ANTRIM ENERGY INC.

Annual Report

2015

HIGHLIGHTS

- Strong cash position, no debt, substantially lower G&A costs and limited financial commitments moving forward

- Obtain 100% interest in the highly prospective Skellig Block, Ireland (subject to finalization and government approval)

- Successful completion of four well abandonment program in United Kingdom Central North Sea

- Realization of significant abandonment cost reductions ($1.9 million) and collection of amounts due from partners

- Continue to evaluate M&A opportunities

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, 2015 compared to the same periods ended December 31, 2014 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 April 22, 2016. 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 ("US") 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 December 31		**Twelve Months Ended December 31**	
($000's)	**2015**	**2014**	**2015**	**2014**
Cash flow used in operating activities	(971)	(724)	(3,030)	(4,726)
Less: change in non-cash working capital	(807)	91	(40)	(113)
Cash flow used in operations	(164)	(815)	(2,990)	(4,613)

Overview of Continuing Operations

Corporate

Antrim, with its current cash resources, no debt and no decommissioning obligations, continues to maintain a strong financial position. Working capital at December 31, 2015 was US$9.6 million (CAD $0.07 per share), including cash of US$9.9 million.

Antrim continues to search for M&A opportunities, using a structured approach in its evaluation. Key criteria include strategic fit, focus on near term appraisal / development, use of funds, transformative potential with upside potential for Antrim shareholders and current or near term cash flow. In a period of significant commodity price volatility, ensuring that the opportunity remains viable in a low oil and gas price environment is a key component in the evaluation.

In Ireland, the Company has a 100% working interest in Frontier Exploration Licence ("FEL") 1/13, subject to finalization and government approval of the transfer of Kosmos Energy Ireland's ("Kosmos") interest to Antrim. Antrim was one of the first companies to realize the oil and gas potential in the southern Porcupine Basin. The Porcupine Basin is the conjugate basin to the eastern Canadian Orphan Basin/Flemish Pass area, where several significant oil discoveries have recently been made. Studies of these conjugate margins have demonstrated many similarities in terms of source rock, maturation, hydrocarbon migration, reservoir characteristics and trap formation.

The Company has identified two highly prospective Jurassic fault blocks and one Cretaceous submarine fan system in the FEL 1/13 licence, as well as numerous other leads. To move exploration of FEL 1/13 forward, Antrim is seeking to extend the first exploration phase of the licence as well as farm-out a portion of its interest in the licence to a new operator. In February 2016 the first round results of the Ireland 2015 Atlantic Margin Licensing Round were announced. In total, 14 new licensing options were awarded with successful participants including Eni, ExxonMobil, Statoil and BP, confirming very strong industry interest in this frontier exploration play. A second announcement of results from the licensing round is expected in May 2016.

Ireland

Frontier Exploration Licence ("FEL") *1/13, Antrim 100%*

In 2013, Kosmos farmed-in to Antrim's Licencing Option over the Skellig Block and acquired 75% interest in and operatorship of FEL 1/13 in exchange for carrying the full costs of a 3-D seismic programme and re-imbursement of a portion of Antrim's past exploration costs. Results from the subsequent 3-D seismic reinforced Antrim's 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. The licence prospect inventory includes two tilted Jurassic fault blocks and a Cretaceous submarine fan, as well as several other leads.

In September 2015, Antrim was advised by Kosmos of its intention to withdraw from all of its licence interests in Ireland to focus on other recent discoveries in their African portfolio. The Company has applied for and anticipates obtaining at no further cost a 100% working interest in and operatorship of the licence, subject to finalization and government approval of the transfer of Kosmos interest in FEL 1/13 to Antrim.

FEL 1/13 has a 15 year term, with an initial three-year term followed by three four-year terms. The initial three-year term expires in early July 2016 and Antrim has submitted a request to extend the first exploration term by an additional two years pending government approval and agreement on an additional technical work program. The Company is also currently seeking a new farm-in partner and operator to complete any additional technical work necessary during the extension period with the ultimate goal that a well commitment could be made at the end of the revised first exploration phase. In the current commodity price environment the cost of drilling an exploration well on the licence has decreased considerably from when the licence was first awarded in 2013. As part of a farm-out transaction Antrim would seek a carry on the first exploration well.

Fyne Licence

P077 Block 21/28a – Fyne, Antrim 100%

United Kingdom (UK) Seaward Licences require licensees to permanently abandon all suspended wells prior to licence expiry. In the third quarter of 2015 the Company successfully permanently plugged and abandoned three suspended wells on the Fyne Licence and one suspended well on the Erne Licence in the UK Central North Sea. The well abandonment campaign was completed as part of a larger abandonment programme allowing Antrim to share certain common costs offering significant cost savings.

The Company is in discussion with the UK Oil and Gas Authority (OGA), formerly DECC, with respect to relinquishment and possible reapplication for the licence. The carrying value of the Fyne Licence at December 31, 2015 is $nil (December 31, 2014 - $nil).

Erne Licence

P1875 Block 21/29d – Erne, Antrim 100%

Previous discoveries on the Erne Licence are not commercial on their own, but may be economic to develop as tie-backs to an adjacent production facility if such a facility were available. Antrim's interest in the Erne licence increased to 100% after its partner withdrew from the licence following completion of the Erne well abandonment. The carrying value of the Erne Licence at December 31, 2015 is $nil (December 31, 2014 - $nil).

Financial Discussion of Continuing Operations

	Three Months Ended December 31		Twelve Months Ended December 31	
($000's except per share amounts)	2015	2014	2015	2014
Financial Results				
Cash flow used in operations [(1)]	(164)	(815)	(2,990)	(4,613)
Cash flow used in operations per share [(1)]	(0.00)	(0.00)	(0.02)	(0.02)
Net income (loss) – continuing operations	(169)	(751)	1,840	(6,497)
Net income (loss) per share – basic, continuing operations	(0.00)	(0.00)	0.01	(0.04)
Net income (loss)	(169)	(903)	1,840	(10,115)
Net income (loss) per share - basic	(0.00)	(0.00)	0.01	(0.05)
Total assets	11,376	17,101	11,376	17,101
Working capital	9,617	15,064	9,617	15,064
Capital expenditures – continuing operations	17	47	159	320
Common shares outstanding				
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	184,731

(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.

General and Administrative

General and administrative ("G&A") costs decreased to $2.3 million in 2015 compared to $5.4 million in 2014. The decrease in G&A is primarily due to severance costs included in wages and salaries in 2014 together with lower occupancy, administrative and travel expenses. G&A costs decreased to $0.4 million for the three month period ended December 31, 2015 compared to $1.5 million for the same period in 2014. The decrease in G&A is primarily due to severance costs in 2014 and overhead recoveries in 2015 associated with the abandonment program and previous expenditures.

A breakdown of G&A expense is as follows:

	Three Months Ended December 31		Twelve Months Ended December 31	
($000's)	2015	2014	2015	2014
Wages and salaries	214	978	1,099	3,157
Occupancy	69	86	309	404
Administrative	224	391	1,017	1,750
Travel	2	7	4	23
Overhead recovery	(69)	-	(179)	93
	440	1,462	2,250	5,427

Exploration & Evaluation Expenditures

Exploration and evaluation ("E&E") expenditures were a recovery of $1.9 million in 2015 compared to expenses of $1.1 million in 2014. The decrease is related to lower decommissioning costs incurred in 2015 following completion of the Fyne and Erne well abandonment program during the year. Due to the Fyne and Erne licences being fully impaired, adjustments to decommissioning obligations are booked to profit and loss.

Finance Costs

Finance costs were $19 thousand in 2015 compared to $58 thousand in 2014. Finance costs are primarily related to accretion of asset retirement obligations.

Income Taxes

The Company follows the liability method of accounting for income taxes. As at December 31, 2015, 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 2015, cash flow used in operations was $3.0 million compared to cash flow used in operations of $4.6 million in 2014. Cash flow used in operations decreased due to lower G&A costs and a $2.2 million foreign exchange gain in 2015 as a result of a significant decline year to date in the value of the Canadian dollar relative to the US dollar, partially offset by actual decommissioning costs incurred in 2015. Excluding foreign exchange gains and losses, cash flows used in operations in 2015 decreased to $5.2 million compared to $5.5 million in 2014 due to a $3.2 million decrease in G&A costs partially offset by $3.0 million in actual decommissioning costs incurred in 2015.

In 2015, Antrim had net income from continuing operations of $1.8 million compared to a net loss from continuing operations of $6.5 million in 2014. Net income increased due to lower decommissioning obligations, foreign exchange gains and lower general and administrative costs.

Foreign Exchange and Other Comprehensive Income (Loss)

The reporting currency of the Company is the US dollar while 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. The Company's continuing activities in Canada, Ireland and United Kingdom are accounted for using the Canadian dollar, Euro and British pound sterling as the functional currency, respectively. As a result of these factors, fluctuations in these currencies relative to the US dollar could result in unanticipated fluctuations in the Company's financial results. The Company incurred a foreign exchange gain of $2.2 million in 2015 compared to a gain of $0.5 million in 2014.

The Company reported other comprehensive loss of $2.4 million in 2015, compared to other comprehensive loss of $7.5 million in 2014. Other comprehensive loss decreased due to foreign currency translation adjustments on disposal of discontinued operations in 2014.

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 Antrim Resources (N.I.) Limited (the "ARNIL Sale"). The ARNIL sale was completed on April 24, 2014 at which time the Company settled its outstanding obligations under its bank loan and oil swap agreements. In 2014, Antrim had a net loss from discontinued operations of $3.6 million.

Financial Resources and Liquidity

Antrim had a working capital surplus at December 31, 2015 of $9.6 million compared to a working capital surplus of $15.1 million as at December 31, 2014. Working capital decreased due to $2.3 million in general and administrative expenses and $3.0 million net to Antrim in actual decommissioning costs incurred in the year.

Contractual Obligations, Commitments and Contingencies

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases, including operating costs, as at December 31, 2015 as follows:

	2016	2017	2018	Thereafter
Office Leases	302	266	-	-
Ireland	-	-	-	-
United Kingdom				
Fyne	-	-	-	-
Erne	20	-	-	-
Total	322	266	-	-

FEL 1/13 in Ireland has a 15 year term, with an initial three-year term followed by three four-year terms. The initial three year term of the FEL expires in early July 2016 and under the licence terms the work program to extend the licence into the second term must include the drilling of an exploration well. Antrim has submitted a request to extend the first exploration term by an additional two years pending government approval and agreement on an additional technical work program.

Outlook

The Company has been examining various strategic alternatives, including potential business combinations, to maximize shareholder value. The Company has also been actively engaged in reviewing various options that could lead to future development of its remaining appraised, but undeveloped UK oil and gas assets. Those assets were subject to material well abandonment obligations and created an obstacle in determining the Company's contribution toward a transaction. In September 2015, the Company eliminated uncertainty surrounding the abandonment liability by successfully completing the well abandonments at significant cost savings to previous estimates.

From the start of the strategic review process, the Company established a clear set of objectives to avoid value destruction and maximize shareholder value. These criteria included but were not limited to:

- broadening Antrim's portfolio with good strategic fit
- focus on near term appraisal / development
- clear use of funds
- transformative with upside potential for Antrim shareholders
- financially responsible going concern
- ability to adjust scale / timing
- current or near term cash flow

To identify and evaluate opportunities the Company has been using its own internal resources as well as Carlingford, a division of GFI, as international financial advisers. Through this process, the Company has had contact with over 100 international oil and gas companies resulting in consideration of numerous opportunities and a further, more in-depth evaluation of over 15 possible transactions. Many companies in the junior oil and gas sector are enduring tough trading conditions with limited access to fresh equity or other sources of financing, which has only been exacerbated by the significant volatility and decline in oil prices.

The Company continues to actively evaluate M&A opportunities using the criteria set out above. No assurance can be provided that a satisfactory opportunity will be identified and if one is identified, that a transaction could be closed on terms acceptable to the Company.

The Company has submitted an application to extend the first exploration term of its Ireland licence by an additional two years, pending government approval and agreement on an additional technical work program. The Company is also seeking a new farm-in partner and operator to complete any additional technical work necessary during the extension period to further de-risk the identified leads and prospects on the licence. No assurance can be provided that an extension or farm-out of the Ireland licence can be concluded in a timely manner on terms acceptable to the Company.

The Company will continue to manage its general and administrative expenses, and where possible, further cost reductions will be made to preserve the Company's resources.

Summary of Quarterly Results

($000's, 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)		
2015				
Fourth quarter	-	(164)	(169)	(0.00)
Third quarter	-	(2,173)	736	0.00
Second quarter	-	(1,122)	812	0.00
First quarter	-	469	461	0.00
	-	(2,990)	1,840	0.01
2014				
Fourth quarter	-	(815)	(903)	(0.00)
Third quarter	-	(109)	(528)	(0.00)
Second quarter	-	(2,510)	(223)	(0.00)
First quarter	-	(1,179)	(8,461)	(0.05)
	-	(4,613)	(10,115)	(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)

Note 1: Continuing operations only

Key factors relating to the comparison of net loss for the fourth quarter of 2015 to previous quarters are as follows:

- In the third quarter of 2015, the Company recognized a $1.1 million foreign exchange gain as a result of a significant decrease in the value of the Canadian dollar relative to the US dollar;
- In the second quarter of 2015, the Company recognized a $1.7 million recovery of E&E costs following lower expected decommissioning obligations associated with signing the OIS contract in June 2015;
- In the first quarter of 2015, the Company recognized a $1.2 million foreign exchange gain as a result of a significant decrease in the value of the Canadian dollar relative to the US dollar;
- In the fourth quarter of 2014, the Company incurred $0.7 million in severance to an executive who exercised an option to voluntarily terminate employment upon closing of the ARNIL sale;
- 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 first quarter of 2014, the Company incurred $7.6 million in finance costs and loss on financial derivative related to the Company's bank loan and oil hedge obligations;
- In the fourth quarter of 2013, the Company recognized a $14.6 million impairment charge on assets held for sale; and
- 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.

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. 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, 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 Company's risks and uncertainties, can be found in the Company's Annual Information Form dated April 22, 2016 which is 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.

This MD&A may 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 anticipated increase of Antrim’s working interest in the Skellig block to 100%, potential transactions, 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 or pursue farm-out opportunities, 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, Antrim has made assumptions regarding: Antrim's ability to obtain additional drilling rigs and other equipment in a timely manner, obtain regulatory approvals (including for the Skellig block), the consideration received in Antrim’s sale of its Causeway asset will not change materially as a result of post-closing adjustments, the level of future capital expenditure required to exploit and develop resources 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 and the accuracy of oil and gas resource estimates 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, Ireland, 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, 2015. Readers are specifically referred to the risk factors described in this MD&A under "Risks and Uncertainties" 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.

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 26 years operating experience in the upstream oil and gas industry.

Consolidated Financial Statements of

Antrim Energy Inc.

As at and for the years ended December 31, 2015 and 2014

April 22, 2016

Independent Auditor's Report

To the Shareholders of
Antrim Energy Inc.

We have audited the accompanying consolidated financial statements of Antrim Energy Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Antrim Energy Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP
Chartered Professional Accountants

Antrim Energy Inc.
Consolidated Balance Sheets
As at December 31, 2015 and 2014
(Amounts in US$ thousands)

	Note	December 31 2015	December 31 2014
Assets			
Current assets			
Cash and cash equivalents		**9,895**	15,420
Restricted cash		**12**	12
Accounts receivable		**49**	163
Prepaid expenses		**107**	205
		10,063	15,800
Property, plant and equipment	4	**6**	18
Exploration and evaluation assets	5	**1,307**	1,283
		11,376	17,101
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**446**	736
		446	736
Decommissioning obligations	6	**-**	4,913
		446	5,649
Shareholders' equity			
Share capital	7	**361,922**	361,922
Contributed surplus		**21,930**	21,892
Accumulated other comprehensive loss		**(5,237)**	(2,837)
Deficit		**(367,685)**	(369,525)
		10,930	11,452
Total Liabilities and Shareholders' Equity		**11,376**	17,101
Commitments and contingencies	13		

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

Approved on behalf of the Board of Directors of Antrim Energy Inc.:

(signed) "Stephen Greer"
Director

(signed) "Erik Mielke"
Director

Antrim Energy Inc.

Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2015 and 2014
(Amounts in US$ thousands, except per share data)

	Note	2015	2014
Revenue		**-**	-
Expenses			
General and administrative	10	**2,250**	5,427
Depletion and depreciation	4	**11**	42
Share-based compensation	8	**38**	365
Exploration and evaluation	6	**(1,892)**	1,099
Finance income		**(29)**	(26)
Finance costs		**19**	58
Foreign exchange (gain)		**(2,237)**	(472)
Income (loss) from continuing operations before income taxes		**1,840**	(6,493)
Income tax expense		**-**	(4)
Income (loss) from continuing operations after income taxes		**1,840**	(6,497)
Income (loss) from discontinued operations	16	**-**	(3,618)
Net income (loss) for the year		**1,840**	(10,115)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		**(2,400)**	(604)
Items reclassified to profit or loss:			
Foreign currency translation adjustment - disposal		**-**	(6,906)
Other comprehensive loss for the year		**(2,400)**	(7,510)
Comprehensive loss for the year		**(560)**	(17,625)
Net income (loss) per common share			
Basic and diluted - continuing operations	9	**0.01**	(0.04)
Basic and diluted - discontinued operations	9	**-**	(0.02)

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

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Amounts in US$ thousands)

	Note	2015	2014
Operating Activities			
Income (loss) from continuing operations after income taxes		**1,840**	(6,497)
Items not involving cash:			
Depletion and depreciation	4	**11**	42
Share-based compensation	8	**38**	365
Accretion of decommissioning obligations	6	**12**	49
Non-cash items included in exploration and evaluation expenditures	6	**(1,892)**	1,056
Foreign exchange loss		**-**	372
Change in non-cash working capital items - continuing operations	11	**(40)**	(113)
Decommissioning costs incurred		**(2,999)**	-
Cash provided by (used in) operating activities - continuing operations		**(3,030)**	**(4,726)**
Cash provided by (used in) operating activities - discontinued operations		**-**	2,031
Cash provided by (used in) operating activities		**(3,030)**	(2,695)
Financing Activities			
Payments on long-term debt facility		**-**	(24,650)
Financial derivative settlements		**-**	(11,452)
Cash provided by (used in) financing activities - discontinued operations		**-**	(36,102)
Investing Activities			
Exploration and evaluation assets additions		**(159)**	(320)
Change in restricted cash		**-**	(11)
Cash proceeds from disposal of assets	16	**-**	57,293
Cash used in investing activities - continuing operations		**(159)**	56,962
Cash used in investing activities - discontinued operations		**-**	(2,981)
Cash provided by (used in) investing activities		**(159)**	53,981
Effects of foreign exchange on cash and cash equivalents		**(2,336)**	(846)
Net increase (decrease) in cash and cash equivalents		**(5,525)**	14,338
Cash and cash equivalents - beginning of year		**15,420**	1,082
Cash and cash equivalents - end of year		**9,895**	15,420

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

Antrim Energy Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014
(Amounts in US$ thousands)

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2013		361,922	21,527	4,673	(359,410)	**28,712**
Net loss for the year		-	-	-	(10,115)	**(10,115)**
Other comprehensive loss		-	-	(7,510)	-	**(7,510)**
Share-based compensation	8	-	365	-	-	**365**
Balance, December 31, 2014		**361,922**	**21,892**	**(2,837)**	**(369,525)**	**11,452**
Balance, December 31, 2014		**361,922**	**21,892**	**(2,837)**	**(369,525)**	**11,452**
Net income for the year		**-**	**-**	**-**	**1,840**	**1,840**
Other comprehensive loss		**-**	**-**	**(2,400)**	**-**	**(2,400)**
Share-based compensation	8	**-**	**38**	**-**	**-**	**38**
Balance, December 31, 2015		**361,922**	**21,930**	**(5,237)**	**(367,685)**	**10,930**

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 16).

2) Basis of Presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at April 22, 2016, the date the Board of Directors approved the annual consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except as explained in note 3, Summary of Significant Accounting Policies. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The accounting policies described in note 3 have been applied consistently to all periods presented in these 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.

c) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Estimation of reserve and resource quantities
Depletion, impairment and decommissioning charges are dependent 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.

Oil and gas reserve and resource 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.

Recoverability of exploration and evaluation costs
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. See note 5.

Decommissioning obligations

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. See note 6.

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. See note 8.

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.

3) Summary of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial statements:

a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

b) Foreign currency translation

Items included in the financial statements of each of the Company's consolidated subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The consolidated financial statements are presented in US dollars ("the presentation currency").

In preparing the financial statements of the Company's subsidiaries, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the balance sheet date. Foreign exchange differences arising on translation are recognized in earnings. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

The results and financial position of all the Company's consolidated subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each year are translated at average exchange rates ; and
(iii) all resulting exchange differences are recognized in a separate component of equity called 'accumulated other comprehensive income'.

When a foreign operation is disposed of, a proportionate share of the cumulative exchange differences previously recognized in other comprehensive income is recognized in the statement of loss, as part of the gain or loss on sale where applicable.

c) Jointly controlled operations and jointly controlled assets

A significant portion of the Company's operations are conducted with others and involve jointly controlled assets. The consolidated financial statements reflect only the Company's interest in such activities and assets or liabilities.

d) Oil and natural gas exploration and evaluation expenditures

Pre-licence costs
Costs incurred prior to obtaining the legal right to explore for hydrocarbon resources are expensed in the period in which they are incurred.

Exploration and evaluation costs
Exploration and evaluation assets are stated at cost, less accumulated impairment losses.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include licence costs, geological and geophysical costs, employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no reserves are found, the exploration asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. by drilling further wells), are likely to be developed commercially, the costs continue to be carried as exploration and evaluation assets while sufficient and continued progress is made in assessing the commerciality of the hydrocarbons. All such costs are subject to technical, commercial and management review as well as review for impairment indicators at each period end to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved and probable reserves of oil are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas properties after impairment is assessed and any resulting impairment loss is recognized.

e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligations and borrowing costs for qualifying assets. Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling and completion of development wells, including unsuccessful development or delineation wells, is capitalized within property, plant and equipment. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Depletion and depreciation
Oil and gas assets within property, plant and equipment are depleted on a unit-of-production basis over the proved and probable reserves of the field concerned. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over its estimated useful lives, as follows:

Office equipment	5 years
Computer hardware and software	3 years

f) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.
An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

g) Financial assets

Financial assets are measured at fair value on the balance sheet upon initial recognition of the instrument. Subsequent measurement and changes in fair value will depend on initial classification, as follows:

(i) fair value through profit or loss financial assets and liabilities, classified as held for trading or designated as fair value through profit or loss, are measured at fair value and subsequent changes in fair value are recognized in income;
(ii) loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
(iii) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in equity until the instrument or a portion thereof is derecognized or impaired at which time the amounts would be recognized in income; and
(iv) held to maturity financial assets and loans and receivables are initially measured at fair value with subsequent measurement at amortized cost using the effective interest rate method. The effective interest rate method calculates the amortized cost of a financial asset and allocates interest income or expense over the applicable period. The rate used discounts the estimated

future cash flows over either the expected life of the financial asset or liability or a shorter time-frame if it's deemed appropriate.

Antrim's current classifications are as follows:

(i) cash and cash equivalents are designated as loans and receivables;
(ii) restricted cash is designated as loans and receivables; and
(iii) accounts receivable are designated as loans and receivables.

h) Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") are classified as financial liabilities at fair value through profit or loss or as other financial liabilities at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Company's financial liabilities include accounts payable which is classified as other financial liabilities at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

j) Assets held for sale

Non-current assets, or disposal groups consisting of assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probably and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in net earnings in the period measured.

Non-current assets and disposal groups held for sale are presented in current assets and liabilities within the consolidated balance sheet. Assets held for sale are not depreciated, depleted or amortized.

Income and expenses related to discontinued operations are classified as income (loss) from discontinued operations within the consolidated statements of comprehensive loss and the cash flows.

k) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning obligations

Decommissioning obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the relevant asset category to which they relate. The amount recognized is the estimated cost of decommissioning, discounted to its present value using a risk-free interest rate.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the relevant asset category. The unwinding of the discount on the decommissioning obligations is included as a finance cost.

l) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

The Company follows the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantially enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are only recognized to the extent it is more likely than not that sufficient future taxable income will be available to allow the future income tax asset to be realized.

m) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of the revenue can be measured reliably and collectability is reasonably assured. In particular, revenue from the production and sale of crude oil is recognized when the title has been transferred to customers, which is when risk and rewards pass to the customer. This occurs when product is physically transferred into a shipping vessel.

Deferred revenue is recognized when cash is received and no crude oil has been lifted from the terminal therefore title and risk has not been transferred to the buyer.

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive loss.

n) Share-based compensation

Equity-settled share-based compensation to directors, employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a graded basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

o) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed in a similar way to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

p) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

q) New standards and interpretations not yet adopted

The following new standards are not yet effective and have not been applied in preparing these interim consolidated financial statements:

IFRS 9, *Financial Instruments*, which will replace IAS 39, *Financial Instruments*: *Recognition and Measurement*, will become mandatory effective for annual periods beginning on or after January 1, 2018. The complete standard was issued in July 2014, and the Company does not intend to early adopt the standard in its consolidated financial statements. IFRS 9 provides revised guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for calculating impairment. IFRS 9 (2014) also incorporates the final general hedge accounting requirements originally published in IFRS 9 (2013). The impact of this standard on the Company has not been determined.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, provides a single, principles based five-step model to be applied to revenue recognition from all contracts with customers and applies to an annual reporting period beginning on or after January 1, 2017. The impact of this standard on the Company has not been determined.

IFRS 16, *Lease,* was issued January 2016 and replaces IAS 17 *Leases.* The standard introduces a single lessee accounting model for leases with required recognition of assets and liabilities for most leases. The standard is effective for fiscal years beginning on or after January 1, 2019 with early adoption permitted if the Company is also applying IFRS 15 *Revenue from Contracts with Customers*. IFRS 16 will be adopted by the Company on January 1, 2019 and the impact of this standard on the Company has not been determined.

(Amounts in US$ thousands)

4) Property, plant and equipment

	December 31 2015	December 31 2014
Opening balance	18	64
Depletion and depreciation	(11)	(42)
Foreign currency translation	(1)	(4)
Closing balance	6	18

Property, plant and equipment relates to office equipment. During the year, the Company capitalized $nil (2014 - $nil) of general and administrative costs and $nil (2014 - $nil) of share-based compensation.

5) Exploration and evaluation assets

	December 31 2015	December 31 2014
Opening balance	1,283	1,125
Additions	159	320
Foreign currency translation	(135)	(162)
Closing balance	1,307	1,283

Exploration and evaluation assets at December 31, 2015 and December 31, 2014 relate to the Company's Ireland Frontier Exploration Licence 1/13 (FEL 1/13). In 2015 the Company's joint venture partner relinquished its interest in the licence. The Company has submitted an application to extend the first phase of the licence for an additional two years and is seeking a new joint venture partner to participate in the licence. If the Company is not able to extend the licence and a qualified joint venture partner is not found to participate in the licence, the carrying value of the licence may be impaired and the exploration and evaluation costs written off to net earnings. During the year, the Company capitalized $nil (2014 - $18) of general and administrative costs and $nil (2014 - $nil) of share-based compensation related to exploration and evaluation activity.

6) Decommissioning obligations

	December 31 2015	December 31 2014
Opening balance	4,913	4,130
Accretion	12	49
Change in estimate	(1,893)	1,058
Decommissioning costs incurred	(2,999)	-
Foreign currency translation	(33)	(324)
Closing balance	-	4,913

(Amounts in US$ thousands)

Due to the Fyne and Erne licences being fully impaired, adjustments to decommissioning obligations are booked to profit and loss through exploration and evaluation expense.

7) Share capital

Authorized
Unlimited number of common voting shares

Common shares issued	Number of Shares	Amount $
Balance, December 31, 2015 and December 31, 2014	184,731,076	361,922

8) 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 year was $38 (2014 – $365) of which $38 (2014 – $365) was expensed and $nil (2014 – $nil) was capitalized.

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

	2015		2014	
	Number	Weighted-average exercise price Cdn $	Number	Weighted-average exercise price Cdn $
Outstanding – beginning of year	5,345,002	0.65	7,575,000	0.67
Granted	-	-	-	-
Forfeited	(1,150,002)	0.71	(2,179,998)	0.73
Expired	(770,000)	1.00	(50,000)	0.35
Outstanding – end of year	3,425,000	0.55	5,345,002	0.65
Exercisable – end of year	3,258,334	0.57	3,886,674	0.70

(Amounts in US$ thousands)

The range of exercise prices of the outstanding options is as follows:

	Options outstanding			Options exercisable		
Range of exercise prices Cdn $	Weighted-average exercise price Cdn $	Number outstanding at December 31, 2015	Weighted-average years remaining contractual life	Weighted-average exercise price Cdn $	Number outstanding at December 31, 2015	Weighted-average years remaining contractual life
0.20 – 0.50	0.20	500,000	2.25	0.20	333,334	2.25
0.51 – 0.77	0.61	2,925,000	1.52	0.61	2,925,000	1.52
		3,425,000			3,258,334	

No options were granted in 2015 and 2014.

9) Earnings per share

	2015	2014
Income (loss) from continuing operations	1,840	(6,497)
Income (loss) from discontinued operations	-	(3,618)
Net income (loss) for the year	1,840	(10,115)
Basic earnings per share:		
Issued common shares	184,731,076	184,731,076
Effect of share options exercised	-	-
Weighted average number of common shares – basic	184,731,076	184,731,076
Diluted earnings per share:		
Weighted average number of common shares – basic	184,731,076	184,731,076
Effect of outstanding options	-	-
Weighted average number of common shares – diluted	184,731,076	184,731,076
Basic and diluted income (loss) per common share:		
From continuing operations	0.01	(0.04)
From discontinued operations	-	(0.02)
Total loss per share	0.01	(0.05)

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 year ended December 31, 2015 and 2014, all stock options were anti-dilutive and were not included in the diluted common share calculation.

(Amounts in US$ thousands)

10) General and administrative expenses

	2015	2014
Wages and salaries	1,099	3,157
Occupancy	309	404
Administrative	1,017	1,750
Travel	4	23
Overhead recovery	(179)	93
	2,250	5,427

Total employee benefits expenses, including share-based compensation for the year ended December 31, 2015 were $1,137 (2014 - $3,522).

11) Supplemental cash flow information

	2015	2014
(Increase)/decrease of assets:		
Trade and other receivables	15	(149)
Inventory and prepaid expenses	73	21
Other current assets	5	-
Increase/(decrease) of liabilities:		
Trade and other payables	(133)	15
	(40)	(113)

	2015	2014
Cash and cash equivalents are comprised of:		
Cash in bank	1,895	920
Short-term deposits	8,000	14,500
	9,895	15,420

(Amounts in US$ thousands)

12) Income taxes

The differences between the expected income tax provision and the reported income tax provision are summarized as follows:

	2015	2014
Loss (income) from continuing operations before income taxes	(1,840)	6,493
Statutory income tax rate	26%	25%
Expected recovery (expense)	(478)	1,623
Increase (decrease) in taxes resulting from:		
Non-deductible expenses	355	(1,159)
Effect of different tax rates in foreign jurisdictions	434	164
Benefit of tax losses recognized (not recognized)	(311)	(632)
	-	(4)

The statutory tax rate was 26% in 2015 (2014 – 25%).

There was no income tax expense in 2015 and 2014 relating to discontinued operations.

Deferred income tax

The deferred income tax assets are comprised of the following:

	December 31 2015	December 31 2014
Property, plant and equipment	665	730
Decommissioning obligations	-	983
Non-capital losses	8,421	8,060
Capital losses	3,720	3,444
Share issuance and financing costs	-	127
Other	258	282
Unrecognized deferred tax asset	(13,064)	(13,626)
	-	-

The Company has unused non-capital tax losses attributable to continuing operations of $32,413 (2014 – $32,443) to carry forward against future taxable income of subsidiaries in which the losses arose. At December 31, 2015, the Company had the following available tax loss carryforwards:

(Amounts in US$ thousands)

Loss carryforwards attributable to continuing operations:

	Expiry Dates	$
Canada	2016-2033	27,899
United Kingdom	No Expiry	4,318
Ireland	No Expiry	196
		32,413

13) Commitments and contingencies

The Company has net commitments in respect of its petroleum and natural gas properties and operating leases, including operating costs, as at December 31, 2015 as follows:

	2016	2017	2018	Thereafter
Office Leases	302	266	-	-
Ireland	-	-	-	-
United Kingdom				
Fyne	-	-	-	-
Erne	20	-	-	-
Total	322	266	-	-

FEL 1/13 in Ireland has a 15 year term, with an initial three-year term followed by three four-year terms. The initial three year term of the FEL expires in early July 2016 and under the licence terms the work program to extend the licence into the second term must include the drilling of an exploration well. The Company has submitted a request to extend the first exploration term by an additional two years pending government approval and agreement on an additional technical work program.

14) 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.

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

(Amounts in US$ thousands)

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 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:

	December 31 2015	December 31 2014
Cash and cash equivalents	9,895	15,420
Restricted cash	12	12
Accounts receivable	49	163
	9,956	15,595

No accounts receivable are past due or considered impaired.

(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.

As at December 31, 2015 the Company's financial liabilities are all due within one year.

(Amounts in US$ thousands)

(c) Market risk

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

Commodity price risk

On April 24, 2014 the Company completed the sale of Antrim Resources (N.I.) Limited and settled its outstanding obligations under its Payment and Oil Swap agreements (see note 16).

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. A 1% change in the Cdn$/US$ and £/US$ exchange rate at December 31, 2015 would impact net income by approximately $100 and $nil, respectively.

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 December 31, 2015 consisted of cash and cash equivalents 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:

	December 31 2015	December 31 2014
Cash and cash equivalents	9,895	15,420
Shareholders' equity	10,930	11,452

(Amounts in US$ thousands)

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 farm-out existing exploration assets.

15) Related party transactions

The financial statements include the financial statements of Antrim and the subsidiaries listed in the following table:

Subsidiary	Country of Incorporation	Equity interest in % at December 31, 2015	2014
Antrim Energy Ltd.	Bahamas	100	100
Antrim Exploration (Ireland) Limited	Ireland	100	100
Antrim Energy (UK) Limited	United Kingdom	100	100
Antrim Energy (Ventures) Limited	United Kingdom	100	100

Compensation of key management personnel of the Company

Key management personnel include directors and executives of the Company. The compensation paid or payable to key management personnel is as follows:

	2015	2014
Short-term employee benefits	242	2,229
Share-based compensation	42	235
Total compensation of key management personnel	284	2,464

Other related party transactions

The Company may from time to time enter into arrangements with related parties which are accounted for at the exchange amount. In 2015, the Company incurred fees of $181 (2014 - $376) payable to Burstall Winger Zammit LLP, a law firm in which a director of the Company is a partner.

(Amounts in US$ thousands)

16) Discontinued operations

The Company entered into an agreement (the "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 (the "Transaction") 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. The economic date of the transaction was January 1, 2014. 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	1,717
Property, plant and equipment	(75,691)
Asset retirement obligations	16,500
Transaction costs	(1,779)
Foreign currency translation adjustment relating to disposal	6,906
Gain on disposal of assets	4,946

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 year ended December 31, 2014 include only those results up to April 24, 2014 (the date of sale of ARNIL).

	2015	2014
Discontinued operations		
Revenue	-	2,465
Expenses		
Direct production and operating expenditures	-	1,692
Depletion and depreciation	-	844
Finance and administrative costs	-	5,054
Loss on financial derivative	-	3,439
Gain on disposal of assets	-	(4,946)
Income (loss) from discontinued operations	-	(3,618)

	2015	2014
Cash flow from discontinued operations		
Net cash flow provided by (used in) operating activities	-	2,031
Cash provided by (used in) financing activities	-	(36,102)
Cash used in investing activities	-	(2,981)
	-	(37,052)

DIRECTORS

Stephen Greer (1) (3)
Chairman

Erik Mielke (1) (2) (3)
Independent Director

Jim Perry (1) (2) (3) (4)
Independent Director

Anthony Potter
Director
Antrim Energy Inc.

Jay Zammit (2) (4)
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 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"
London Stock Exchange (AIM): Trading Symbol "AEY"

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

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Antrim Energy (UK) Limited
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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:

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