the Argentina segment to discontinued operations, the Company did not have any revenue for the three and six month periods ended June 30, 2012 and 2011.

General and Administrative

General and administrative ("G&A") costs increased to $3.0 million for the six months of 2012 compared to $2.2 million for the same period in 2011. The increase in G&A is primarily due to employee compensation. During the first half of 2012, Antrim capitalized $0.4 million (2011 – $0.3 million) of G&A costs.

G&A costs increased to $1.6 million for the three month period ended June 30, 2012 compared to $1.2 million for the same period in 2011. The increase in G&A is primarily due to employee compensation.

Impairment

For the six month period ended June 30, 2012, the Company recorded impairment charges of $54.7 million, consisting of $60.1 million for the Fyne Licence, $1.6 million on the drilling of the Erne discovery well and sidetrack, netted against $7.0 million in the change in fair value of the contingent consideration associated with the acquisition of the Fyne Licence. The impaired costs relating to the Erne well and sidetrack are in addition to the $10.3 million impaired for the year ended December 31, 2011.

In the first quarter of 2012, management performed an impairment assessment on the carrying value of the Fyne Licence CGU as there were indications that the recoverable value may be impaired. The facts and circumstances considered included the abandonment of the East Fyne appraisal well, the expectation that the gross Fyne Field reserves would likely decline by approximately 36%, the withdrawal of Premier and First Oil from the JOA, the risk that Antrim may not obtain approval of an FDP from DECC, the risk of Antrim not finding partners, and the challenge in securing funding for the project in a difficult market. In light of these events, management determined that the carrying value of the Fyne Licence CGU was impaired. The carrying value of the Fyne Licence was written down 100% to a $nil value with the Company incurring a $53.1 million impairment charge in the first quarter of 2012. If Antrim is able to proceed with developing the Fyne Licence, the impairment charge may be reversed.

Reduction in the Fair Value of Financial Assets

On May 28, 2012, Antrim completed the sale of Antrim Argentina S.A., to Crown Point. Under the terms of the Arrangement, the Company received a cash payment of Cdn $9.2 million (net of adjustments of Cdn $1.0 million) and 35,761,290 Crown Point Shares. The Crown Point Shares were distributed to Antrim's shareholders in accordance with the Arrangement on June 7, 2012 (the "Distribution Date").

On the Distribution Date, Crown Point's closing share price on the TSX Venture Exchange was Cdn $0.51 which had decreased from the May 28, 2012 closing share price of Cdn $0.80. This reduction in Crown Point's share price resulted in the Company recognizing a capital loss on the Crown Point Shares of $10.0 million. This amount has been recognized on the consolidated statement of comprehensive loss (income) as a reduction in the fair value of financial assets.

Finance Income

Finance income relates to interest income on short-term deposits and was $0.2 million (2011 - $0.4 million) for the six month period ended June 30, 2012. Finance income was $0.1 million (2011 - $0.3 million) for the three month period ended June 30, 2012.

Finance Costs

Finance costs were $0.1 million for the six month period ended June 30, 2012 (2011 - $0.2 million) and relate to accretion of asset retirement obligations, interest expense and bank charges. Finance costs were $0.1 million for the three month period ended June 30, 2012 (2011 - $0.1 million).

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company did not pay or recover any taxes during the six months ended June 30, 2012 (2011 – nil).

The Company follows the liability method of accounting for income taxes. As at June 30, 2012, 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.

Cash Flow and Net Loss

In the three month period ended June 30, 2012, Antrim incurred a cash deficiency from operations of $3.2 million (($0.02) per share) compared to a cash deficiency from operations of $1.2 million (($0.01) per share) in the same period in 2011. The cash deficiency increased in 2012, as compared to 2011, due to higher G&A expenses and foreign exchange losses.

In the six month period ended June 30, 2012, Antrim incurred a cash deficiency from operations of $4.8 million (($0.03) per share) compared to a cash deficiency from operations of $2.0 million (($0.01) per share) in the same period of 2011. The cash deficiency increased in 2012, as compared to 2011, due to higher G&A expenses and foreign exchange losses.

For the three months ended June 30, 2012, Antrim incurred a net loss of $6.4 million compared to a net loss of $1.5 million in 2011. For the six months ended June 30, 2012, the company incurred a net loss of $62.5 million compared to $2.9 million in the same period of 2011. The net loss increased because of impairment charges, the reduction in the fair value of financial assets, offset by a gain in the disposal of the Argentina operations.

Capital Expenditures

Antrim incurred capital expenditures of $14.7 million and $2.4 million for the six month period ended June 30, 2012 and 2011, respectively. Capital expenditures in 2012 primarily relate to ongoing development costs of the Causeway Licence of $12.0 million and Fyne Licence of $1.1 million, and exploration costs related to the drilling of the Erne well of $1.6 million.

Foreign Exchange and Comprehensive 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 or British pounds sterling. 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, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company recognized a foreign currency translation gain of $2.1 million for the six month period ended June 30, 2012, compared to a gain of $6.1 million in the same period in 2011.

The Company incurred a loss of $3.2 million related to the accumulated other comprehensive income on the sale of Antrim Argentina for the three and six month period ended June 30, 2012.

Financial Resources and Liquidity

As at June 30, 2012, Antrim had working capital of $41.7 million. Accounts payable and accrued liabilities decreased to $7.6 million at June 30, 2012 from $17.2 million as at December 31, 2011 due to the completion of the Erne drilling program. The Company has no bank debt.

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

There has been uncertainty in the global economy and financial markets in recent months, and 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 projects its future expenditures on a quarterly and, where applicable, on a monthly basis 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 its UK properties, the Company maintains flexibility to manage its financial commitments.

Antrim's planned capital program for 2012 includes ongoing development of the Causeway Field, the Cyclone exploration well, and the pre-FDP Fyne Licence development costs. These capital expenditures will be funded by existing cash resources.

Contractual Obligations, Commitments and Contingencies

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at June 30, 2012 as follows:

	2012	2013	2014	2015	2016	Thereafter
United Kingdom						
• Fyne and Dandy(1)	32	10,032	32	32	32	32
• Causeway(2)	29,467	50	60	70	80	90
• Cyclone(3)	6,212	12	12	-	-	-
• 25th Bid Round(4)	3,035	38,000	-	-	-	-
• 26th Bid Round	-	13	13	-	-	-
Ireland	427	69	-	-	-	-
Office leases	174	111	111	111	111	138
Total	**39,347**	**48,287**	**228**	**213**	**223**	**260**

(1) The Company agreed to pay an additional $10 million as part of the acquisition of the Fyne Licence, upon approval of an FDP by DECC. This amount has been recorded at estimated fair value of $nil on the consolidated balance sheet as contingent consideration (See Note 7 to the interim consolidated financial statements).

(2) Relates to Antrim's 35.5% interest in the Causeway Licences.

(3) Relates to a firm drilling commitment estimated at $6.2 million.

(4) The Company acquired two licences in the 25th bid round which each include a contingent drilling commitment.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot well (21/29d-11) and the Erne sidetrack well (21/29d-11Z). The drilling of these two wells took place over a period of 58 days. Subsequent to releasing the rig, the Company received an invoice from the drilling management services contractor charging the Company for approximately $5 million in additional costs as the contractor claims all conditions of the contract had not yet been satisfied. In July 2012, the drilling management services contractor filed a claim against the Company for the additional invoice costs plus interest and lost management time, in the High Court of England and Wales. The Company is disputing the additional costs and believes it is more likely than not that it will not have to pay. As a result, a contingent liability has not been recorded.

Outlook

Antrim's divestment of its oil and gas interests in Argentina will allow the Company to focus on opportunities in the UK North Sea and elsewhere. Antrim remains on track with estimated first year average oil production of 3,000 bopd net to Antrim, from the Causeway Field in the third quarter of 2012, followed by the Fionn Field in 2013.

A well will be drilled in the fourth quarter of 2012 to test the Cyclone prospect. In addition, Antrim is participating in the drilling of an exploration well in the Contender prospect in the Northern North Sea which will spud in August 2012.

The withdrawal of Premier and First Oil from the Fyne Licence has prompted a review of Antrim's development plan for this property. The review includes an evaluation of the costs and time requirements for the engineering design process, fabrication, deployment and hook up, the ability to attract additional partners into the licence including a recognized production operator, the availability of third party financing to fund the company's share of the project costs, and probability of delivering first production before the November 2014 extension deadline.

Antrim will continue studies on the blocks covered by the Frontier Licence Options awarded to the Company in the Irish 2011 Atlantic Margin Licensing Round. Antrim has licenced seismic and will reprocess and interpret it in early 2013.

Financial and Operating Discussion from Discontinued Argentina Operations

The discontinued financial and operating results for the three and six month periods ended June 30, 2012 include only those results up to May 28, 2012 (the date of sale of the Argentina operations).

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 six month periods ended June 30, 2012 and 2011 consisted of the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
($000's)				
Oil	1,365	1,428	2,744	2,588
Natural gas	1,056	1,557	2,629	3,099
NGL's	86	190	196	327
Total Oil, Natural Gas and NGL Revenue	2,507	3,175	5,569	6,014
Less: Royalties	(332)	(444)	(805)	(899)
Net Oil, Natural Gas and NGL Revenue	2,175	2,731	4,764	5,115

Net revenue after royalties of $4.7 million for the six month period ended June 30, 2012 decreased from $5.1 million in 2011 as a result of a shorter production period, due to the sale, and lower daily oil and gas production volumes partially offset by higher product 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 June 30, 2012, Antrim held nil (2011 - 14,600) barrels of oil in inventory in Tierra del Fuego.

Oil prices averaged $69.39 per barrel in the six month period ended June 30, 2012 compared to $56.84 per barrel in 2011.

Oil production from the Tierra del Fuego Concessions was 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 middle of 2009, resulting in increases in the oil price received.

Antrim's gas sales prices in Argentina averaged $2.41 per mcf in the six month period ended June 30, 2012 compared to $2.15 per mcf for the same period in 2011. Average gas prices increased due to the negotiation of higher priced contracts.

NGL prices, before export taxes, averaged $19.64 per barrel in the six month period ended June 30, 2012 compared to $31.65 per barrel for the comparable period in 2011. NGL prices decreased in 2012 as compared to 2011 due to restrictions exporting to the higher-priced Chilean market.

Royalty expenses as a percentage of total revenue for the six month period ended June 30, 2012 decreased in 2012 compared to 2011 due to an adjustment in 2011 on royalties paid in prior years and a reduction of deductible expenses in the Tierra del Fuego Concession. Export taxes as a percentage of NGL revenue increased for the six month period ended June 30, 2012, compared to 2011, as exports to the higher-priced Chilean market were curtailed in January and March due to restrictions in obtaining export permits.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL. The average daily production amounts for the second quarter 2012 are calculated on the basis of 58 days due to the sale on May 28, 2012.

	Three Months Ended June 30		**Six Months Ended June 30**	
	2012	**2011**	**2012**	**2011**
Oil (bbl/day)	237	274	230	276
Natural gas (mmcf/day)	6.8	7.3	6.8	7.6
NGL (bbl/day)	65	59	66	58
Total Production (boe/day)	1,433	1,553	1,428	1,596

Gas production per day decreased for the three and six months period ended June 30, 2012, as compared to the same period in 2011, due to natural decline. Oil production per day decreased during the same periods 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 natural decline.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three and six month periods ended June 30, 2012 and 2011:

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
$/boe				
Wellhead price	26.91	22.37	25.03	21.15
Royalties	(3.59)	(3.13)	(3.63)	(3.16)
Export tax	(0.44)	(0.47)	(0.39)	(0.37)
Production and operating expenses	(9.44)	(9.42)	(9.59)	(8.23)
Netback	13.44	9.35	11.42	9.39
Oil, Natural gas and NGL sales (boe)	92,429	141,938	221,682	284,324
Oil, Natural gas and NGL sales (boepd)	1,515	1,560	1,458	1,571

Field netbacks increased in 2012, as compared to 2011, due to higher wellhead prices received offset by higher production and operating expenses, royalties and export taxes.

General and Administrative

G&A costs for discontinued operations increased to $0.8 million for the six month period ended June 30, 2012 compared to $0.6 million for 2011 due to increased salaries.

Sale Transaction Costs

In accordance with IFRS, $1.7 million in costs incurred relating to the sale of Argentina have been classified as transaction costs and deducted in determining income from discontinued operations. These costs primarily relate to severance, legal, audit and financial advisory service fees.

Depletion and Depreciation

Depletion and depreciation expense for discontinued operations was $0.1 million for 2012 compared to $1.9 million in 2011. In the first half of 2012, the Company did not recognize any depletion related to the Argentina operations as the assets were classified as held for sale.

Impairment

For the six month period ended June 30, 2012, the Company recorded a write down on non-current assets of $0.6 million relating to the renegotiated settlement amount for a non-interest bearing promissory note receivable.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company did not pay or recover any taxes during the six month period ended June 30, 2012 (2011 – nil).

The Company follows the liability method of accounting for income taxes. As at June 30, 2012, 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. Income generated in Tierra del Fuego is tax exempt.

Cash Flow and Net Income

In the three month period ended June 30, 2012, Antrim incurred a cash deficiency from discontinued operations of $1.4 million compared to cash flow provided by operating activities from discontinued operations of $2.7 million in 2011. The cash deficiency increased in 2012, as compared to 2011, due to lower revenue, higher G&A expenses and sale transaction costs.

In the six month period ended June 30, 2012, Antrim incurred a cash deficiency from discontinued operating activities of $0.2 million in 2012 compared to cash flow provided by operating activities from discontinued operations of $4.1 million in 2011. The cash deficiency increased in 2012, as compared to 2011, due to lower revenue, higher G&A expenses and sale transaction costs.

For the six month period ended June 30, 2012, the Company recognized net income from discontinued operations of $0.5 million compared to $1.0 million in the same period in 2011. The decrease in income is due the recognition of sale transaction costs offset by no depletion being recorded in 2012.

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
2012				
Second quarter	2,175	(3,177)[1]	6,373[1]	0.03[1]
First quarter	2,589	(1,601)[1]	56,091[1]	0.30[1]
2011				
Fourth quarter	2,679	(4,890)[1]	14,792[1]	0.08[1]
Third quarter	2,403	666	36,326	0.20
Second quarter	2,730	(134)	768	0.00
First quarter	2,384	608	1,083	0.01
2010				
Fourth quarter	2,260	(1,767)	2,112	0.02
Third quarter	3,545	1,925	190	0.00

1. Cash flow from operations (deficiency), net loss, and net loss per share - basic reflect continuing operations only

Antrim's net revenue and cash flow from operations have 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 2011. Second quarter cash from operations in 2012 was negatively impacted due to higher general and administrative expenses and second quarter net loss was negatively impacted by a $10.0 million reduction in the fair value of the Crown Point shares partially offset by a $5.9 million gain on the disposal of Argentina assets.

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. The Company tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2011. During this evaluation the Corporation identified weaknesses due to the limited number of finance and accounting personnel at the Corporation dealing with complex and non-routine accounting transactions that may arise.

There were no changes in the Company's internal controls over financial reporting that occurred during the first half of 2012 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.

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 original Fyne Licence expired on November 25, 2011. DECC agreed to a three-year extension to November 25, 2014 on the condition that an FDP for the Fyne Field is submitted by June 25, 2012. In May 2012, DECC agreed to a further extension to January 11, 2013 conditional on the approval of a final FDP, first production by November 25, 2014, funding commitments and meeting DECC's requirements for production operatorship, decommissioning security and financial capacity. If DECC approval of an FDP is not obtained by January 11, 2013 for the Fyne Field, potential consequences to Antrim could include the expiry of the Fyne Licence in accordance with its terms.

First production must be achieved from any of the three identified Prospective Areas (Fyne Field, Dandy Field and Area 4 Field) within the three year licence extension period in order for that Prospective Area to become a Producing Area and the licence to continue. If first production is not achieved in a Prospective Area by November 25, 2014, the licence relative to that Prospective Area will expire. Although the Company plans to obtain approval of a Fyne Field FDP by January 11, 2013 and to achieve first production by November 25, 2014, there is no assurance that the Company will be successful in doing so. Antrim's increased ownership in Fyne will allow Antrim sole control over development and seeking partners for development; however, there is a risk that Antrim will not increase its ownership in the Fyne Field if, for any reason, the final completion documents are not executed by all parties. The increased ownership could also increase the risk that the development of Fyne will not proceed as expected. Successful development of the Fyne Field to first oil production will require capital expenditures which may be obtained through additional debt or equity financing (as discussed below) or through the entering into of new agreements with one or more joint venture partners. There can be no assurance that the Company will obtain debt or equity financing for development of the Fyne Field or that the Company will enter into new agreements with one or more joint venture partners to develop the Fyne Field.

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 a significant investment in the United Kingdom and no current source of revenue. The Company is anticipating revenue from the Causeway Field in the third quarter of 2012, and this may not occur if unanticipated delays arise. 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 amended and restated Annual Information Form dated March 26, 2012 which is filed on SEDAR at www.sedar.com.

Forward-Looking and Cautionary 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 Antrim's plans for the developing of its Fyne property, including anticipated timing thereof, future drilling plans with respect to Contender and Cyclone, anticipated first production date and production rates for Causeway, anticipated first production date and development plans for Fionn, 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.

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 (including in respect of the Fyne FDP), 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, unanticipated delays with respect to the development of Antrim’s properties, 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 (including the development of its Fyne property), 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, Fionn and Fyne Fields in the UK North Sea. 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, 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 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, 2011. 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 June 30, 2012 and December 31, 2011 (unaudited)
(Amounts in US$ thousands)

	Note	June 30, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		47,574	47,105
Restricted cash		-	17,249
Accounts receivable		822	5,294
Inventory and prepaid expenses		897	240
Assets held for sale	3	-	31,651
		49,293	101,539
Property, plant and equipment	4	28,800	15,207
Exploration and evaluation assets	5	67,524	122,431
		145,617	239,177
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		7,624	17,214
Liabilities held for sale	3	-	4,180
		7,624	21,394
Asset retirement obligations	6	4,850	3,595
Contingent consideration	7	-	7,000
		12,474	31,989
Commitments and contingencies	12		
Shareholders' equity			
Share capital		361,712	361,587
Contributed surplus		19,781	19,579
Deficit		(247,657)	(168,007)
Accumulated other comprehensive loss		(693)	(5,971)
		133,143	207,188
		145,617	239,177

The accompanying notes are an integral part of the interim consolidated financial statements.

Antrim Energy Inc.
Consolidated Statement of Comprehensive (Loss) Income
For the three and six months ended June 30, 2012 and 2011 (unaudited)
(Amounts in US$ thousands, except per share data)

		Three Months Ended June 30		Six Months Ended June 30	
		2012	2011	2012	2011
	Note	$	$	$	$
Revenue		-	-	-	-
Expenses					
General and administrative expenses		1,554	1,170	3,025	2,219
Depreciation		22	43	46	83
Share-based payments	8	71	250	183	510
Exploration and evaluation expenditures		127	127	127	221
Impairment	5, 7	-	-	54,700	-
Reduction in the fair value of financial assets	3	10,040	-	10,040	-
Gain on disposal of Argentina assets	3	(5,894)	-	(5,894)	-
		5,920	1,590	62,227	3,033
Finance income		(123)	(265)	(208)	(376)
Finance costs		90	108	142	218
Foreign exchange loss		486	70	303	73
Loss from continuing operations before income taxes		6,373	1,503	62,464	2,948
Income tax expense		-	-	-	-
Loss from continuing operations after income taxes		6,373	1,503	62,464	2,948
Loss (income) from discontinued operations	3	199	(690)	(471)	(1,052)
Net loss for the period		6,572	813	61,993	1,896
Other comprehensive income					
Foreign currency translation adjustment		3,284	865	(2,065)	(6,145)
Foreign currency translation adjustment – disposal of assets	3	(3,213)	-	(3,213)	-
Other comprehensive (income) loss for the period		71	865	(5,278)	(6,145)
Comprehensive loss (income) for the period		6,643	1,678	56,715	(4,249)
Net loss (income) per common share					
Basic and diluted – continuing operations	9	0.03	0.01	0.34	0.02
Basic and diluted – discontinued operations	9	0.00	(0.00)	(0.00)	(0.01)

The accompanying notes are an integral part of the interim consolidated financial statements.

Antrim Energy Inc.
Consolidated Statement of Cash Flows
For the three and six months ended June 30, 2012 and 2011 (unaudited)
(Amounts in US$ thousands)

		Three Months Ended June 30		Six Months Ended June 30	
		2012	2011	2012	2011
	Note	$	$	$	$
Operating Activities					
Loss from continuing operations after income taxes		6,373	1,503	62,464	2,948
Items not involving cash:					
Depreciation		22	43	46	83
Share-based payments	8	71	250	183	510
Accretion of asset retirement obligations	6	39	63	74	120
Foreign exchange (gain) loss		(1,082)	(68)	(1,464)	215
Impairment	5, 7	-	-	54,700	-
Reduction in the fair value of financial assets	3	10,040	-	10,040	-
Gain on disposal of Argentina assets	3	(5,894)	-	(5,894)	-
		(3,177)	(1,215)	(4,779)	(2,020)
Changes in non-cash working capital items – continuing operations	10	2,937	(1,690)	(5,776)	(265)
Cash used in operating activities – continuing operations		(240)	(2,905)	(10,555)	(2,285)
Cash (used in) provided by operating activities – discontinued operations	3	(1,441)	2,732	(209)	4,145
Cash (used in) provided by operating activities		(1,681)	(173)	(10,764)	1,860
Financing Activities					
Issue of common shares		70	20	70	52,389
Share issue expenses		-	(22)	-	(2,999)
Cash provided by (used in) financing activities		70	(2)	70	49,390
Investing Activities					
Capital expenditures		(8,694)	(1,945)	(14,737)	(2,390)
Restricted cash		5,611	-	17,249	-
Cash proceeds from the disposal of Argentina assets	3	9,976	-	9,976	-
Cash provided by (used in) investing activities – continuing operations		6,893	(1,945)	12,488	(2,390)
Cash used in investing activities – discontinued operations	3	(453)	(511)	(1,121)	(1,796)
Cash provided by (used in) investing activities		6,440	(2,456)	11,367	(4,186)
Effects of foreign exchange on cash and cash equivalents		(954)	(152)	(204)	708
Net increase (decrease) in cash and cash equivalents		3,875	(2,783)	469	47,772
Cash and cash equivalents – beginning of period		43,699	76,205	47,105	25,650
Cash and cash equivalents – end of period	10	47,574	73,422	47,574	73,422
Interest received		123	21	208	111
Interest paid		45	3	50	199

The accompanying notes are an integral part of the interim consolidated financial statements.

Antrim Energy Inc.
Consolidated Statement of Changes in Equity
For the six months ended June 30, 2012 and 2011 (unaudited)
(Amounts in US$ thousands)

	Note	Number of common shares #	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, December 31, 2010		**135,571,542**	**312,062**	**18,377**	**(4,119)**	**(115,037)**	**211,283**
Net loss for the period		-	-	-	-	(1,896)	(1,896)
Other comprehensive income		-	-	-	6,145	-	6,145
Issuance of common shares		48,191,700	52,297	-	-	-	52,297
Share issuance costs		-	(2,999)	-	-	-	(2,999)
Share-based compensation	8	-	-	750	-	-	750
Stock options exercised		280,436	155	(64)	-	-	91
Balance, June 30, 2011		**184,043,678**	**361,515**	**19,063**	**2,026**	**(116,933)**	**265,671**
Balance, December 31, 2011		**184,116,078**	**361,587**	**19,579**	**(5,971)**	**(168,007)**	**207,188**
Net loss for the period		-	-	-	-	(61,993)	(61,993)
Capital distribution	3	-	-	-	-	(17,657)	(17,657)
Other comprehensive income		-	-	-	5,278	-	5,278
Share-based compensation	8	-	-	257	-	-	257
Stock options exercised		200,000	125	(55)	-	-	70
Balance, June 30, 2012		**184,316,078**	**361,712**	**19,781**	**(693)**	**(247,657)**	**133,143**

The accompanying notes are an integral part of the interim consolidated financial statements.

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 activities in the United Kingdom. Antrim Energy Inc. is incorporated and domiciled in Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the London Alternative Investment Market ("AIM") under the symbols "AEN" and "AEY", respectively. 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 interim consolidated financial statements for the six months ended June 30, 2012 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as at August 10, 2012, the date the Board of Directors approved the interim consolidated financial statements.

b) Presentation currency

In these interim consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (US) dollars. Antrim's functional currency is Canadian dollars, however, the Company has adopted the US dollar as its presentation currency to facilitate a more direct comparison to 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 judgments used in the preparation of the financial statements are described in the Company's consolidated annual financial statements for the year ended December 31, 2011.

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

3) Discontinued operations

As a result of a strategic decision by the Company's Board of Directors, the Company entered into an agreement on March 23, 2012 to sell all of its interest in its wholly owned subsidiary Antrim Argentina S.A. to Crown Point Ventures Ltd. ("Crown Point") by way of a plan of arrangement (the "Arrangement"). The consideration consisted of Cdn $10,262 in cash (subject to certain adjustments) and 35,761,290 common shares of Crown Point ("Crown Point Shares"). Pursuant to the Arrangement, Antrim would distribute the Crown Point Shares to its shareholders by way of a reduction of stated capital of the Antrim common share.

On May 28, 2012, Antrim completed the sale of Antrim Argentina S.A., to Crown Point. Under the terms of the Arrangement, the Company received a cash payment of $9,976 (Cdn $10,262) and 35,761,290 Crown Point Shares. The actual cash payment received was netted against adjustments of $1,015 (Cdn $1,016) which have been recognized as sale transaction costs. These sale transaction costs, along with costs of $715 incurred by the Company, have been offset against (loss) income from discontinued operations.

Details of the disposition are as follows:

	2012
Consideration received:	
Cash	9,976
Crown Point Shares (based on a May 28, 2012 share price of Cdn $0.80)	27,811
	37,787
Carrying value of assets and liabilities disposed:	
Working capital	9,388
Property, plant and equipment	19,886
Exploration and evaluation assets	719
Other non-current assets	1,189
Asset retirement obligations	(2,502)
Total carrying value of assets and liabilities disposed	28,680
Gain on disposal excluding foreign currency translation adjustment	9,107
Foreign currency translation adjustment relating to disposal	(3,213)
Gain on disposal after foreign currency translation adjustment	5,894

Antrim distributed the Crown Point Shares to its shareholders on June 7, 2012 (the "Distribution Date"). On the Distribution Date, Crown Point's closing share price on the TSX Venture Exchange was Cdn $0.51 which had decreased from the May 28, 2012 closing share price of Cdn $0.80. This reduction in Crown Point's share price resulted in the Company recognizing a capital loss on the Crown Point Shares of $10,040. This amount has been recognized on the consolidated statement of comprehensive (loss) income as a reduction in the fair value of financial assets. A capital distribution of $17,657 has been recorded in deficit on the statement of changes in equity.

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

The combined results of the discontinued operations have been included in the consolidated statement of comprehensive (loss) income. The comparative period income and cash flows from discontinued operations have been reclassified to include those operations classified as discontinued in the current period.

The three and six month periods ended June 30, 2012 discontinued financial and operating results include only those results up to May 28, 2012 (the date of sale of the Argentina operations).

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
Discontinued operations				
Revenue, net of royalties	2,175	2,731	4,764	5,115
Direct production and operating expenditures	638	1,289	1,906	2,341
Depletion and depreciation	-	888	147	1,943
General and administrative expenses	279	319	768	632
Sale transaction costs	1,730	-	1,730	-
Exploration and evaluation expenditures	26	-	26	20
Other income	(402)	(541)	(935)	(1,040)
Export taxes	42	68	88	105
Write down of non-current assets	-	-	568	-
Finance income	(11)	(88)	(88)	(171)
Finance costs	117	101	130	230
Foreign exchange (gain) loss	(45)	5	(47)	3
(Loss) income from discontinued operations	(199)	690	471	1,052

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
Cash flow from discontinued operations				
Net cash flow (used in) provided by operating activities	(1,441)	2,732	(209)	4,145
Net cash flow used in investing activities	(453)	(511)	(1,121)	(1,796)
Net cash flow (used in) provided by discontinued operations	(1,894)	2,221	(1,330)	2,349

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

4) Property, plant and equipment

	June 30 2012	December 31 2011
Opening balance	15,207	26,129
Additions	12,955	2,161
Depreciation	(46)	(199)
Depletion and depreciation relating to assets held for sale	-	(4,004)
Changes in ARO estimate	107	370
Impairment	-	(3,184)
Transferred from exploration and evaluation assets	-	15,005
Reclassified to assets held for sale	-	(19,536)
Foreign currency translation	577	(1,535)
Closing balance	28,800	15,207

During the period, the Company capitalized $21 (2011 - $17) of general and administrative and $6 (2011 - $15) of share-based payments related to development activity.

5) Exploration and evaluation assets

	June 30 2012	December 31 2011
Opening balance	122,431	171,850
Additions	2,371	38,494
Changes in ARO estimate	455	(288)
Disposals	-	(22,035)
Impairment	(61,700)	(45,917)
Transferred to property, plant and equipment	-	(15,005)
Reclassified to assets held for sale	-	(608)
Foreign currency translation	3,967	(4,060)
Closing balance	67,524	122,431

During the period, the Company capitalized $381 (2011 - $258) of general and administrative costs and $68 (2011 - $225) of share-based payments related to exploration and evaluation activity.

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

In accordance with IFRS, management performed an impairment assessment on the carrying value of the Fyne Licence cash-generating unit ("CGU") as there were indications that the recoverable value may be impaired. The facts and circumstances considered included the abandonment of the East Fyne appraisal well, the expectation that the gross Fyne Field reserves would likely decline by approximately 36%, the withdrawal of Premier Oil UK Limited ("Premier") and First Oil Expro Limited ("First Oil") from the Joint Operating Agreement ("JOA"), the risk that Antrim may not obtain approval of a Field Development Plan ("FDP") from the UK Department of Energy and Climate Change ("DECC"), the risk of Antrim not finding partners, and the challenge in securing funding for the project in a difficult market. In light of these events, management determined that the carrying value of the Fyne Licence CGU was impaired. The carrying value of the Fyne Licence was written down 100% to a $nil value with the Company incurring a $60,112 impairment charge in the first quarter of 2012. If Antrim is able to proceed with developing the Fyne Licence, the impairment charge may be reversed.

During the first quarter of 2012, the Company recognized an impairment charge of $1,588 relating to its Erne discovery well 21/29d-11 and the sidetrack well, 21/29d-11Z. Post-well analysis of these two wells by the Company's independent reserve evaluation engineers did not result in any reserves being assigned at this time. As the carrying value of the asset is not expected to be recovered from future production, an impairment charge was recognized. The impairment charge is in addition to the impairment of $10,312 recognized in the fourth quarter of 2011.

6) Asset retirement obligations

	June 30 2012	December 31 2011
Opening balance	3,595	7,380
Additions	589	579
Accretion	74	209
Accretion relating to assets held for sale	-	30
Change in estimate	562	82
Dispositions	-	(1,561)
Reclassified to liabilities held for sale	-	(2,529)
Foreign currency translation	30	(595)
Closing balance	4,850	3,595

At June 30, 2012, the estimated undiscounted asset retirement obligations are $5,843 (2011 - $9,661). The Company expects the undiscounted obligations to be payable between 2014 and 2020. The present value of the asset retirement obligations has been calculated using a risk-free interest rate of 3.5% (2011 – 3.8%) and an inflation rate of 2.0% (2011 – 2.0%).

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

7) Contingent consideration

	June 30 2012	December 31 2011
Opening balance	-	8,000
Revision to estimate	-	(1,000)
Closing balance	-	7,000

The contingent consideration to the acquisition of the Fyne Field and is payable to the seller upon approval of an FDP by DECC. The amount of the future payment that the Company could be required to make under this arrangement is $10,000. A fair value of $nil for the contingent consideration was determined based on the impairment assessment performed with respect to the Fyne Licence (See Note 5). The change to the fair value has been netted against the impairment balance on the consolidated statement of comprehensive (loss) income.

8) 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 June 30, 2012 there were 7,303,401 (2011 – 10,393,796) options outstanding to purchase common shares at prices ranging from Cdn $0.31 to Cdn $6.95.

Options totaling nil (2011 - nil) were granted, options totaling 200,000 (2011 – 280,436) were exercised, and options totaling 1,664,662 (2011 – 2,573,666) were forfeited or expired during the six month period ended June 30, 2012.

Share-based payments for the six months ended June 30, 2012 were $257 (2011 – $750) of which $183 (2011 – $510) was expensed and $74 (2011 – $240) was capitalized.

On July 26, 2012, as a result of the completion of the Arrangement for the sale of Antrim Argentina S.A. and in accordance with the terms of the Company's stock option plan, the Company received all necessary approvals to make a four cent reduction to the exercise prices of the Antrim options outstanding at the time of the Arrangement, so that Antrim option plan participants were neither favoured nor penalized by the impact of the reduction of stated capital of Antrim's common shares.

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

9) Earnings per share

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
Loss used in the calculation from continuing operations	6,373	1,503	62,464	2,948
Loss (income) used in the calculation from discontinued operations	199	(690)	(471)	(1,052)
Net loss for the period	6,572	813	61,993	1,896
Basic earnings per share was calculated as follows:				
Weighted average number of common shares:				
Issued common shares at January 1	184,116,078	183,981,544	184,116,078	135,571,542
Effect of share options exercised	152,462	32,774	76,231	195,074
Effect of shares issued	-	-	-	27,956,511
Weighted average number of common shares – basic	184,268,540	184,014,318	184,192,309	163,723,127
Diluted earnings per share was calculated as follows:				
Weighted average number of common shares:				
Weighted average number of common shares – basic	184,268,540	184,014,318	184,192,309	163,723,127
Effect of outstanding options	1,038,611	1,402,954	1,271,052	1,465,389
Weighted average number of common shares – diluted	185,307,151	185,417,272	185,463,361	165,188,516
Basic and diluted loss (earnings) per common share				
From continuing operations	0.03	0.01	0.34	0.02
From discontinued operations	0.00	(0.00)	(0.00)	(0.01)
Total basic and diluted loss per share	0.03	0.01	0.34	0.01

Under the current stock option plan, options can be exchanged for common shares of the Company. As a result, they are considered potentially dilutive and are included in the calculation of diluted net earnings per share. Diluted per share amounts are not calculated when there is a net loss. The average market value of the Company's shares for the purposes of calculating the dilutive effect of options was based on quoted market prices for the period that the options were outstanding.

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

10) Supplemental cash flow information

	Three Months Ended June 30		Six Months Ended June 30	
	2012	**2011**	**2012**	**2011**
(Increase) / decrease of assets:				
Trade and other receivables	381	43	4,472	1,564
Inventory and prepaid expenses	(389)	(73)	(657)	(314)
Increase / (decrease) of liabilities:				
Trade and other payables	2,945	(1,660)	(9,591)	(1,515)
	2,937	(1,690)	(5,776)	(265)

Cash and cash equivalents are comprised of:				
Cash in bank	11,626	7,857	11,626	7,857
Short-term deposits	35,948	65,564	35,948	65,564
	47,574	73,422	47,574	73,422

11) 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 operates within the United Kingdom market. The disposed Argentine segment has been presented as a discontinued operation (See Note 3).

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 June 30, 2012

	Continuing operations			Discontinued operations
	United Kingdom	**Corporate**	**Total**	**Argentina**
Segment revenue	-	-	-	2,175
Segment (loss) earnings	(207)	(5,713)	(5,920)	(138)
Finance income			123	11
Finance costs			(90)	(117)
Foreign exchange (loss) gain			(486)	45
Loss before tax			(6,373)	(199)
Total assets	109,255	36,362	145,617	-
Other segment information				
Capital expenditures	8,592	102	8,694	453
Depletion and depreciation	6	16	22	-

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

Three months ended June 30, 2011

	Continuing operations			Discontinued operations
	United Kingdom	**Corporate**	**Total**	**Argentina**
Segment revenue	-	-	-	2,731
Segment (loss) earnings	(136)	(1,454)	(1,590)	698
Finance income			265	88
Finance costs			(108)	(101)
Foreign exchange gain			(70)	5
(Loss) income before tax			(1,503)	690
Total assets	184,709	67,995	252,704	33,573
Other segment information				
Capital expenditures	1,928	26	1,954	511
Depletion and depreciation	14	29	42	888

Six months ended June 30, 2012

	Continuing operations			Discontinued operations
	United Kingdom	**Corporate**	**Total**	**Argentina**
Segment revenue	-	-	-	4,764
Segment (loss) earnings	(55,155)	(7,072)	(62,227)	466
Finance income			208	88
Finance costs			(142)	(130)
Foreign exchange (loss) gain			(303)	47
(Loss) income before tax			(62,464)	471
Total assets	109,255	36,362	145,617	-
Other segment information				
Capital expenditures	14,630	107	14,737	1,121
Depletion and depreciation	12	35	46	147

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

Six months ended June 30, 2011

	Continuing operations			Discontinued operations
	United Kingdom	Corporate	Total	Argentina
Segment revenue	-	-	-	5,115
Segment (loss) earnings	(574)	(2,459)	(3,033)	1,114
Finance income			376	171
Finance costs			(218)	(230)
Foreign exchange loss			(73)	(3)
(Loss) income before tax			(2,948)	1,052
Total assets	184,709	67,995	252,704	33,573
Other segment information				
Capital expenditures	2,304	86	2,390	1,796
Depletion and depreciation	26	57	83	1,943

12) Commitments and contingencies

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

	2012	2013	2014	2015	2016	Thereafter
United Kingdom						
• Fyne and Dandy(1)	32	10,032	32	32	32	32
• Causeway(2)	29,467	50	60	70	80	90
• Cyclone(3)	6,212	12	12	-	-	-
• 25th Bid Round(4)	3,035	38,000	-	-	-	-
• 26th Bid Round	-	13	13	-	-	-
Ireland	427	69	-	-	-	-
Office leases	174	111	111	111	111	138
Total	**39,347**	**48,287**	**228**	**213**	**223**	**260**

(1) The Company agreed to pay an additional $10 million as part of the acquisition of the Fyne Licence, upon approval of a FDP by DECC. This amount has been recorded at estimated fair value of $nil on the consolidated balance sheet as contingent consideration (See Note 7).

(2) Relates to Antrim's 35.5% interest in the Causeway Licences.

(3) Relates to a firm drilling commitment estimated at $6.2 million.

(4) The Company acquired two licences in the 25th bid round which each include a contingent drilling commitment.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot well (21/29d-11) and the Erne sidetrack well (21/29d-11Z). The drilling of these two wells took place over a period of 58 days. Subsequent to releasing the rig, the Company received an invoice from the drilling management services contractor charging the Company for approximately $5 million in additional costs as the contractor claims all conditions of the contract had not yet been satisfied. In July 2012, the drilling management services contractor filed a claim against the Company for the additional invoice costs plus interest and lost management time, in the High Court of England and Wales. The Company is disputing the additional costs and believes it is more likely than not that it will not have to pay. As a result, a contingent liability has not been recorded.

13) Capital risk management

The Company's objective when managing its capital is to maintain adequate levels of funding to support its exploration and development program and provide flexibility in the future development of its business. The ability of the Company to successfully carry out its business plan is dependent upon the continued support of its shareholders, attracting joint venture partners, the discovery of economically recoverable reserves, and the ability of the Company to obtain financing to develop reserves. Historically the Company raised all of its capital requirements from internally generated cash flow and the issuance of common shares and securities exchangeable for common shares.

Current restrictions on availability of credit may limit the Company's ability to access debt or equity financing for its development projects. The Company forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future liabilities and arrange financing, if necessary. The Company projects its future expenditures on a quarterly and, where applicable, on a monthly basis to enable the Company to better adapt to changing market conditions. Although the Company may need to raise additional funds from outside sources, if available, in order to develop its oil and gas properties, the Company maintains flexibility to manage financial commitments on these assets.

DIRECTORS

Stephen Greer
President and Chief Executive Officer,
Antrim Energy Inc.

Colin Maclean (2) (3) (4) (5)
Independent Director

Dr. Gerry Orbell (1) (3) (4) (5)
Chairman and Chief Executive Officer,
Sound Oil plc

Erik Mielke
Partner,
Namir Capital Management LLC

Jim Perry (1) (3) (4) (5)
President and CEO,
Alternative Fuel Systems (2004) Inc.

Jim Smith (1) (2) (5)
Independent Director

Jay Zammit (2) (5)
Partner,
Burstall Winger LLP

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Reserves Committee
(4) Member of the Exploration Committee
(5) Member of the Corporate Governance Committee

OFFICERS

Stephen Greer
President and Chief Executive Officer

Douglas Olson
Chief Financial Officer

Kerry Fulton
Vice President, Operations

Terry Lederhouse
Vice President, Commercial

Martin Dashwood
Vice President, Exploration

Adrian Harvey
Corporate Secretary

STOCK EXCHANGE LISTINGS

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The Company's website is not incorporated by reference in and does not form a part of this Annual Report.

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Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be direct to:

CIBC Mellon Trust Company
Calgary, Alberta