



ANTRIM ENERGY INC. Q3 2016

INTERIM FINANCIAL REPORT – THIRD QUARTER 2016

HIGHLIGHTS

- Approval at annual and special meeting of shareholders to voluntarily dissolve the Corporation, cancel admission on AIM, delist from TSXV and distribute cash to Shareholders
- Sale of Ireland subsidiary, Antrim Exploration (Ireland) Limited (fourth quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") provides a detailed explanation of Antrim Energy Inc.'s (the "Corporation" or "Antrim") operating results for the three and nine months ended September 30, 2016 compared to the same periods ended September 30, 2015 and should be read in conjunction with the audited consolidated financial statements of Antrim for the year ended December 31, 2015. This MD&A has been prepared using information available up to November 28, 2016. The interim consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted all amounts are reported in United States ("US") dollars.

Overview of Operations

Corporate

At the annual and special meeting of Shareholders held on August 30, 2016, shareholders authorized the voluntary dissolution of the Corporation pursuant to Section 212 of the *Business Corporations Act* (Alberta) (the "Dissolution"), and following provision for satisfaction of any and all liabilities and obligations owed to the creditors of the Corporation, the return of any residual capital to shareholders.

It is the intention of the Corporation to proceed with the Dissolution and related de-listing from the TSX Venture Exchange ("TSXV"). Admission of trading the Corporation's Common Shares on AIM was cancelled with effect from 7:00 am (UK time) on September 9, 2016. The Corporation anticipates delisting from the TSXV mid-January 2017.

A return of residual capital to shareholders in the form of a cash distribution (the "Distribution") is currently estimated to be Cdn. \$0.05 per Common Share (being an aggregate of approximately US \$7.3 million and assuming an exchange rate for the Canadian dollar of US \$0.761: Cdn \$1.00). The amount of any payment(s) shall be determined by the Board after paying or making provision for the Corporation's obligations and reviewing potential tax and other liabilities of the Corporation, including costs related to the Dissolution such as the winding-up of the Corporation's subsidiaries. The Canada Revenue Agency ("CRA") and Alberta Tax and Revenue Administration ("Alberta Revenue") have adopted a policy of not reviewing applications for Tax Clearance Certificates until the company making the application has formally dissolved and filed a terminal tax return. The Corporation does not intend to make any Distribution prior to receipt of the Tax Clearance Certificates and during this interval, the Distribution amount is expected to be placed in a non-interest bearing bank account.

The precise timetable for securing the winding up and Dissolution of the Corporation and its subsidiaries cannot be accurately predicted, however, it is anticipated that the formal Dissolution and winding up of the Corporation and its subsidiaries will occur in early 2017. It is not possible to predict when a final assessment of the Corporation's 2016 tax return and Tax Clearance Certificates could be obtained from CRA or Alberta Revenue as their receipt is outside of the control of the Corporation.

To the extent that the Corporation's expenses, liabilities and obligations are higher than current estimates, or if any unforeseen obligations arise, if the Dissolution is delayed, or if the exchange rate of the U.S. Dollar versus the Canadian Dollar changes unexpectedly, the actual amount distributed to Shareholders may be lower, and possibly substantially lower, than the anticipated net asset value per Common Share based on the above figures.

Should an opportunity arise prior to completion of the Dissolution that in the Board's judgement has the potential to provide a superior return to Shareholders, the Board may in their discretion delay or revoke implementation of the Dissolution. Similarly, should an opportunity arise for the Corporation to sell any of the Corporation's subsidiaries (or assets of such subsidiaries) prior to the Dissolution, the Board may, in their sole discretion, proceed to sell such subsidiary or subsidiaries (or assets thereof) on terms acceptable to the Board.

Ireland

In November 2016 Antrim announced an agreement to sell all of the issued and outstanding shares in the capital of Antrim's Ireland subsidiary, Antrim Exploration (Ireland) Limited ("Antrim Ireland") for US \$0.25 million in cash, (the "Transaction") plus up to US \$0.13 million conditional on certain future events. Closing of the Transaction occurred on November 28, 2016 and included in other current assets at September 30, 2016 is US \$0.25 million pertaining to the sale.

UK North Sea Licences

Antrim's interest in the Fyne Licence (P077 Block 21/28a) is to expire on November 25, 2016 and Antrim has filed an application with the UK Oil and Gas Authority to relinquish its interest in the Erne Licence (P1875 Block 21/29d). The carrying value of the Fyne and Erne Licence at September 30, 2016 is \$nil (December 31, 2015 - \$nil).

Application of Liquidation Basis of Accounting

The Corporation adopted the liquidation basis of accounting effective July 1, 2016. This basis of accounting is considered appropriate when, among other things, liquidation of the Corporation is imminent. Assets are measured at net realizable value and all existing liabilities continue to be carried at their historical values. All costs expected to be incurred through the end of liquidation are accrued. In converting from the going concern basis to the liquidation basis of accounting, the Corporation was required to make a net adjustment by recording an increase in net assets of \$0.2 million and accrual of liquidation costs of \$1.5 million, which is included in the Consolidated Statement of Changes in Net Assets.

Accrued Liquidation Costs

At July 1, 2016 the Corporation accrued expected additional costs to be incurred through the end of liquidation including:

- regulatory, legal, accounting and transfer agency costs of the Corporation continuing to make required filings as a "reporting issuer" up to the date of Dissolution;
- costs of winding up the subsidiaries, including the making of any final regulatory or tax filings;
- executive and employment severance costs;
- costs of terminating the Corporation's Canadian and UK office leases;
- costs of obtaining run-on director & officer insurance;
- moving, disposal and storage costs;
- management / trustee fees and expenses associated with the interval between Dissolution, receipt of the Tax Clearance Certificates and Distribution.

A breakdown of accrued liquidation costs as at September 30, 2016 is as follows:

	Balance as at June 30 2016	Accrual at July 1 2016	Payments	Adjustment to Accruals	Balance as at September 30 2016
Personnel related costs	185	402	(177)	25	435
Occupancy related costs	220	290	(80)	152	582
Administrative and other	-	769	(134)	(10)	625
	<u>405</u>	<u>1,461</u>	<u>(391)</u>	<u>167</u>	<u>1,642</u>

Financial Resources and Liquidity

At September 30, 2016 the Corporation had net assets in liquidation of US \$7.3 million or Cdn \$0.05 per outstanding share (based on an exchange rate for the Canadian dollar of US \$0.761: Cdn \$1.00 and 184,731,076 Common Shares outstanding). This includes management estimates made as of September 30, 2016, and does not necessarily reflect the final amount that may be available to the Corporation for distribution to Shareholders (see Risks and Uncertainties).

Foreign Currency Exchange

Net assets in liquidation at September 30, 2016 include cash and cash equivalents of US \$8.7 million. The reporting currency of the Corporation is the US dollar while the Corporation's costs are incurred in the local currency of the jurisdictions in which it has operated. Fluctuations in the Canadian dollar, Euro and British pound sterling relative to the US dollar could result in unanticipated fluctuations in the Corporation's financial results and impact the Distribution, which is expected to be denominated in Canadian dollars. The Corporation incurred a foreign exchange loss of \$0.6 million in first half of 2016 and a foreign exchange gain of \$2.0 million in the nine month period ended September 30, 2015. The Corporation plans to continue to evaluate the timing of expenditures and expectations for the US dollar relative to the Canadian dollar prior to converting US dollar funds.

Contractual Obligations, Commitments and Contingencies

The Corporation has commitments in respect of its operating leases which are included in accrued liquidation costs as at September 30, 2016.

Outlook

The Board of Directors of the Corporation has concluded that it is in the best interest of the Shareholders and the Corporation to proceed with the voluntary liquidation and dissolution of the Corporation (in the absence of any potential alternative transaction to date that the Board believes would be satisfactory to shareholders).

The precise timetable for securing the winding up and Dissolution of the Corporation and its subsidiaries cannot be accurately predicted, however, it is anticipated that the formal Dissolution and winding up of the Corporation and its Subsidiaries will occur in early 2017. In connection with the Dissolution, the Corporation proposes to delist from the TSXV in mid-January 2017 and will provide further information about the proposed delisting in a future press release. The Corporation will also provide instructions to Shareholders describing the procedures to be followed to effect the Distribution and the anticipated timing thereof.

Risks and Uncertainties

Dissolution Risks

The Board retains the discretion not to proceed with the Dissolution if the Board determines that it is no longer in the best interests of the Corporation and the Shareholders. For example, if, prior to its formal dissolution under the ABCA, the Corporation receives an offer for a transaction that will, in the view of the Board, provide superior value to Shareholders than the value of the estimated Distribution under the winding-up process, taking into account all factors that could affect valuation, including timing and certainty of payment or closing, proposed terms and other factors, the winding-up of the Corporation could be abandoned in favor of such a transaction. Until completion of the Dissolution, the Corporation will remain a reporting issuer and will incur the attendant costs.

Distribution Risks

The amount of any payment(s) shall be determined by the Board after paying or making provision for the Corporation's obligations and reviewing potential tax and other liabilities of the Corporation, including costs related to the Dissolution such as the winding-up of the Corporation's subsidiaries and related regulatory fees, administrative fees and professional expenses. The Corporation does not intend to make any Distribution prior to receipt of the Tax Clearance Certificates. It is not possible to predict when Tax Clearance Certificates could be obtained from CRA or Alberta Revenue as their receipt is outside of the control of the Corporation.

As discussed further in the Circular (as defined below), Shareholders may be required to return their portion of a liquidation distribution in certain limited circumstances. The potential for Shareholder liability regarding a Distribution continues until the statutory limitation period for any applicable claims has expired.

To the extent that the Corporation's expenses, liabilities and obligations are higher than current estimates, or if any unforeseen obligations arise, if the Dissolution is delayed, or if the exchange rate of the U.S. Dollar versus the Canadian Dollar changes unexpectedly, the actual amount distributed to Shareholders may be lower, and possibly substantially lower, than the anticipated net assets in liquidation per Common Share based on the above figures.

Foreign Operations

A number of risks are associated with conducting foreign operations over which the Corporation has no control, including currency instability, potential and actual civil disturbances, restriction of funds movement outside of these countries, 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 and retroactive tax changes.

Further discussions regarding the Corporation's risks and uncertainties, can be found in the Corporation's Management Information Circular dated July 26, 2016 (the "Circular") and Annual Information Form dated April 22, 2016 both of which are filed on SEDAR at www.sedar.com.

Forward-Looking and Cautionary Statements

This MD&A contains 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 should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this MD&A and Antrim does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

Forward-looking statements presented in such statements or disclosures may, among other things, relate to: the structure and effects of the Distribution and the Dissolution, the anticipated benefits and shareholder value resulting from the Dissolution, the timing and completion of the Distribution and the Dissolution, the liabilities and obligations of the Corporation, cash distributions, estimated costs of the Dissolution, anticipated income taxes, plans and objectives of management in connection with the Distribution and the Dissolution and operations until the Distribution and the Dissolution, final costs of the Dissolution, the nature and results of operations until completion of the Distribution and the Dissolution and the timing of any potential de-listing from the TSXV.

Various assumptions or factors are applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those assumptions and factors are based on information currently available to the Corporation. In some instances, material assumptions and factors are presented or discussed elsewhere in this MD&A in connection with the statements or disclosure containing the forward-looking statements.

Shareholders are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- assumptions made in the "Dissolution of the Corporation" section of the Circular; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity relating to the Corporation's properties.

The forward-looking statements or disclosures in this MD&A are based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Corporation to differ materially from those contemplated (whether expressly or by implication) in the forward-looking statements. Those factors are based on information currently available to the Corporation including information obtained by the Corporation from third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Corporation does not know what impact any of those differences may have, its business, results of operations, financial condition and its credit stability

may be materially adversely affected. Factors that could cause actual results, performance, achievements or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things:

- the failure to complete the Dissolution and the Distribution;
- the failure to realize the anticipated benefits of the Dissolution and the Distribution, including as a result of any delay in implementing the Dissolution or Distribution, an increase in anticipated windup costs; and
- the risks associated with legislative and regulatory developments or changes that may affect costs, taxes, revenues and general economic conditions in geographic areas where the Corporation and its subsidiaries operate, timing and extent of changes in prevailing interest rates, currency exchange rates and changes in counterparty risk.

Readers are also specifically referred to "*Dissolution of the Corporation – Risk Factors*" in the Circular available on Antrim's SEDAR profile at www.sedar.com for additional assumptions and risk factors relating to the proposed Dissolution.

The Corporation cautions Shareholders that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance, achievements or outcomes to differ materially from those contemplated (whether expressly or by implication) in the statements or disclosure containing forward-looking statements are disclosed in the Corporation's publicly filed disclosure documents.

The forward-looking statements contained in this analysis are expressly qualified by this cautionary statement. The Corporation is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking statements contained herein.

Antrim Energy Inc.

Notice of no auditor review of condensed interim consolidated financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and nine month period ended September 30, 2016 have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Antrim Energy Inc.
Condensed Interim Consolidated Statement of Net Assets in Liquidation
As at September 30, 2016 and December 31, 2015 (unaudited)
(Amounts in US\$ thousands)

	Note	Liquidation September 30 2016	Going Concern December 31 2015
Assets			
Current assets			
Cash and cash equivalents		8,676	9,895
Restricted cash		10	12
Accounts receivable		15	49
Prepaid expenses and deposits		37	107
Other current assets	4, 5	280	-
		9,018	10,063
Property, plant and equipment	4	-	6
Exploration and evaluation assets	5	-	1,307
		9,018	11,376
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		117	446
Liquidation accruals	3	1,642	-
		1,759	446
Shareholders' equity			
Share capital	6		361,922
Contributed surplus			21,930
Accumulated other comprehensive loss			(5,237)
Deficit			(367,685)
		-	10,930
Total Liabilities and Shareholders' Equity		-	11,376
Net Assets in Liquidation		7,259	-
Commitments and contingencies	8		
Subsequent event	11		

Effective July 1, 2016, the Corporation changed the basis of presenting its financial statements from a going concern basis to a liquidation basis (see Note 1).

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

Antrim Energy Inc.

Condensed Interim Consolidated Statement of Changes in Net Assets in Liquidation

For the period ended September 30, 2016 (unaudited)

(Amounts in US\$ thousands, except per share data)

	Note	
Shareholders' equity at June 30, 2016		8,660
Net effect of adopting liquidation basis of presentation:		
Net adjustment of assets and liabilities to net realizable value	2	227
Accrued liquidation costs	3	<u>(1,461)</u>
Net assets in liquidation at July 1, 2016		<u>7,426</u>
Changes in net assets in liquidation:		
Change in estimate to administrative and other expenses	3	<u>(167)</u>
Net assets in liquidation at September 30, 2016		<u>7,259</u>
Net assets in liquidation per share - basic and fully diluted	US\$	0.04

Effective July 1, 2016, the Corporation changed the basis of presenting its financial statements from a going concern basis to a liquidation basis (see Note 1).

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

Antrim Energy Inc.

Condensed Interim Consolidated Statement of Comprehensive Loss For the three and nine months ended September 30, 2015 (unaudited) (Amounts in US\$ thousands, except per share data)

	Three Months Ended September 30	Nine Months Ended September 30
Note	2015	2015
Revenue	-	-
Expenses		
General and administrative	496	1,810
Depletion and depreciation	4	9
Share-based compensation	4	37
Exploration and evaluation	(184)	(1,881)
Finance and other income	(6)	(28)
Finance costs	2	18
Foreign exchange loss (gain)	(1,052)	(1,974)
Income (loss) before income taxes	736	2,009
Income tax expense	-	-
Net income (loss) for the period	736	2,009
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation adjustment	(991)	(2,056)
Other comprehensive income (loss) for the period	(991)	(2,056)
Comprehensive loss for the period	(255)	(47)
Net income (loss) per common share	0.00	0.01

Effective July 1, 2016, the Corporation changed the basis of presenting its financial statements from a going concern basis to a liquidation basis (see Note 1).

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

Antrim Energy Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three and nine months ended September 30, 2015 (unaudited)
(Amounts in US\$ thousands)

	Note	Three Months Ended September 30 2015	Nine Months Ended September 30 2015
Operating Activities			
Income (loss) after income taxes		736	2,009
Items not involving cash:			
Depletion and depreciation		4	9
Share-based compensation		3	36
Accretion of decommissioning obligations		-	12
Non-cash items included in exploration and evaluation expenditures		(181)	(1,892)
Change in non-cash working capital items	10	958	767
Decommissioning costs incurred		(2,735)	(3,000)
Cash used in operating activities		(1,215)	(2,059)
Investing Activities			
Property, plant and equipment additions		-	-
Exploration and evaluation assets additions		(56)	(142)
Cash proceeds from disposal of assets		-	-
Cash used in investing activities		(56)	(142)
Effects of foreign exchange on cash and cash equivalents		(1,073)	(2,026)
Net decrease in cash and cash equivalents		(2,344)	(4,227)
Cash and cash equivalents - beginning of period		13,537	15,420
Cash and cash equivalents - end of period		11,193	11,193

Effective July 1, 2016, the Corporation changed the basis of presenting its financial statements from a going concern basis to a liquidation basis (see Note 1).

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

Antrim Energy Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)
(Amounts in US\$ thousands)

			Accumulated Other Comprehensive		
Note	Share Capital	Contributed Surplus	Loss	Deficit	Total
	361,922	21,892	(2,837)	(369,525)	11,452
	-	-	-	2,009	2,009
	-	-	(2,056)	-	(2,056)
7	-	37	-	-	37
Balance, December 31, 2014					
Balance, September 30, 2015	361,922	21,929	(4,893)	(367,516)	11,442
Balance, December 31, 2015	361,922	21,930	(5,237)	(367,685)	10,930
	-	-	-	(2,919)	(2,919)
	-	-	647	-	647
7	-	2	-	-	2
Balance, June 30, 2016	361,922	21,932	(4,590)	(370,604)	8,660

Effective July 1, 2016, the Corporation changed the basis of presenting its financial statements from a going concern basis to a liquidation basis (see Note 1).

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

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

1) Description of business

Antrim Energy Inc. (“Antrim” or the “Corporation”) is a Calgary based oil and natural gas company incorporated and domiciled in Canada. The Corporation’s common shares are listed on the TSX Venture Exchange (“TSXV”) under the symbol “AEN”. The address of its registered office is 1600, 333 – 7th Avenue S.W, Calgary, Alberta, Canada.

At the annual and special meeting of shareholders held on August 30, 2016, shareholders authorized at a time to be determined by the Board of Directors of the Corporation, to:

- (a) voluntarily dissolve the Corporation pursuant to Section 212 of the *Business Corporations Act* (Alberta) which winding up process and dissolution application shall be commenced and implemented at such time as determined by the Board in their sole discretion;
- (b) make provision for and to discharge all liabilities of the Corporation in conjunction with the winding up and dissolution of the Corporation and in connection with such winding up and dissolution, are authorized to make a *pro rata* distribution to shareholders of the remaining assets of the Corporation in such amounts and at such times as determined by the Board of Directors;
- (c) sell any or all of the Corporation's subsidiaries, or any assets held by the subsidiaries, upon such terms and conditions as the Board of Directors of the Corporation may approve from time to time;
- (d) make an application to the TSXV for the voluntary de-listing of the Corporation's common shares on the TSXV; and
- (e) cancel admission of the Corporation's common shares on the AIM Market operated by the London Stock Exchange plc. Admission of trading the Company’s Common Shares on AIM was cancelled with effect from 7:00 am (UK time) on September 9, 2016.

The Corporation is moving forward towards an efficient windup of its activities and subsidiaries, leading to the dissolution of the Corporation and the distribution of any residual assets to shareholders. The precise timetable for securing the winding up and dissolution of the Corporation and its subsidiaries cannot be accurately predicted, however, it is anticipated that the formal dissolution and winding up of the Corporation and its subsidiaries will occur in early 2017.

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

2) Basis of presentation

a) Statement of compliance

Effective July 1, 2016 the Corporation changed the basis of preparing its financial statements from going concern to the liquidation basis of accounting in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

b) Basis of measurement

The Consolidated Statement of Net Assets in Liquidation and the Consolidated Statement of Changes in Net Assets in Liquidation are prepared on the liquidation basis of accounting. Assets are measured at net realizable value and all existing liabilities continue to be carried at their historical values. All costs expected to be incurred through the end of liquidation are accrued. In converting from the going concern basis to the liquidation basis of accounting, the Corporation was required to make a net adjustment by recording an increase in net assets of \$0.2 million and accrual of liquidation costs of \$1.5 million, which is included in the Consolidated Statement of Changes in Net Assets.

These condensed interim consolidated financial statements were approved for issuance by the Corporation’s Board of Directors on November 28, 2016.

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.

d) Pre-liquidation accounting policies

The accounting policies followed in the interim periods prior to July 1, 2016 are consistent with those of the previous financial year and the condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS.

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

3) Accrued liquidation costs

Under the liquidation basis of accounting, the Corporation has accrued for estimated costs to be incurred in liquidation, as follows:

	Balance as at June 30 2016	Accrual at July 1 2016	Payments	Adjustment to Accruals	Balance as at September 30 2016
Personnel related costs	185	402	(177)	25	435
Occupancy related costs	220	290	(80)	152	582
Administrative and other	-	769	(134)	(10)	625
	405	1,461	(391)	167	1,642

4) Property, plant and equipment

	September 30 2016	December 31 2015
Opening balance	6	18
Additions	114	-
Depletion and depreciation	(21)	(11)
Impairment	(74)	-
Foreign currency translation	5	(1)
Reclassified to other current assets	(30)	-
Closing balance	-	6

5) Exploration and evaluation assets

	September 30 2016	December 31 2015
Opening balance	1,307	1,283
Additions	-	159
Impairment	(1,081)	-
Reclassified to other current assets	(250)	-
Foreign currency translation	24	(135)
Closing balance	-	1,307

Exploration and evaluation assets at December 31, 2015 relate to FEL 1/13. In 2015 the Corporation's joint venture partner relinquished its interest in the licence and in June 2016 the Corporation received formal government approval of its application for a 100% working interest in FEL 1/13. Subsequent to September 30, 2016, the Corporation sold its Ireland subsidiary for US \$0.25 million (see Note 11).

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

6) Share capital

Authorized

Unlimited number of common voting shares

Common shares issued	Number of Shares	Amount \$
Balance, September 30, 2016 and December 31, 2015	184,731,076	361,922

7) Share-based compensation

In conjunction with the proposed dissolution (see Note 1), the Corporation did not seek re-approval of its stock option plan at the annual and special meeting of shareholders held on August 30, 2016.

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

	Nine Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	Number	Weighted average exercise price Cdn \$	Number	Weighted average exercise price Cdn \$
Outstanding - beginning of period	3,425,000	0.55	5,345,002	0.65
Granted	-	-	-	-
Forfeited	(170,000)	0.60	(1,150,002)	0.71
Expired	-	-	(290,000)	1.02
Outstanding - end of period	3,255,000	0.55	3,905,000	0.61

8) Commitments and contingencies

The Corporation has commitments in respect of its operating leases which are included in accrued liquidation costs as at September 30, 2016.

9) Financial instruments and financial risks

Financial instruments

The Corporation's financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable and accounts payable.

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

Financial risks

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

(a) Credit risk

The Corporation is exposed to the risk that its counterparties will fail to discharge their obligations to the Corporation on its cash, cash equivalents and accounts receivable.

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

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

	September 30	December 31
	2016	2015
Cash and cash equivalents	8,676	9,895
Restricted cash	10	12
Accounts receivable	15	49
	<u>8,701</u>	<u>9,956</u>

No accounts receivable are past due or considered impaired.

(b) Market risk

Market risk consists of foreign currency exchange risk.

Foreign currency exchange risk

The Corporation is exposed to fluctuations in foreign currency exchange rates as many of the Corporation'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 Corporation's financial results. The Corporation seeks to minimize foreign exchange risk by holding cash and cash equivalents in United States dollars when not required in support of current operations.

Antrim Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2016 and 2015 (unaudited)

(Amounts in US\$ thousands)

10) Supplemental cash flow information

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2016	2015	2016	2015
(Increase)/decrease of assets:				
Trade and other receivables	13	(4,451)	34	(4,458)
Inventory and prepaid expenses	44	55	74	61
Other current assets	-	425	-	5
Increase/(decrease) of liabilities:				
Trade and other payables	(96)	4,929	(316)	5,159
Other obligations	1,237	-	1,642	-
	<u>1,198</u>	<u>958</u>	<u>1,434</u>	<u>767</u>
Cash and cash equivalents are comprised of:				
Cash in bank	675	11,193	675	11,193
Short-term deposits	8,001	-	8,001	-
	<u>8,676</u>	<u>11,193</u>	<u>8,676</u>	<u>11,193</u>

11) Subsequent event

On November 15, 2016, the Corporation entered into an agreement to sell all of the issued and outstanding shares in the capital of Antrim's Ireland subsidiary, Antrim Exploration (Ireland) Limited for US \$0.25 million in cash, (the "Transaction") plus up to US \$0.13 million conditional on certain future events. Closing of the Transaction occurred on November 28, 2016.

DIRECTORS

Stephen Greer ^{(1) (3)}
Chairman

Jim Perry ^{(1) (2) (3) (4)}
Independent Director

Anthony Potter ⁽¹⁾
Director
Antrim Energy Inc.

- (1) *Member of the Audit Committee*
- (2) *Member of the Compensation Committee*
- (3) *Member of the Reserves Committee*
- (4) *Member of the Corporate Governance Committee*

OFFICERS

Anthony Potter
President, Chief Executive Officer and Chief Financial Officer

Adrian Harvey
Corporate Secretary

STOCK EXCHANGE LISTINGS

TSX Venture Exchange (TSXV): Trading Symbol
“AEN”

HEAD OFFICE

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www.antrimenergy.com

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

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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