MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") provides a detailed explanation of Antrim Energy Inc.'s (the "Company" or "Antrim") operating results for the fourth quarter and year ended December 31, 2012 compared to the fourth quarter and year ended December 31, 2011 and should be read in conjunction with the audited consolidated financial statements of Antrim. This MD&A has been prepared using information available up to March 26, 2013. The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted all amounts are reported in United States dollars.

Non-IFRS Measures

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

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

Calculation of Cash Flow from Operations

	Three Months Ended December 31		**Year Ended December 31**	
	2012	**2011**	**2012**	**2011**
($000's)				
Cash flow provided by (used in) operating activities	3,495	10,843	(8,671)	8,941
Less: change in non-cash working capital	11,633	11,676	4,717	12,688
Cash deficiency from operations	(8,138)	(833)	(13,388)	(3,747)

Overview

During 2012, Antrim completed the sale of its Argentina operations and focused solely on its UK North Sea and Irish assets. In November 2012, Antrim achieved a significant milestone when the Causeway Field commenced production. Following first production from the Causeway Field, the Company achieved first production from the Cormorant East Field in January 2013 from the discovery of oil at well 211/21-N94 (the "Contender Well") drilled in October 2012. On March 26, 2013, planning was discontinued for the development of the Fyne Field following a significant escalation of expected future development costs.

Overview of Continuing Operations

Causeway Licences

Licence P201 Block 211/22a South East Area and P1383 Block 211/23d, Antrim 35.5%

The Causeway Licences include the Causeway Field, the Fionn Field and the West Causeway area. The Causeway Licences total gross proved plus probable reserves decreased by 4% from 12.5 million barrels (4.4 million net to Antrim) to 12.0 million barrels (4.3 million net to Antrim) as at December 31, 2012 due to 2012 production and technical revisions following initial field performance data. Subsequent to December 31, 2012, with an early indication of significant cost increases, Antrim elected to opt out of the Fionn Field development, which will result in a decrease of total gross proved plus probable reserves of 4.9 million barrels (1.7 million net to Antrim).

Production from the Causeway Field averaged 4,081 gross barrels of oil per day ("bopd") (Antrim net 1,194 bopd) from November to December 31, 2012 compared to nil in 2011. Oil production is transported by pipeline to the North Cormorant production platform where it is processed before being exported to the Sullom Voe terminal via the Brent Pipeline System for sale. Under a contract with the purchaser, Antrim invoices and receives payment for its oil in the month after production; however, the purchaser retains certain rights impacting the timing of liftings which may result in no sales in a particular month resulting in deferred revenue. During 2012, no oil revenue was recorded ($nil – 2011) as there were no oil liftings. Deferred revenue of $1.1 million ($nil – 2011) was recognized in 2012 relating to oil produced and collected but not lifted from the terminal.

Rig operations commenced in January 2013 to complete the water injector for the Causeway Field and were completed in February 2013. Anticipated startup of the downhole electrical submersible pump ("ESP") will follow completion of topside modifications on the North Cormorant production platform, and is scheduled for the second half of 2013. The recently completed water injection well is expected to commence operation in 2014, with a possibility of it being accelerated to the second half of 2013.

As part of the sale of a 30% working interest in the Causeway Licences to Valiant Petroleum plc ("Valiant") in October 2011, Antrim entered into a Differential Lifting Agreement ("DLA") giving Valiant the right to 6.25% of Antrim's share of produced oil. Antrim's share of oil produced will be reduced to 29.25% until a cumulative value of $8.9 million after-tax is received by Valiant. Once satisfied, Antrim's working interest in production will revert back from 29.25% to 35.5%.

Under the terms of the Fionn Field Supplementary Agreement with Valiant, Antrim had an option for three months following first oil production from the Causeway Field to opt out of participating in the Fionn Field development and sell its 35.5% working interest share to Valiant for the cost of its 35.5% working share of the Fionn Field pre-investment costs, or to confirm its continued participation by repaying its share of the Fionn pre-investment costs plus interest.

In February 2013, Antrim announced that it had elected to opt out of participating in further development of the Fionn Field. The projected costs associated with the development of Fionn had increased to the extent that the project no longer met Antrim's economic criteria. Subject to all necessary approvals from the UK Department of Energy and Climate Change ("DECC"), Antrim intends to withdraw from the Fionn Field subarea and will not incur any further liabilities. As a result, an impairment charge of $50.4 million was recorded in the fourth quarter of 2012 representing the full carrying value relating to the Fionn Field.

Contender Licence

P201 Block 211/22a Contender Area, Antrim 8.4%

The Contender Licence contains the Cormorant East Field. Cormorant East Field total gross proved plus probable reserves increased from nil to 7.3 million barrels (0.6 million net to Antrim) as at December 31, 2012 due to the successful drilling of exploration well 211/21-N94 (the "Contender Well") as announced on October 22, 2012.

On January 14, 2013, Antrim announced that first oil production had been achieved from the Cormorant East Field after 85 days following discovery of the field. Production is processed through the North Cormorant platform before being exported to the Sullom Voe terminal. The Cormorant East Field is initially being produced under primary depletion with a single production well, with the potential to install a water injection scheme and/or additional production wells at a later date. Future drilling locations are being considered by the partners.

Under the terms of the farm-out agreement with the operator, 100% of the drilling, completion and tie in costs of the Contender Well were funded by the operator. Antrim will receive its share of production after Antrim's working interest share of the completion and tie in costs is recovered from production revenue.

Kerloch Licence

P201 Block 211/22a Kerloch Area, Antrim 13.65%

The Kerloch Licence includes the Kerloch discovery made in 2007. With the successful drilling of the Contender Well, TAQA also earned a 35% working interest in the adjacent Licence P201 Block 211/22a Kerloch Area, reducing Antrim's working interest from 21% to 13.65%.

Fyne Licence

P077 Block 21/28a – Fyne, Dandy and Crinan, Antrim 100%

The Fyne Licence includes the Fyne Field, the Dandy Field and the Crinan Field (formerly referred to as "Area 4"). Total proved plus probable reserves at December 31, 2012 decreased by 50% to 11.8 million barrels from 23.3 million barrels (gross) in 2011. The change was due to the results of well 21/28a-11 drilled in the East Fyne area, a decrease in reserves attributed to the Dandy Field due to no further development currently being planned, and the upgrade in reserve category in the Crinan Field due to it being cited as part of a potential phase 2 development of the Fyne Licence. Antrim's net reserves in the Fyne Licence increased by 44% from 8.2 million barrels to 11.8 million barrels as the decrease in gross reserves was offset by an increase in working interest from 35.1% to 100%.

On March 26, 2013 the Company discontinued development of the Fyne Field. Until very recently, estimated costs indicated that the planned Fyne development satisfied the Company's economic threshold and contingent on timing of the redeployment of the FPSO from its current location was on track for a late 2014 start-up. However, projected capital costs have recently increased substantially, and in the Company's view now make the project uneconomic.

The majority of costs associated with the Fyne Field were written off in March 2012. No further material write downs associated with the Fyne Field are anticipated as recent work has been confined to front end engineering design work for the subsea facilities and modification to the FPSO.

Erne
P1875 21/29d, Antrim 50%

Licence P1875 contains the Erne discovery drilled in 2011 and the Corrib prospect. The Erne sidetrack well 21/29d-11Z well is suspended for possible future incorporation into neighbouring infrastructure A separate prospect has been identified to the southwest, named Corrib, which may also be assessed for possible future incorporation into neighbouring infrastructure.

Carra
P1563 Blocks 21/28b and 21/29c, Antrim 100%

Licence P1563 contains the Carra Prospect, the Riddon and Scavaig discoveries and several other prospects. In October 2012, DECC agreed to waive the contingent well obligation on Licence P1563 Blocks 21/28b & 21/29c as it was determined by Antrim that there was insufficient potential to proceed with drilling. The licence was relinquished in February 2013.

Cyclone and Typhoon
Licence P1784 Block 21/7b, Antrim 30%

Licence P1784 Block 21/7b is located in the Central North Sea, north of the Greater Fyne Area and contains the "Cyclone" and "Typhoon" Tertiary Cromarty prospects. The licence was acquired jointly with Premier (70%, Operator) with a firm well commitment.

In November 2012, Cyclone well 21/7b-4 was drilled and encountered 105 feet of very porous and permeable Tertiary Cromarty sands. Well logs identified only residual oil, suggesting that the trap was breached and the well was plugged and abandoned. As a result, an impairment charge of $5.9 million was recorded in the fourth quarter of 2012, representing the full carrying value relating to Block 21/7b.

Ireland

Licensing Option 11/5 Blocks 44/4, 44/5 (part), 44/9, 44/10, 44/14, 44/15, Antrim 100%

Antrim holds a Frontier Licence Option (the “Skellig Block”) in the Porcupine Basin approximately 110 km off the southwest coast of Ireland. Antrim has licenced, reprocessed and interpreted 2D seismic data and has identified the “Dunree Prospect”. Antrim is currently planning a 3D seismic programme and is seeking partners to joint venture on the block. Participation in the block has received strong interest from industry.

Tanzania

Production Sharing Agreement - *Pemba and Zanzibar*

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

On October 29, 2012, an agreement between the federal government of Tanzania and the government of Zanzibar on the sharing of any future hydrocarbon revenues was announced, potentially ending a moratorium which has delayed exploration of the licence. The agreement has still to be ratified and final details are still to be agreed. It is not yet known what, if any, impact this agreement will have on the P-Z PSA.

Reserves Update

In February 2013 Antrim elected out of participating further in the Fionn Field development and on March 26, 2013 the Company discontinued development of the Fyne and Crinan Fields following a significant escalation of expected future development costs. The impact on Antrim’s reserves is as follows:

UK proved plus probable reserves	**Net (Mbbls)**
At December 31, 2012	16,626
Less:	
Fionn Field	(1,727)
Fyne and Crinan Fields	(11,758)
Revised proved plus probable reserves	**3,141**

The updated present value cash flow after tax using a 10% discount rate is $144,775,000.

Corporate

On January 23, 2013, Antrim announced that it entered into a $30 million Payment Swap transaction with a major financial institution. The Payment Swap provided Antrim with sufficient funding to meet its commitments for cost overruns on the completion of the production well in the Causeway Field, future costs related to the Causeway water injection well and initial FEED work associated with the Fyne Field.

Under the terms of the Payment Swap, $30 million is repayable in 29 instalments commencing September 2013 and concluding January 2016. The interest rate under the Payment Swap is fixed at 5.1%. To enable Antrim to pay amounts under the Payment Swap, Antrim also entered into a Brent Oil Price Commodity Swap for a forward sale of 657,350 barrels of Brent crude oil at a fixed price of $89.37 covering the period from February 2013 to December 2015.

Financial Discussion of Continuing Operations

All amounts reported in this MD&A related to the three month periods ended December 31, 2012 and 2011 are unaudited.

	Three Months Ended December 31		**Year Ended December 31**	
	2012	**2011**	**2012**	**2011**
Financial Results ($000's except per share amounts)				
Cash deficiency from operations [1] – continuing operations	8,138	833	13,388	3,747
Cash deficiency from operations per share [1]	0.04	0.00	0.07	0.02
Net loss – continuing operations	67,155	15,975	134,859	55,110
Net loss	67,155	14,951	134,544	52,970
Net loss per share – basic, continuing operations	0.37	0.09	0.73	0.32
Total assets	96,520	239,177	96,520	239,177
Working capital (deficiency)	(10,734)	52,674	(10,734)	52,674
Capital expenditures	26,771	10,634	63,034	14,702
Bank debt	-	-	-	-
Common shares outstanding (000's)				
End of period	184,731	184,116	184,731	184,116
Weighted average – basic	184,848	184,108	184,388	173,997
Weighted average – diluted	185,681	185,530	185,528	175,412

(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.

Production

From early November to December 31, 2012, gross daily oil production from the Causeway Field averaged gross 4,081 bopd (Antrim net 1,194 bopd).

The following table provides oil production and sales from the Causeway Field for the year ended December 31, 2012.

(barrels)	**2012**	**2011**
Gross production (1)	146,870	-
Net production (2)	42,950	-
Ending inventory (3)	42,950	-
Sales	-	-

(1) Gross production is after linefill and deadstock of 106,153 barrels
(2) Per the DLA, Antrim's share of oil produced is reduced to 29.25% until a cumulative value of $8.9 million after tax is received by Valiant
(3) Ending oil inventory is net of process and shrinkage

Revenue

Revenue is recognized when title and risk transfer to the purchaser, which occurs at the time of lifting into a tanker at the Sullom Voe terminal. All sales from Causeway are made under contract to one UK customer. Under the contract with the purchaser, Antrim invoices and receives payment for its oil in the month after production; however, the purchaser retains certain rights impacting the timing of liftings which may result in no sales in a particular month resulting in deferred revenue.

The Company did not record any revenue in 2012 (2011 – nil) as there was no oil lifted from the terminal in 2012.

General and Administrative

General and administrative ("G&A") costs increased to $5.8 million for the year ended December 31, 2012 compared to $5.0 million in 2011. The increase in G&A costs was primarily due to employee compensation.

During 2012, Antrim capitalized $0.6 million (2011 – $0.6 million) of G&A costs related to exploration and development activity.

Exploration & Evaluation Expenditures

Exploration and evaluation ("E&E") expenditures increased to $7.6 million for the year ended December 31, 2012 compared to $0.3 million for the same period in 2011. E&E expenditures increased to $6.3 million for the three month period ended December 31, 2012 compared to $0.03 million for the same period in 2011. The increase in E&E expenditures is primarily related to work on the development plan for the Fyne Licence.

Impairment

In January 2013, the Company elected not to participate in further development work on the Fionn Field. As a result, an impairment charge of $50.4 million was recognized in the fourth quarter of 2012, representing the full carrying value relating to the Fionn Field. Antrim retains a 35.5% interest in the remainder of Licence P201 Block 211/22a South East Area.

In December 2012, the Company announced that the Cyclone exploration well in UK Block 21/7b was plugged and abandoned. As a result, an impairment charge of $5.9 million was recognized in the fourth quarter of 2012 representing the full carrying value of the licence.

Licence P1625 Block 21/24b (“West Teal”) is nearing the end of its initial exploration term and based on an evaluation performed by management the licence is not considered economically viable. As a result, the Company recognized an impairment charge of $1.8 million in the fourth quarter of 2012, representing the full carrying value of the licence.

In October 2012, DECC agreed to waive the seismic and contingent well obligations on Licence P1563 Blocks 21/28b & 21/29c (“Carra”) and allowed the Company to relinquish the licence in its entirety. The Company recognized a $2.3 million impairment charge in the third quarter of 2012 representing the full carrying value of the licence.

In addition the Company recorded impairment charges consisting of $60.1 million for the Fyne Licence and $2.1 million on the drilling of the Erne discovery well and the Erne sidetrack well in the first and second quarters of 2012. The impaired costs relating to the Erne discovery well and the Erne sidetrack well are in addition to a $10.3 million impairment charge recorded in 2011.

Discontinued Operations

On May 28, 2012, Antrim completed the sale of Antrim Argentina S.A. to Crown Point Energy Inc. (“Crown Point”) (formerly known as Crown Point Ventures Ltd.) by way of a plan of arrangement effected under the Business Corporation Act (Alberta) (the “Arrangement”). Under the terms of the Arrangement, the Company received a cash payment of $9.9 million (net of adjustments of $1.0 million) and 35,761,290 common shares of Crown Point (“Crown Point Shares”). The Crown Point Shares were distributed to Antrim’s shareholders in accordance with the terms of the Arrangement on June 7, 2012 (the “Distribution Date”). As a result of the sale, the Company recognized a gain on the disposal of the Argentina assets of $5.9 million and income from discontinued operations for the year ended December 31, 2012 of $0.3 million (2011 - $2.1 million).

The financial and operating results for discontinued operations for the year ended December 31, 2012 include only the results up to May 28, 2012, the date of sale of the Argentina operations, and are no longer comparable with the 2011 results.

Reduction in the Fair Value of Financial Assets

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

Finance Income

Finance income relates to interest income on short-term deposits and was $0.3 million (2011 - $0.7 million) for the year ended December 31, 2012.

Finance Costs

Finance costs were $0.2 million for the year ended December 31, 2012 (2011 - $0.6 million) and relate to accretion of decommissioning obligations, interest expense and bank charges.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company did not pay or recover any taxes during the year ended December 31, 2012.

The Company follows the liability method of accounting for income taxes. As at December 31, 2012, no deferred income tax assets were recorded due to uncertainty with respect to the ability of Antrim to generate sufficient taxable income to utilize the unrecognized losses.

Cash Flow and Net Loss

In the three month period ended December 31, 2012, Antrim had a cash deficiency from operations of $8.1 million ($0.04 per share) compared to cash deficiency from operations of $0.8 million ($0.00 per share) in the same period in 2011. For the year ended December 31, 2012, Antrim incurred a cash deficiency from operations of $13.4 million ($0.07 per share) in 2012 compared to a cash deficiency from operations of $3.7 million ($0.02 per share) in 2011. The cash deficiency from operations increased in 2012 primarily due to higher exploration and evaluation expenditures.

In the fourth quarter of 2012 and 2011, Antrim incurred net losses of $67.2 million and $15 million respectively. For the year ended December 31, 2012, the Company incurred a net loss of $134.5 million compared to $53 million in 2011. The increase in the net loss was due to impairment charges for the Fionn Field, the Fyne Licence, West Teal Licence and the Cyclone - Typhoon licence and E&E expenditures on the Fyne Licence.

Capital Expenditures

Antrim incurred capital expenditures in 2012 related to petroleum and natural gas properties of $63 million (2011 - $14.7 million). Capital expenditures in 2012 consisted of $54.5 million for the ongoing development costs of the Causeway Licence, $5.5 million in exploration costs related to the Cyclone well, and $1.6 million for the drilling of the Erne discovery well.

Foreign Exchange Loss and Comprehensive Income (Loss)

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

The Company incurred a foreign exchange loss of $0.5 million from continuing operations for the year ended December 31, 2012 compared to a loss of $0.7 million in 2011.

The Company realized a gain of $3.2 million in accumulated other comprehensive income related to discontinued operations for the year ended December 31, 2012.

Financial Resources and Liquidity

In the fourth quarter of 2012, the Company incurred unexpected cost overruns on the development of the Causeway Field, resulting in a working capital deficiency of $10.7 million as at December 31, 2012. In January 2013, Antrim entered into the $30 million Payment Swap transaction which provides Antrim with sufficient funding to meet its commitments.

Accounts payable and accrued liabilities were $18.1 million at December 31, 2012 primarily related to costs for the development of the Causeway and Fyne Fields and the Cyclone drilling program in November, compared to $17.2 million as at December 31, 2011.

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

Although there have been improvements in the global economy and financial markets, restrictions on availability of credit remain and may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary.

Antrim's planned capital program for 2013 includes ongoing development of the Causeway Field, the Cormorant East Field and new ventures.

Contractual Obligations, Commitments and Contingencies

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at December 31, 2012 as follows:

($000's)	2013	2014	2015	2016	2017	Thereafter
United Kingdom						
Causeway (1)	16,079	7,073	27	29	31	31
Cormorant East	654	8	8	8	8	8
Fyne and Dandy (2)	2,913	33	33	33	33	33
Cyclone-Typhoon (3)	13	12	-	-	-	-
West Teal (4)	-	-	-	-	-	-
Carra (5)	-	-	-	-	-	-
Erne	13	13	-	-	-	-
Ireland	69	-	-	-	-	-
Office leases	358	359	372	372	350	10
Total	20,099	7,498	440	442	422	82

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

(2) In 2012, Antrim signed a Heads of Term's agreement for an option to lease an FPSO for use in the development of the Fyne Field. As the Company decided not to proceed with the development of the Fyne Field., there is a $2.8 million obligation related to front end engineering design work. This obligation is included in the consolidated balance sheet as at December 31, 2012 under accounts payable and accrued liabilities.

(3) The Company has a $6.2 million contingent drilling commitment on this licence for the Typhoon prospect in 2014. Due to the results of the Cyclone well, the Company has asked DECC to accept this well as a fulfillment of the drilling obligation. Contingent on DECC acceptance, there are no remaining obligations for the initial term of the licence.

(4) The Company has a $24.0 million contingent drilling commitment on this licence for the West Teal prospect in 2013. Due to the Company being unable to identify a commercially viable export route a request was made to DECC to waive the contingent well requirement and, with DECC's consent, allow the licence to be relinquished.

(5) In October 2012, DECC waived all commitments related to the Licence P1563 Blocks 21/28b & 21/29c. In February 2013 the licence and all commitments were officially relinquished.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne discovery well (21/29d-11) and the Erne sidetrack well (21/29d-11Z). The drilling of these two wells took place over a period of 58 days. Subsequent to releasing the rig, the Company received an invoice from the drilling management services contractor charging the Company for approximately $5 million in additional costs as the contractor claims all conditions of the contract had not yet been satisfied. In July 2012, the drilling management services contractor filed a claim against the Company for the additional invoice costs plus interest and lost management time, in the High Court of England and Wales. In August 2012, the Company filed a defence against this claim in the High Court of England and Wales. A case management conference where the Court will set the timetable for the claim going forward has been listed for April 12, 2013. The Company is disputing the additional costs and believes it is more likely than not that it will not have to pay. As a result, a contingent liability has not been recorded.

In January 2013 the Company elected not to participate in further development work on the Fionn Field. Subject to all necessary approvals from DECC, Antrim intends to withdraw from the Fionn Field subarea and will not incur any further liabilities. In accordance with the Fionn Field Supplemental Agreement signed in January 2012, the Company is of the position that there are no further obligations with respect to the decommissioning or well abandonment liabilities of the three currently suspended wells in the Fionn Field subarea. The operator contends this position in regards to two of the three currently suspended wells. The Company is disputing the operator's position and believes it is more likely than not that Antrim will be released of these obligations. Accordingly, no amounts have been recorded in decommissioning obligation in relation to the Fionn Field.

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.

<u>Substantial Capital Requirements</u>

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

In January 2013, Antrim entered into a payment swap for $30 million and a forward sale of 657,350 barrels of Brent crude oil. The Company's anticipated revenue for 2013, as well as the Company's ability to repay the payment swap, is dependent upon the future production rates from the Causeway and Cormorant East fields as well as oil prices.

<u>Foreign Operations</u>

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 26, 2013 which is filed on SEDAR at www.sedar.com.

Outlook

Antrim expects to see increased production from the Causeway Field following deployment of the ESP in the second half of 2013, and the implementation of the water injection scheme scheduled to commence operation in 2014, with a possibility of it being accelerated to the second half of 2013.

Following the discovery of the Cormorant East Field by the Contender Well, Antrim anticipates planning at least one appraisal well, downdip of the discovery well and a plan to explore the adjacent fault compartments.

Recent seismic studies on the Skellig block in the Porcupine Basin offshore Southwest Ireland has high graded the Dunree Prospect, adjacent to the licence holding the Dunquin Propsect, which is expected to be drilled by its operator and joint venture partners in the second quarter of 2013. Antrim is currently seeking partners to joint venture on the block and has received strong interest from the industry.

Summary of Quarterly Results

($000, except per share amounts)	Oil, Natural Gas and NGL Revenue, Net of Royalties	Cash Flow from Operations (Deficiency)	Net Loss	Net Loss Per Share – Basic
2012				
Fourth quarter[1]	-	(8,138)	67,155	0.37
Third quarter [1]	-	(472)	5,240	0.03
Second quarter [1]	-	(3,177)	6,373	0.03
First quarter [1]	-	(1,601)	56,091	0.30
	-	(13,388)	134,859	0.73
2011				
Fourth quarter [1]	-	(833)	15,362	0.10
Third quarter [1]	-	(894)	36,800	0.20
Second quarter [1]	-	(1,215)	1,503	0.01
First quarter [1]	-	(805)	1,445	0.01
	-	(3,747)	55,110	0.32

1. Quarterly results reflect continuing operations only

Key factors relating to the comparison of net loss for the last eight quarters are as follows:

- 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 was negatively impacted by $54.7 million in impairment costs related to the Fyne Licence and the Erne discovery well and Erne sidetrack well;
- In the fourth quarter of 2011, the Company recognized an impairment charge of $10.3 million related to the Erne discovery well 21/29d-11 and Erne sidetrack well 21/29d-11Z;
- During the third quarter of 2011, the Company recognized an impairment charge of $35.6 million due to the sale of the 30% interest in the Causeway Licences.

Critical Accounting Estimates

Our significant accounting policies are detailed in Note 3 to the audited consolidated financial statements. In determination of financial results, Antrim makes certain critical accounting estimates described as follows:

Estimation of reserve quantities

Depletion, impairment and asset retirement charges are measured based on the Company's estimate of oil and gas reserves. The estimation of reserves is an inherently complex process and involves the exercise of professional judgment. Reserves have been evaluated at the balance sheet date by an independent qualified reserve evaluator in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook.

Oil and gas reserve estimates are based on a range of geological, technical and economic factors including projected future rates of production, estimated commodity prices, engineering data, reserve type and timing and amount of future expenditures, all of which are subject to uncertainty. Assumptions reflect market and regulatory conditions existing at the balance sheet date, which could differ significantly from other points in time throughout the year, or future periods. Changes in market and regulatory conditions and assumptions can materially impact the estimation of net reserves.

<u>Recoverability of exploration and evaluation costs</u>

Exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Fluctuations in future commodity prices, resource quantities, expected production techniques, drilling results, production costs and required capital expenditures are important factors when making this determination. If a judgment is made that extraction of the reserves is not viable, the exploration and evaluation costs will be written off to net earnings.

<u>Decommissioning obligations</u>

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration consistent with legal requirements, technological advances and the possible use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The actual timing of future decommissioning and restoration is not known and may change due to certain factors, including reserve life. Changes to assumptions made about future expected costs, discount rates, inflation and timing may have a material impact on the amounts presented. The Company has chosen to measure decommissioning obligations using a risk-free discount rate.

<u>Impairment of property, plant and equipment</u>

The recoverable amounts of cash-generating units ("CGUs") and individual assets have been determined based on greater of value-in-use or fair value less costs to sell calculations. The key assumptions the Company uses in estimating future cash flows for purposes of calculating value-in use or fair value less costs to sell are future oil prices, expected production volumes, future development costs, operating costs and the discount rate applied to reflect the time value of money. Changes to these assumptions will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

Fair value of share-based compensation

The fair value of share-based compensation is calculated using a Black-Scholes option-pricing model. There are a number of estimates used in the calculation such as future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

Fair value of contingent consideration

When consideration transferred relating to an acquisition includes consideration contingent on future events, the Company is required to estimate the fair value of the contingent consideration and record a contingent consideration liability. The fair value of such consideration is based on assumptions and judgements regarding the likelihood of future events.

Deferred income taxes

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company's estimate, the ability of the Company to realize the deferred tax assets could be impacted.

New Accounting Pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

IFRS 10 – Consolidation replaces SIC-12 Consolidation – Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas joint operations, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 11 supersedes IAS 31 Interests in Joint Ventures, and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interest in Other Entities establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces additional disclosures addressing the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards.

IAS 27 – Separate Financial Statement addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

IAS 28 – Investments in Associates and Joint Ventures has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012.

IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after July 1, 2012.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with IFRS. The Company tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2012. During this evaluation the Corporation identified a weakness due to the limited number of finance and accounting personnel at the Corporation dealing with complex and non-routine accounting transactions that may arise.

There were no changes in the Company's internal controls over financial reporting that occurred during 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In 2012, Antrim incurred fees of $421,607 (2011 - $266,741) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. The Company had no off-balance sheet transactions in the year ended December 31, 2012.

Forward-Looking Statements

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

In particular, this MD&A and any documents incorporated by reference herein, contain specific forward-looking statements and information pertaining to the 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 developing its licences, expected production rates and future development plans with respect to Cormorant East and future development plans for the Causeway Field, commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGL’s and natural gas, expectations regarding Antrim's ability to raise capital, to continually add to reserves through acquisitions and development, the schedules and timing of certain projects, Antrim's strategy for growth, Antrim's future operating and financial results, treatment under governmental and other regulatory regimes and tax, environmental and other laws.

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

Antrim's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks, including risks associated with the exploration for and development of oil and natural gas reserves such as the risk that drilling operations may not be successful, unanticipated delays with respect to the development of Antrim’s properties, operational risks and liabilities that are not covered by insurance, volatility in market prices for oil, NGLs and natural gas, changes or fluctuations in oil, NGLs and natural gas production levels, changes in foreign currency exchange rates and interest rates, the ability of Antrim to fund its substantial capital requirements and operations and to repay its obligations under the Payment Swap and Brent Oil Price Commodity Swap. 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 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 and estimated decline rates, in particular the future production rates at the Causeway and Cormorant East Fields in the UK North Sea. Additional risks include the ability to effectively compete for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, Antrim's success at acquisition, exploitation and development of reserves, changes in general economic, market and business conditions in Canada, North America, the United Kingdom, Europe and worldwide, actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws, royalty rates and incentive programs relating to the oil and gas industry and more specifically, changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws, adverse regulatory rulings, order and decisions and risks associated with the nature of the Common Shares.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout this MD&A and in Antrim's annual information form for the year ended December 31, 2012. Readers are specifically referred to the risk factors described in this MD&A under “Risk Factors” and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

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

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