ANTRIM ENERGY INC.

Q2 2014

INTERIM FINANCIAL REPORT – SECOND QUARTER 2014

HIGHLIGHTS:

- **Completion of sale of UK subsidiary for $53 million plus assumption of certain liabilities**
- **Repayment of outstanding bank loan (Payment Swap) and oil hedge (Oil Swap) obligations**
- **Strong working capital balance ($17.5 million) at June 30, 2014**
- **Total unrisked gross prospective resource potential of 1.1 billion barrels of oil equivalent ('Best Estimate') assigned to 17 leads within the Skellig Licence (Antrim 25%), offshore Ireland**

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, 2014 compared to the same periods ended June 30, 2013 and should be read in conjunction with the audited consolidated financial statements of Antrim for the year ended December 31, 2013. This MD&A has been prepared using information available up to August 28, 2014. 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 used in operations and cash flow used in operations per share do not have standard meanings under IFRS and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations 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 used in operations is defined as cash flow used in operating activities before changes in working capital. Cash flow used in operations per share is calculated as cash flow used in operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow used in operations to its nearest measure prescribed by IFRS is provided below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
($000's)				
Cash flow used in operating activities	(1,019)	(13,098)	(257)	(16,709)
Less: change in non-cash working capital	1,491	(10,164)	3,432	(10,407)
Cash flow used in operations	(2,510)	(2,934)	(3,689)	(6,302)

Corporate

On February 7, 2014 the Company announced that it entered into an agreement to sell, subject to shareholder and regulatory approval, its Causeway, Kerloch and Cormorant East assets, structured as a sale of all of the issued and outstanding shares in the capital of Antrim Resources (N.I.) Limited ("ARNIL") for $53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

On May 20, 2014, the Company moved the listing of its common shares from the Toronto Stock Exchange to the TSX Venture Exchange (symbol AEN). The Company's listing on the London Stock Exchange's AIM market (symbol AEY) remains unchanged.

Overview of Continuing Operations

Ireland

Frontier Exploration Licence 1-13, Antrim 25%

Antrim acquired a Licensing Option in the 2011 Atlantic Margin Licensing Round which included Blocks 44/4, 44/5 (part), 44/9, 44/10, 44/14 and 44/15 covering an area of 1,409 km^2 (the "Skellig Block"). Antrim licensed, reprocessed and interpreted 2D seismic data over the blocks and identified a Cretaceous deep sea fan complex similar in seismic character to many of the recent Cretaceous oil discoveries offshore West Africa.

In April 2013, the Company farmed out a 75% interest in, and operatorship, of the Licensing Option to Kosmos Energy Ltd. ("Kosmos") in exchange for Kosmos carrying the full costs of a planned 3D seismic program within the licence area and re-imbursement to Antrim of a portion of the exploration costs incurred on the blocks to date. Antrim retained a 25% interest. The transaction was approved by the Department of Communications, Energy and Natural Resources of Ireland ("DCENR").

Results from the recently acquired 3-D seismic programme reinforced the interpretation based on 2-D seismic and strongly indicated the presence of Lower Cretaceous slope fan and channel deposits similar in geometry and seismic character to many of the recent Cretaceous oil discoveries offshore West Africa.

On July 29, 2014 Antrim announced the results of a prospective resources report for the Skellig Block. These prospective resources were evaluated by McDaniel & Associates Consultants Ltd. ("McDaniel") in accordance with National Instrument 51-101 in a report dated effective June 30, 2014. Prospective resources were assigned to 17 leads within the Skellig Block. The report estimates a total unrisked prospective resource potential of 1.1 billion barrels of oil equivalent ('Best Estimate') on the licence. The report further assigns a best estimate of 482 million barrels of oil equivalent (42.7% of the total) to two of the primary leads currently designated Leads 'C" and "M-3". Details of these estimates are provided in the tables below. Also, see "Notes on Oil and Gas Disclosure" below.

The following table provides an aggregate summary of the Prospective Resources for the 17 independent leads evaluated within the entire property:

Prospective Resources (1) (2) (3) (4) (5) **Total All Leads**	**Property Gross - Unrisked**			**Property Risked Mean Estimate**	**Antrim Risked Mean Estimate**
	Low Estimate	**Best Estimate**	**High Estimate**		
Crude Oil (Mbbl)	54,533	260,206	1,108,434	59,396	14,849
Natural Gas (MMcf)	1,157,006	4,683,844	17,883,056	992,865	248,216
Condensate (Mbbl)	12,864	87,128	429,070	22,330	5,582
Cumulative Thousand Barrels of Oil Equivalent (Mboe)	260,231	1,127,975	4,518,014	247,203	61,800

The following table provides an aggregate summary of the Prospective Resources for the two largest independent leads ("C" and "M-3") which represent 42.7% of the total unrisked property Prospective Resources (Best Estimate boe) or 46.5% of the total risked mean property boe of Prospective Resources.

Prospective Resources (1) (2) (3) (4) (5) **Lead C and M-3**	**Lead C and M-3 - Unrisked**			**Lead C and M-3 Risked Mean Estimate**	**Antrim Risked Mean Estimate**
	Low Estimate	**Best Estimate**	**High Estimate**		
Crude Oil (Mbbl)	26,732	126,955	545,627	31,908	7,977
Natural Gas (MMcf)	481,567	1,918,787	7,295,348	439,970	109,993
Condensate (Mbbl)	5,261	35,244	173,359	9,661	2,415
Cumulative Thousand Barrels of Oil Equivalent (Mboe)	112,255	481,996	1,934,878	114,896	28,724

Notes:

(1) There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.

(2) The columns marked as "Unrisked" have not been risked for chance of discovery or chance of development. The columns marked as "Risked" have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.

(3) The "Antrim Risked Mean Estimate" reflects Antrim`s 25% working interest share of: the gross prospective resource estimates shown in the "Property Risked Mean Estimate" column (Table 1); or the combined prospective resource estimates shown for the subsidiary “Lead C and M-3 Risked Mean Estimate” (Table 2). All other columns in the above tables reflect the gross 100% prospective resources of the Licence (of which Antrim's current working interest is 25%).

(4) Gas was converted to barrels of oil equivalent (`BOE`) at a ratio of 6 Mcf to 1 bbl.

(5) The total risked mean is equal to the aggregate sum of the unrisked mean (arithmetic average) estimate for each lead multiplied by the chance of discovery for the lead.

Fyne Licence

P077 Block 21/28a – Fyne, Antrim 100%

In late March 2013 the Company announced that it would not proceed with development of the Fyne Field using an FPSO. This followed a significant escalation of expected future development costs. The Company subsequently signed a joint development agreement (“JDA”) with Enegi Oil Plc (“Enegi”) and Advanced Buoy Technology (ABTechnology) Limited (“ABTechnology”) to undertake and fund the work associated with producing and submitting to DECC a Field Development Plan (“FDP”) using buoy technology. The terms of the agreement included that there would be no costs to the Company prior to FDP approval. The FDP will not be prepared in time to meet the August 31, 2014 submission requirements of DECC. Interest from the UK government in the development of smaller fields in the UK North Sea has given the Company some encouragement, specifically with respect to the time required to bring these fields to development and the Company is in discussion with DECC regarding a possible extension to the Fyne licence terms. The carrying value of the Fyne Licence at June 30, 2014 is $nil (December 31, 2013 - $nil).

Erne Licence

P1875 Block 21/29d – Erne, Antrim 50%

The Erne Licence started in January 2011 and is a Promote Licence with a drill-or-drop commitment. The Erne wells drilled in late 2011 met all the commitments on the Licence. A discovery was made with the 21/29d-11 well and also in the up-dip side-track 21/29d-11z well. These discoveries are not commercial on their own, but may be economic to develop as tie-backs to an adjacent production facility if that transpires. The initial four year term of the Licence expires in January 2015 at which time there is a requirement to relinquish 50% of the Licence area. The carrying value of the Erne Licence at June 30, 2014 is $nil (December 31, 2013 - $nil).

Financial Discussion of Continuing Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Financial Results ($000's except per share amounts)				
Cash flow used in operations [1]	(2,510)	(2,934)	(3,689)	(6,302)
Cash flow used in operations per share [1]	(0.01)	(0.02)	(0.02)	(0.03)
Net income (loss) – continuing operations	(3,666)	(1,506)	(5,204)	(5,813)
Net income (loss) per share – basic, continuing operations	(0.02)	(0.01)	(0.03)	(0.03)
Net income (loss)	(223)	930	(8,684)	(1,923)
Net income (loss) per share - basic	(0.00)	(0.00)	(0.05)	(0.01)
Total assets	19,430	91,836	19,430	91,836
Working capital	17,512	(7,273)	17,512	(7,273)
Capital expenditures – continuing operations	53	(42)	195	117
Common shares outstanding (000's)				
End of period	184,731	184,731	184,731	184,731
Weighted average – basic	184,731	184,731	184,731	184,731
Weighted average – diluted	184,731	184,731	184,731	184,999

(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.

Revenue

With the classification of Causeway to discontinued operations, the Company did not have any revenue in 2014 or 2013.

General and Administrative

General and administrative ("G&A") costs increased to $3.2 million in the first half of 2014 compared to $2.4 million for the corresponding period in 2013. The increase in G&A is primarily due to higher insurance, listing, resource evaluation, legal and other professional fees. G&A costs increased to $1.9 million for the three month period ended June 30, 2014 compared to $1.0 million for the same period in 2013. The increase in G&A is primarily due to employee severance costs.

A breakdown of G&A expense is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Wages and salaries	1,406	740	1,776	1,644
Occupancy	76	(49)	169	89
Administrative	294	338	1,118	794
Travel	7	(43)	15	54
Overhead recovery	151	-	93	(202)
	1,934	986	3,171	2,379

Exploration & Evaluation Expenditures

Exploration and evaluation ("E&E") expenditures decreased to $0.9 million in the first half of 2014 compared to $1.9 million for the corresponding period in 2013. The decrease in E&E expenditures is primarily related to less work on the development plan for the Fyne Licence.

E&E expenditures decreased to $0.9 million for the three months ended June 30, 2014 compared to $0.2 million for the same period in 2013. The increase in E&E expenditure is primarily related to an increase in estimated decommissioning obligations. The Company believes that future decommissioning obligations could be reduced if the abandonments were completed as part of a multi-well, multi-client abandonment program.

Finance Costs

Finance costs were $28 thousand in the first half of 2014 compared to $1.0 million for the corresponding period in 2013. The decrease in finance costs is primarily related to fees in 2013 related to sourcing debt financing.

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 in the first half of 2014 (2013 – $nil).

The Company follows the liability method of accounting for income taxes. As at June 30, 2014, 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 from Continuing Operations

In the first half of 2014, cash flow used in operations was $3.7 million compared to cash flow used in operations of $6.3 million for the corresponding period in 2013. Cash flow used in operations decreased in 2014 due to lower E&E expenditures partially offset by higher general and administrative costs related to employee severance.

In the first half of 2014, Antrim had a net loss from continuing operations of $5.2 million compared to a net loss from continuing operations of $5.8 million for the corresponding period in 2013. Net loss decreased due to lower E&E expenditures partially offset by higher general and administrative costs.

Foreign Exchange and Other Comprehensive Income

The reporting currency of the Company is the US dollar. From January 1, 2013 until its sale, ARNIL was accounted for as a US functional currency entity. The Company's continuing UK activities are accounted for using British pounds sterling as the functional currency. 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 interests 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 incurred a foreign exchange loss of $0.8 million in the first half of 2014 compared to a gain of $0.1 million for the corresponding period in 2013.

The Company reported other comprehensive loss of $6.6 million in the first half of 2014, compared to other comprehensive loss of $0.3 million for the corresponding period in 2013. Other comprehensive loss increased following the reclassification to income (loss) from discontinued operations of foreign currency translation gains previously included in accumulated other comprehensive income.

Financial Discussion of Discontinued Operations

Discontinued operations relate to the sale of Antrim's Causeway, Kerloch and Cormorant East assets structured as the sale of all of the issued and outstanding shares in ARNIL. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements. Financial results for the second quarter of 2014 only reflect Antrim's ownership to that date.

The Company recorded revenue of $2.5 million in the first half of 2014 compared to $17.0 million for the corresponding period in 2013. Revenue decreased due to lower production. Antrim's oil sales prices, before adjusting for Antrim's oil price commodity swaps, averaged $110.74 for the first half of 2014 compared to $109.84 for the corresponding period in 2013. The sales price for Causeway oil is calculated based on the monthly average price for Brent Ninian Blend, in the month subsequent to the month of production.

Production from the Causeway Field averaged 1,123 gross barrels of oil per day ("bopd") (Antrim net 328 bopd) to April 23, 2014 compared to an average of 2,807 gross bopd (Antrim net 821 bopd) for the first half of 2013.

Finance and administrative costs were $5.1 million for the first half of 2014 compared to $3.2 million for the corresponding period in 2013. The loss on financial derivative was $3.4 million for the first half of 2014 compared to a gain of $1.9 million for the corresponding period in 2013. The increase in finance costs and loss on financial derivative is due to the increase in the present value of the Payment and Oil Swap. Both the Payment Swap and Oil Swap were repaid in April 2014 as part of the sale of ARNIL. Remaining finance costs were lower in the first half of 2014 due to lower debt principal outstanding and non-recurring costs in 2013 relating to the debt financing.

Antrim recorded a gain on disposal of assets of $5.2 million in the first half of 2014 primarily with respect to the recognition in income of foreign currency translation adjustments previously included in accumulated other comprehensive income, less transaction costs paid in the period.

In the first half of 2014, Antrim had a net loss from discontinued operations of $3.5 million compared to net income from discontinued operations of $3.9 million for the corresponding period in 2013. The net loss increased primarily due to lower production and revenue from Causeway, higher finance and transaction costs and loss on financial derivative partially offset by recognition of foreign currency translation adjustments previously included in accumulated other comprehensive income.

Financial Resources and Liquidity

Antrim had a working capital surplus at June 30, 2014 of $17.5 million compared to a working capital surplus of $0.8 million as at December 31, 2013. Working capital increased as a result of the sale of ARNIL in April 2014 and the repayment and settlement of all outstanding obligations under the Company's bank debt and financial derivative.

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, 2014 as follows:

	2014	2015	2016	2017	2018	Thereafter
Office Leases	117	244	244	227	10	-
Ireland	155	-	-	-	-	-
United Kingdom						
Fyne	34	34	34	-	-	-
Erne	14	-	-	-	-	-
Total	320	278	278	227	10	-

The total aggregate amount payable by Antrim in respect of severance to executives who could voluntarily terminate their employment agreement upon closing of the ARNIL sale is approximately $0.8 million.

Outlook

With $17.5 million in working capital and no debt the Company is in a strong financial position to further develop its remaining assets as well as examine opportunities to raise capital or seek other strategic alternatives, including a possible business combination, to maximize shareholder value.

The Company will continue to evaluate and de-risk the Irish Skellig Licence with a view to farming down or otherwise reducing its interest before a well is drilled. If drilled, a full carry of Antrim's interest in at least one well is anticipated. Antrim intends to bid to acquire additional interests in Ireland through the recently announced (June 2014) Irish bid round.

Summary of Quarterly Results

($000, except per share amounts)	Revenue, Net of Royalties	Cash Flow Used in Operations	Net Income (Loss)	Net Income (Loss) Per Share - Basic
	(note 1)	(note 1)		
2014				
Second quarter	-	(2,510)	(223)	(0.00)
First quarter	-	(1,179)	(8,461)	(0.05)
	-	(3,689)	(8,684)	(0.05)
2013				
Fourth quarter	-	(1,836)	(21,212)	(0.11)
Third quarter	-	(388)	(16,067)	(0.09)
Second quarter	-	(2,934)	930	0.01
First quarter	-	(3,368)	(2,853)	(0.02)
	-	(8,526)	(39,202)	(0.21)
2012				
Fourth quarter	-	(8,137)	(67,155)	(0.36)
Third quarter	-	(472)	(5,396)	(0.03)
Second quarter	-	(3,178)	(6,572)	(0.04)
First quarter	-	(1,601)	(55,421)	(0.30)
	-	(13,388)	(134,544)	(0.73)

1. Continuing operations only

Key factors relating to the comparison of net income (loss) for the second quarter of 2014 to previous quarters are as follows:

- In the second quarter of 2014, the Company recognized a $5.2 million gain on disposal of assets primarily with respect to the recognition in income of foreign currency translation adjustments previously included in accumulated other comprehensive income
- In the fourth quarter of 2013, the Company recognized a $14.6 million impairment charge on assets held for sale;
- In the third quarter of 2013, the Company recognized a $12.1 million impairment charge with respect to delays and cost overruns for the Causeway Field;
- In the fourth quarter of 2012, the Company recognized a $50.4 million impairment charge related to the decision not to participate in further development of its 35.5% working interest in the Fionn Field, a $5.9 million impairment charge related to the abandonment of the Cyclone well 21/7b-4 and a $1.8 million impairment charge related to the West Teal Licence;
- In the third quarter of 2012, the Company recognized a $2.3 million impairment charge related to the planned relinquishment of Carra Licence P1563 Blocks 21/28b & 21/29c;
- The second quarter 2012 net loss was impacted by a $10 million reduction in the fair value of the Crown Point shares partially offset by a $5.9 million gain on the disposal of the Argentina assets;
- During the first quarter of 2012, net loss included $54.7 million in impairment costs related to the Fyne Licence, the Erne discovery well and the Erne sidetrack well.

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.

Substantial Capital Requirements

The Company's ability to establish 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. World financial market events and the resultant negative impact on economic conditions, particularly with respect to junior oil and gas companies, have increased the risk and uncertainty of the availability of equity or debt financing.

Foreign Operations

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 27, 2014 which is filed on SEDAR at www.sedar.com.

Notes on Oil and Gas Disclosure

Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories. The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or a probability distribution. Resources should be provided as low, best and high estimates, as follows:

Low Estimate – This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate – This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate – This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

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.

The resource estimates contained herein are estimates only and the actual results may be greater than or less than the estimates provided herein. The estimates of resources for individual leads may not reflect the same confidence level as estimated resources for all leads, due to the effects of aggregation. The total prospective resources presented are based on the arithmetic aggregation of all of the leads, which will result in a greater than 90 percent chance of exceeding the overall Low Estimate total and less than a 10 percent chance of exceeding the overall High Estimate Total.

Positive aspects of exploration in the Skellig Block are: (I) similarity of basin geology to geology of the northern part of the Porcupine Basin and the Canadian North Atlantic basins on the conjugate margin where hydrocarbon discoveries have been made; and (II) a working petroleum system with a proven Jurassic source and the possibility of mature Cretaceous shales. Potential concerns of exploration in the Skellig Block are: (I) the presence of significant quantities of reservoir quality sands at depths of 4,000 to 6,000 metres subsea; (II) lateral seals in Cretaceous stratigraphic traps; and (III) hydrocarbon migration into potential Cretaceous reservoirs.

Additionally, certain abbreviations are as follows:

Oil and Natural Gas Liquids		Natural Gas	
Bbls	barrels	Mcf	thousand cubic feet
Mbbls	thousand barrels	MMcf	million cubic feet
Mboe	thousand barrels of oil equivalent		

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 quantity 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 exploring and developing its licences, including exploration of the Skellig block, the financial effect of the ARNIL Sale upon Antrim, commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGLs 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, the consideration received in the ARNIL Sale will not change materially as a result of post-closing adjustments, 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, 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 capital requirements, 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 risk that the consideration from the ARNIL Sale is reduced as a result of post-closing adjustments, the risk that additional change of control payments to employees of Antrim become payable as a result of the ARNIL Sale, the risk of adverse results from litigation, the accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim's exploration and development drilling. 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 this MD&A and in Antrim's Annual Information Form for the year ended December 31, 2013. 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. Murray Chancellor, C. Eng., MICE and Managing Director, United Kingdom for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A. Mr. Chancellor has over 25 years operating experience in the upstream oil and gas industry.

Antrim Energy Inc.
Consolidated Balance Sheets
As at June 30, 2014 (unaudited)
(Amounts in US$ thousands)

	Note	June 30 2014	December 31 2013
Assets			
Current assets			
Cash and cash equivalents		**16,467**	1,082
Restricted cash	13	**1,141**	-
Accounts receivable		**296**	184
Prepaid expenses		**185**	539
		18,089	1,805
Assets held for sale	3	**-**	88,842
Property, plant and equipment	4	**32**	64
Exploration and evaluation assets	5	**1,309**	1,125
		19,430	91,836
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**577**	1,017
		577	1,017
Liabilities held for sale	3	**-**	57,977
Decommissioning obligations	7	**5,126**	4,130
		5,703	63,124
Shareholders' equity			
Share capital	8	**361,922**	361,922
Contributed surplus		**21,799**	21,527
Accumulated other comprehensive income		**(1,900)**	4,673
Deficit		**(368,094)**	(359,410)
		13,727	28,712
Total Liabilities and Shareholders' Equity		**19,430**	91,836
Commitments and contingencies	12		

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

Antrim Energy Inc.
Consolidated Statements of Comprehensive Loss
For the three and six months ended June 30, 2014 and 2013 (unaudited)
(Amounts in US$ thousands, except per share data)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	**2014**	**2013**	**2014**	**2013**
Revenue		-	-	-	-
Expenses					
General and administrative		**1,934**	986	**3,171**	2,379
Depletion and depreciation	4	**14**	24	**31**	48
Share-based compensation	9	**131**	281	**272**	530
Exploration and evaluation	5, 7	**864**	160	**871**	1,934
Finance income		**(6)**	-	**(6)**	(2)
Finance costs		**15**	302	**28**	1,035
Foreign exchange loss (gain)		**714**	(247)	**837**	(111)
Income (loss) from continuing operations before income taxes		**(3,666)**	(1,506)	**(5,204)**	(5,813)
Income tax expense		-	-	-	-
Income (loss) from continuing operations after income taxes		**(3,666)**	(1,506)	**(5,204)**	(5,813)
Income (loss) from discontinued operations	3	**3,443**	2,436	**(3,480)**	3,890
Net income (loss) for the period		**(223)**	930	**(8,684)**	(1,923)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustment		**217**	(229)	**201**	(304)
Items reclassified to profit or loss:					
Foreign currency translation adjustment - disposal		**(6,774)**	-	**(6,774)**	-
Other comprehensive income (loss) for the period		**(6,557)**	(229)	**(6,573)**	(304)
Comprehensive income (loss) for the period		**(6,780)**	701	**(15,257)**	(2,227)
Net income (loss) per common share					
Basic and diluted- continuing operations	10	**(0.02)**	(0.01)	**(0.03)**	(0.03)
Basic and diluted - discontinued operations	10	**0.02**	0.01	**(0.02)**	0.02

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

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2014 and 2013 (unaudited)
(Amounts in US$ thousands)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2014	2013	2014	2013
Operating Activities					
Loss from continuing operations after income taxes		**(3,666)**	(1,506)	**(5,204)**	(5,813)
Items not involving cash:					
Depletion and depreciation	4	**14**	24	**31**	48
Share-based compensation	9	**131**	281	**272**	530
Accretion of decommissioning obligations	7	**12**	16	**23**	30
Non-cash items included in exploration and evaluation expenditures		**828**	-	**828**	-
Foreign exchange loss (gain)		**171**	(1,749)	**361**	(1,097)
Changes in non-cash working capital items - continuing operations	11	**1,491**	(10,164)	**3,432**	(10,407)
Cash provided by (used in) operating activities - continuing operations		**(1,019)**	(13,098)	**(257)**	(16,709)
Cash provided by (used in) operating activities - discontinued operations		**(2,846)**	4,907	**(1,791)**	15,181
Cash provided by (used in) operating activities		**(3,865)**	(8,191)	**(2,048)**	(1,528)
Financing Activities					
Proceeds from long-term debt facility	6	-	-	-	30,000
Issuance costs on long-term debt facility		-	-	-	(1,423)
Payments on long-term debt facility	6	**(20,650)**	-	**(24,650)**	-
Financial derivative settlements	13	**(10,864)**	(825)	**(11,452)**	(1,118)
Cash provided by (used in) financing activities - discontinued operations		**(31,514)**	(825)	**(36,102)**	27,459
Investing Activities					
Capital expenditures		**(53)**	42	**(195)**	(117)
Change in restricted cash		**(855)**	13,475	**(238)**	(8,355)
Cash proceeds from disposal of assets	3	**52,293**	-	**57,293**	-
Cash used in investing activities - continuing operations		**51,385**	13,517	**56,860**	(8,472)
Cash used in investing activities - discontinued operations		**(808)**	(3,893)	**(3,859)**	(17,213)
Cash provided by (used in) investing activities		**50,577**	9,624	**53,001**	(25,685)
Effects of foreign exchange on cash and cash equivalents		**583**	(24)	**534**	(142)
Net increase in cash and cash equivalents		**15,781**	584	**15,385**	104
Cash and cash equivalents - beginning of period		**686**	1,023	**1,082**	1,503
Cash and cash equivalents - end of period	13	**16,467**	1,607	**16,467**	1,607

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

Antrim Energy Inc.
Consolidated Statements of Changes in Equity
For the three and six months ended June 30, 2014 and 2013 (unaudited)
(Amounts in US$ thousands)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2012		184,731,076	361,922	20,626	4,656	(320,208)	**66,996**
Net loss for the period			-	-	-	(1,923)	**(1,923)**
Other comprehensive loss			-	-	(304)	-	**(304)**
Share-based compensation	9		-	690	-	-	**690**
Balance, June 30, 2013		**184,731,076**	**361,922**	**21,316**	**4,352**	**(322,131)**	**65,459**
Balance, December 31, 2013		**184,731,076**	**361,922**	**21,527**	**4,673**	**(359,410)**	**28,712**
Net loss for the period		-	-	-	-	**(8,684)**	**(8,684)**
Other comprehensive loss		-	-	-	**(6,573)**	-	**(6,573)**
Share-based compensation	9	-	-	**272**	-	-	**272**
Stock options exercised			-	-	-	-	-
Balance, June 30, 2014		**184,731,076**	**361,922**	**21,799**	**(1,900)**	**(368,094)**	**13,727**

The accompanying notes are an integral part of the 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 and Ireland. Antrim Energy Inc. is incorporated and domiciled in Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and the London AIM 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.

The Company entered into an agreement on February 7, 2014 to sell its UK subsidiary, Antrim Resources (N.I.) Limited ("ARNIL") for $53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements (see note 3).

2) Basis of Presentation

a) Statement of compliance

These interim consolidated financial statements for the three and six months ended June 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, and have been prepared following the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2013. The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, 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 28, 2014, the date the Board of Directors approved the interim consolidated financial statements.

b) Presentation currency

In these consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States ("US") dollars. 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.

(Amounts in US$ thousands)

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, 2013.

d) Changes in accounting policies

The interim consolidated financial statements are prepared on a historical cost basis except as detailed in the accounting policies disclosed in the Company's consolidated financial statements for the year ended December 31, 2013, except for the retrospective adoption of the following interpretation effective January 1, 2014:

International Financial Reporting Interpretation Committee 21 *Levies* clarified that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the minimum threshold is reached. The adoption of this interpretation did not have an impact to the Company's interim consolidated financial statements.

3) Discontinued operations

The Company entered into an agreement on February 7, 2014 with First Oil Expro Limited ("FOE") pursuant to which, subject to the terms and conditions of the Agreement, FOE agreed to purchase from the Company all of the issued and outstanding shares in the capital of Antrim's UK subsidiary, Antrim Resources (N.I.) Limited ("ARNIL") for $53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL.

Details of the disposition are as follows:

	2014
Consideration received:	
Cash	57,293
Discontinued operations:	
Working capital	2,059
Property, plant and equipment	(75,691)
Asset retirement obligations	16,500
Transaction costs	(1,779)
Foreign currency translation adjustment relating to disposal	6,774
Gain on disposal of assets	5,156

(Amounts in US$ thousands)

The combined results of the discontinued operations which have been included in the consolidated statement of loss and comprehensive loss are as follows. The comparative period income and cash flows from discontinued operations have been reclassified to include those operations classified as discontinued in the current period. Discontinued financial and operating results for the three and six month periods ended June 30, 2014 include only those results up to April 24, 2014 (the date of sale of ARNIL).

	Three Months Ended		Six Months Ended	
	June 30 2014	June 30 2013	June 30 2014	June 30 2013
Discontinued operations				
Revenue	(11)	5,060	2,465	17,051
Expenses				
Direct production and operating expenditures	718	1,044	1,692	2,308
Depletion and depreciation	-	2,576	844	9,631
Finance and administrative costs	661	1,315	5,126	3,154
Loss (gain) on financial derivative	323	(2,311)	3,439	(1,932)
Gain on disposal of assets	(5,156)	-	(5,156)	-
Income (loss) from discontinued operations	3,443	2,436	(3,480)	3,890

	Three Months Ended		Six Months Ended	
	June 30 2014	June 30 2013	June 30 2014	June 30 2013
Cash flow from discontinued operations				
Net cash flow provided by (used in) operating activities	(2,846)	4,907	(1,791)	15,181
Cash used in investing activities	(808)	(3,893)	(3,859)	(17,213)
	(3,654)	1,014	(5,650)	(2,032)

The Company determined that it did not recognize certain selling costs when measuring assets held for sale at the lower of their carrying amount and fair value less cost of disposal as at December 31, 2013. Had the Company considered these costs in 2013 property, plant and equipment at December 31, 2013 and earnings from discontinued operations for the year ended December 31, 2013 would have been reduced by $1,779. The Company has concluded the effect of this omission would not be material to users of the 2013 annual financial statements and has not restated those statements. Furthermore, the Company has determined that making an out of period adjustment for these costs in the current period would not materially misstate the current period interim financial statements.

(Amounts in US$ thousands)

4) Property, plant and equipment

	June 30 2014	December 31 2013
Opening balance	64	81,069
Additions	-	23,590
Depletion and depreciation	(31)	(13,612)
Impairment	-	(26,540)
Changes in decommissioning estimate	-	7,393
Transferred from exploration and evaluation assets	-	-
Foreign currency translation	(1)	(4)
Reclassified to assets held for sale	-	(71,832)
Closing balance	32	64

During the period, the Company capitalized $nil (2013 - $107) of general and administrative costs and $nil (2013 - $97) of share-based compensation related to development activity.

In the third quarter of 2013, the Company recognized an impairment charge of $12.1 million related to Causeway following further delays in completing the Causeway electric submersible pump and water injection facilities together with additional significant capital cost overruns on the project. The Causeway CGU was written down to the estimated recoverable amount based on fair value less cost of disposal. The estimated fair value was determined using future cash flows adjusted for risks specific to the asset and discounted using an after tax discount rate of 15%.

At December 31, 2013, the Company assessed the carrying amount of its property, plant and equipment assets for indicators of impairment. For assets to be disposed of, the recoverable amount is fair value less costs of disposal rather than value in use. In 2014, the Company agreed to the sale of the Company's Causeway, Kerloch and Cormorant East assets to be structured as a sale of all of the issued and outstanding shares in ARNIL for $53 million in cash, plus the assumption of certain liabilities. In the fourth quarter of 2013, the Company recognized an impairment charge of $14.6 million with respect to the proposed transaction and assets to be disposed of.

5) Exploration and evaluation assets

	June 30 2014	December 31 2013
Opening balance	1,125	6,931
Additions	195	684
Changes in decommissioning estimate	-	475
Impairment	-	(7,006)
Transferred to property, plant and equipment	-	-
Foreign currency translation	(11)	41
Closing balance	1,309	1,125

(Amounts in US$ thousands)

Exploration and evaluation assets at June 30, 2014 and December 31, 2013 relate to the Company's Ireland Frontier Exploration Licence. During the period, the Company capitalized $18 (2013 - $142) of general and administrative costs and $nil (2013 - $63) of share-based compensation related to exploration and evaluation activity.

In the third quarter of 2013, the Company recognized an impairment charge of $7,006 relating to the West Causeway licence as the licence was nearing the end of its exploration term.

6) Debt

	June 30 2014	December 31 2013
Opening balance	20,159	-
Additions	-	21,444
Payments	(24,650)	(5,350)
Interest on long-term debt	3,802	3,332
Amortization of issue costs	689	733
Closing balance	-	20,159

In January 2013, the Company entered into a $30 million payment swap transaction ("Payment Swap") with a major financial institution. Under the terms of the transaction, $30 million was repayable in 29 instalments commencing September 2013 and concluding January 2016. To enable the Company to pay amounts under the payment swap the Company also entered into a Brent Oil Price Commodity Swap ("Oil Swap") to forward sell 657,350 barrels of Brent crude oil at an initial fixed price of $89.37 covering the period from February 2013 to December 2015. In December 2013 the fixed price was reduced to $81.21 per barrel in exchange for amendments to the Payment and Oil Swap (see note 13).

The estimated fair value of the credit-adjusted financial derivative on inception was $7,133. The payment swap was measured based on the present value of the cash received offset by the fair value of the financial derivative. The payment swap is accreted to its face value through a charge to earnings using the effective interest method at a discount rate of 24.3%. Transaction costs of $1,423 have been fully amortized as the contract has been extinguished.

On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

(Amounts in US$ thousands)

7) Decommissioning obligations

	June 30 2014	December 31 2013
Opening balance	4,130	10,270
Additions	-	759
Accretion	23	220
Change in estimate	828	8,056
Foreign currency translation	145	1,023
Reclassified to liabilities held for sale	-	(16,198)
Closing balance	5,126	4,130

At June 30, 2014, the estimated undiscounted decommissioning obligations are $5,005 (December 31, 2013 - $4,269). The expenditures are expected to be incurred in 2016.

The change in estimate in 2013 is primarily related to increased cost estimates for the reclamation of producing wells as well as water injection and suspended wells.

The present value of the decommissioning obligations has been calculated using a risk-free interest rate of 1.03% (2013 – 2.17%) and an inflation rate of 2.0% (2013 – 2.0%).

8) Share capital

Authorized
Unlimited number of common voting shares

	Shares	$
Balance, June 30, 2014 and December 31, 2013	**184,731,076**	**361,922**

9) Share-based compensation

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.

Share-based compensation for the six months ended June 30, 2014 was $272 (2013 – $690) of which $272 (2013 – $530) was expensed and $nil (2013 – $160) was capitalized.

(Amounts in US$ thousands)

The following table illustrates the number and weighted average exercise prices of and movements in share options under the option program during the period:

	Six Months Ended June 30, 2014		Six Months Ended June 30, 2013	
	# of options	Weighted average exercise price Cdn $	# of options	Weighted average exercise price Cdn $
Outstanding at beginning of period	7,575,000	0.67	12,350,065	0.98
Granted	-	-	500,000	0.20
Forfeited	(53,332)	0.60	(1,431,666)	0.98
Expired	(50,000)	0.35	(925,000)	3.87
Outstanding at end of period	7,471,668	0.67	10,493,399	0.69

10) Earnings per share

	Three Months Ended June 30 2014	Three Months Ended June 30 2013	Six Months Ended June 30 2014	Six Months Ended June 30 2013
Loss from continuing operations	(3,666)	(1,506)	(5,204)	(5,813)
Income (loss) from discontinued operations	3,443	2,436	(3,480)	3,890
Net loss for the period	(223)	930	(8,684)	(1,923)
Basic earnings per share:				
Issued common shares	184,731,076	184,731,076	184,731,076	184,731,076
Effect of share options exercised	-	-	-	-
Weighted average number of common shares – basic	184,731,076	184,731,076	184,731,076	184,731,076
Diluted earnings per share:				
Weighted average number of common shares – basic	184,731,076	184,731,076	184,731,076	184,731,076
Effect of outstanding options	-	-	-	267,526
Weighted average number of common shares – diluted	184,731,076	184,731,076	184,731,076	184,998,602
Basic and diluted income (loss) per common share:				
From continuing operations	(0.02)	(0.01)	(0.03)	(0.03)
From discontinued operations	0.02	0.01	(0.02)	0.02
Total basic and diluted loss per share	(0.00)	0.01	(0.05)	(0.01)

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

For the periods ended June 30, 2014 and 2013, all stock options were anti-dilutive and were not included in the diluted common share calculation.

(Amounts in US$ thousands)

11) Supplemental cash flow information

	Three Months Ended		Six Months Ended	
	June 30 2014	June 30 2013	June 30 2014	June 30 2013
(Increase)/decrease of assets:				
Trade and other receivables	(12)	159	2,001	158
Inventory and prepaid expenses	27	(530)	(707)	(293)
Increase/(decrease) of liabilities:				
Trade and other payables	1,476	(9,793)	2,138	(10,272)
	1,491	(10,164)	3,432	(10,407)
Cash and cash equivalents are comprised of:				
Cash in bank	1,467	1,607	1,467	1,607
Short-term deposits	15,000	-	15,000	-
	16,467	1,607	16,467	1,607

12) Commitments and contingencies

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

	2014	2015	2016	2017	2018	Thereafter
Office Leases	117	244	244	227	10	-
Ireland	155	-	-	-	-	-
United Kingdom						
Fyne	34	34	34	-	-	-
Erne	14	-	-	-	-	-
Total	320	278	278	227	10	-

The total aggregate amount payable by Antrim in respect of severance to executives who could voluntarily terminate their employment agreement upon closing of the ARNIL sale is approximately $800.

13) Financial instruments and financial risks

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification categories, which depend on the purpose for which the financial instruments were acquired and their characteristics include held-for-trading, available-for-sale, held-to-maturity, loans and receivables, investments, and other liabilities. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

(Amounts in US$ thousands)

The Company's financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable, accounts payable, debt and financial derivative. Cash and cash equivalents, restricted cash, and accounts receivable are classified as loans and receivables and are accounted for at amortized cost. Accounts payable are classified as other liabilities and are accounted for at amortized cost. Due to the short-term maturity of these financial instruments, fair values approximate carrying amounts. Debt is classified as other financial liabilities and is accounted for at amortized cost. The financial derivative is classified as a financial liability at fair value through profit or loss.

Financial risks

The Company is exposed to financial risks encountered during the normal course of its business. These financial risks are composed of credit risk, liquidity risk and market risk including commodity price and foreign currency exchange risks.

(a) Credit risk

The Company is exposed to the risk that its counterparties will fail to discharge their obligations to the Company on its cash, cash equivalents, accounts receivable and certain non-current assets.

Cash and cash equivalents and restricted cash are on deposit with reputable Canadian and international banks, and therefore the Company does not believe these financial instruments are subject to material credit risk.

The Company's sales from discontinued operations in 2013 and 2014 were all to a single customer. Factors included in the assessment of accounts receivable for impairment are the relationship between the purchaser and the Company and the age of the receivable.

The extent of the Company's credit risk exposure is identified in the following table:

	June 30 2014	December 31 2013
Cash and cash equivalents	16,467	1,082
Restricted cash	1,141	-
Accounts receivable	296	184
	17,904	1,266

Restricted cash at June 30, 2014 relates to a British pounds sterling standby letter of credit issued to the Sullom Voe terminal which is in the process of being cancelled following the sale of ARNIL.

(Amounts in US$ thousands)

(b) Liquidity risk

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations. The Company manages this risk by forecasting cash flows in an effort to identify future liabilities and arrange financing, if necessary. It may take many years and substantial cash expenditures to pursue exploration and development activities on all of the Company's existing undeveloped properties. Accordingly, the Company will need to raise additional funds from outside sources in order to explore and develop its properties. There is no assurance that adequate funds from debt and equity markets will be available to the Company in a timely manner.

(c) Market risk

Market risk consists of commodity price risk and foreign currency exchange risk.

Commodity price risk

For the six month period ended June 30, 2014 and year ended December 31, 2013 the financial derivative liability movements were:

	June 30 2014	**December 31 2013**
Opening balance	8,158	-
Additions	-	7,133
Settlements	(11,452)	(2,225)
Unrealized loss on financial derivative	3,294	3,250
Closing balance	-	8,158

On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

Foreign currency exchange risk

The Company is exposed to fluctuations in foreign currency exchange rates as many of the Company's financial instruments are denominated in United States dollars, Canadian dollars and British pounds sterling. As a result, fluctuations in the United States dollar against the Canadian dollar and British pound sterling could result in unanticipated fluctuations in the Company's financial results. The Company seeks to minimize foreign exchange risk by holding cash and cash equivalents in United States dollars when not required in support of current operations.

(Amounts in US$ thousands)

Capital management

The Company's objective when managing its capital is to safeguard the Company's ability to continue as a going concern, 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. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity and/or debt, selling assets, and controlling capital expenditure programs. The Company intends to fund its planned capital program through existing cash resources.

The Company's capital structure at June 30, 2014 consisted of cash and cash equivalents, bank debt and shareholders' equity. Shareholders' equity includes shareholders' capital, contributed surplus, and accumulated other comprehensive loss and deficit.

The capital structure of the Company consists of:

	June 30 2014	December 31 2013
Cash and cash equivalents	16,467	1,082
Shareholders' equity	13,727	28,712
	30,194	29,794

Current restrictions on the availability of credit may limit the Company's ability to access debt or equity financing for its 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. 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 seeks to maintain flexibility to manage financial commitments on these assets.

Methods employed to adjust the Company's capital structure could include any, all or a combination of the following activities:

(i) Issue new shares through a public offering or private placement;
(ii) Issue equity linked or convertible debt;
(iii) Raise fixed or floating rate debt;
(iv) Sell or farmout existing exploration 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,
Antrim Energy Inc.

Erik Mielke
Independent Director

Jim Perry (1) (3) (4) (5)
Independent Director

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

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

Anthony Potter
Chief Financial Officer

Adrian Harvey
Corporate Secretary

STOCK EXCHANGE LISTINGS

TSX Venture Exchange (TSXV): Trading Symbol "AEN"
London Stock Exchange (AIM): Trading Symbol "AEY"

HEAD OFFICE

610, 301 8th Avenue SW
Calgary, Alberta
Canada T2P 1C5
Main: +1 403 264 5111
Fax: + 1 403 264 5113
info@antrimenergy.com
www.antrimenergy.com

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

LONDON OFFICE

Ashbourne House, The Guildway
Old Portsmouth Road, Artington
Guildford, Surrey
United Kingdom GU3 1LR
Main: +44 (0) 1483-307 530
Fax: +44 (0) 1483-307 531

INTERNATIONAL SUBSIDIARIES

Antrim Energy Ltd.
Antrim Exploration (Ireland) Limited
Antrim Energy (UK) Limited
Antrim Energy (Ventures) Limited

LEGAL COUNSEL

Burstall Winger Zammit LLP
Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
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:

CST Trust Company
Calgary, Alberta
inquiries@cantstockta.com