Antrim Energy Inc.

Annual Report

2011

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, 2011 compared to the fourth quarter and year ended December 31, 2010 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, 2012. The audited consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all comparative figures for 2010 have been restated using IFRS. Unless otherwise noted all amounts are reported in United States dollars.

Transition to International Financial Reporting Standards

On January 1, 2011, Antrim adopted IFRS for Canadian publicly accountable enterprises as required by the Accounting Standards Board of Canada. Prior to the adoption of IFRS, Antrim followed Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Antrim has reported its results in accordance with IFRS starting in the first quarter 2011, with comparative IFRS information for the 2010 fiscal year. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Company for the year ended December 31, 2010 is provided in Note 25 of the audited consolidated financial statements. The Company's accounting policies and future accounting standards under IFRS are disclosed in the Note 3 of the audited consolidated financial statements.

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	
	2011	2010	2011	2010
($000's)				
Cash flow provided by (used in) operating activities	6,786	(5,963)	8,941	(5,609)
Less: increases in non-cash working capital	11,676	1,312	12,688	133
Cash deficiency from operations	(4,890)	(7,275)	(3,747)	(5,742)

Overview

Antrim's focus for 2011 has been on developing its UK North Sea assets in order to reach production. Development of the Causeway Field is progressing toward anticipated first production in the third quarter of 2012, followed by first production from the Fionn Field in the middle of 2013. Planning continues for the Fyne Field to achieve first production in 2014. The Company also intends to participate in two exploration wells during 2012 in the UK North Sea.

Antrim entered into an arrangement agreement (the “Arrangement Agreement”) on March 23, 2012 to sell all of its interest in its wholly owned subsidiary Antrim Argentina S.A. to Crown Point Ventures Ltd. (“Crown Point”), an Argentine-focused oil and gas company, for Cdn$53.75 million in consideration pursuant to a plan of arrangement to be effected under the Business Corporations Act (Alberta) (the “Arrangement”). The consideration consists of approximately Cdn$10.26 million in cash (subject to certain adjustments) and 35,761,307 common shares of Crown Point (“Crown Point Shares”). In additional, pursuant to the terms of the Arrangement, Antrim intends to distribute the Crown Point Shares to its shareholders as a return of capital. The Arrangement remains subject to certain regulatory approvals, including the approval of holders of at least two-thirds of the Antrim common shares, the approval of the Alberta Court of Queen’s Bench, and the approval of the TSX Venture Exchange to the listing of the additional Crown Point Shares.

Antrim's interest in its Tierra del Fuego Concessions is subject to certain rights of first refusal by third parties (“ROFR”). In the event that the ROFR is exercised, the consideration under the ROFR will be paid to Antrim, no distribution will be made to Antrim Shareholders and the Cerro de Los Leones property will be transferred to Crown Point for a fixed cash consideration which will be paid to Antrim on closing.

Antrim decided to divest of its oil and natural gas interests in Argentina to focus on higher return opportunities in the UK North Sea.

As a result of the decision to divest, the Company’s Argentina segment assets and liabilities have been reclassified as held for sale and the operations have been accounted for as discontinued operations. Comparative figures have been reclassified to conform with this presentation (see Note 4 of the consolidated audited financial statements).

Overview of Continuing Operations

United Kingdom

In the United Kingdom, total proved plus probable reserves are 12.6 million barrels of oil equivalent (“boe”) (net to Antrim) as at December 31, 2011, which decreased by 54.5% from 27.7 million barrels in 2010. This reduction was due to the farm out of a 39.9% working interest in Licence P077 Block 21/28a (the “Fyne Licence”) to Premier Oil UK Ltd (“Premier”), the sale of a 30% working interest in Licence P077 Block 211/22a South East Area and P1383 Block 211/23d (the “Causeway Licences”) to Valiant Petroleum plc (“Valiant”) and technical revisions to the Causeway reserves following a change in strategy for field development.

Fyne Licence

The Fyne Licence includes the Fyne Field, the Dandy Field and the Area 4 Field. Total proved plus probable reserves at December 31, 2011 remained at 23.3 million boe (gross), unchanged from 2010. The transfer of the 39.9% of Antrim's 75% working interest to Premier reduced Antrim's working interest to 35.1% and corresponding net proved plus probable reserves from 17.5 million boe in 2010 to 8.2 million boe in 2011. The Fyne Licence represents 65% of the Company's total proved plus probable reserves as at December 31, 2011.

In February 2012, Premier (operator) drilled the East Fyne appraisal well in the Fyne Field and discovered that the thickness of the oil bearing sand was at the lower end of Antrim's estimate and the well was plugged and abandoned. Antrim's share of drilling and abandonment costs was covered by Premier's $48 million carried contribution under the Earn-In Agreement ("EIA"). Antrim is now incorporating the results of the East Fyne well into its reserve estimates and updating field development options. The less than expected results of this well may have a material impact on the reserves and net present values for the Fyne Field. Insufficient data exists at this time to properly assess whether there may be an impairment to the carrying amount of those assets. In addition, Premier is currently evaluating their project economics and retains the right to sell back the previously acquired 39.9% working interest to Antrim at a nominal price.

Antrim continues to work with Premier on the identification of export routes for production from the Fyne Field. The currently preferred production system will handle approximately 20,000 barrels of oil per day ("bopd"), with potential capacity add-ons to handle additional volume from satellite fields. First production is anticipated in the middle of 2014.

The original Fyne Licence expired on November 25, 2011. The Department of Energy and Climate Change ("DECC") agreed to a three-year extension to November 25, 2014 on the condition that a field development plan ("FDP") for the Fyne Field is submitted by June 25, 2012. If the Fyne Field FDP is not submitted by that date, or an extension obtained from DECC, the Fyne Licence could be revoked. First production must be achieved from any of the three identified Prospective Areas (Fyne Field, Dandy Field and Area 4 Field) within the three year license extension period in order for that Prospective Area to become a Producing Area and the licence to continue. If first production is not achieved in a Prospective Area by November 25, 2014, the licence relative to that Prospective Area will expire. Although the Company expects to submit a Fyne Field FDP by June 25, 2012 and to achieve first production by 2014, there is no assurance that the Company will be successful in doing so.

Greater Fyne Area

Pursuant to an option in the EIA for the Fyne Licence, Antrim farmed-out a 50% working interest in Licence P1875 Block 21/29d (the "Erne Prospect") to Premier.

In the fourth quarter of 2011, Antrim completed the drilling of the Erne discovery well 21/29d-11 and sidetrack well 21/29d-11Z (Antrim 50%). Post-well analysis of the wells by Antrim's independent

reserve evaluation engineers did not result in any reserves being assigned at this time. As the carrying value of the asset is not expected to be recovered from future production, an impairment charge of $10.3 million was recognized during the year.

The Erne pilot and sidetrack wells have high-graded and de-risked other drilling prospects in the Upper Tay Formation near Erne and along the same trend on Antrim-interest licences. With this information, Antrim is re-prioritizing its future drilling plans, focusing on both the Upper Tay and Middle Tay drilling targets.

Premier retains the right to participate up to 50% in future Greater Fyne Area exploration programs.

Causeway Licences

The Causeway Licences' total proved plus probable reserves decreased by 20% from 15.6 million boe (gross) to 12.5 million boe (gross) as at December 31, 2011 due to technical revisions following a change in strategy for field development. Due to these revisions and the transfer of the 30% of working interest to Valiant, net proved plus probable reserves to Antrim as at December 31, 2011 are 4.4 million boe (net proved plus probable reserves to Antrim as at December 31, 2010 were 10.2 million boe).

In December 2011, DECC assigned separate field designations to the Fionn Field (previously referred to as the Central Causeway fault block) and the Causeway Field (previously referred to as the East Causeway and Far East Causeway fault blocks). This allows for separate Small Field Allowance tax credits to be applied for each field.

Antrim announced on December 28, 2011 the FDP for the Causeway Field was approved by DECC. The FDP includes a production well and a water injection well, with first oil production anticipated in the third quarter of 2012. Hydrocarbons will be transported to and processed at the Cormorant North production platform operated by TAQA Bratani Limited ("TAQA") before being exported to the Sullom Voe terminal for sale. Antrim's development costs for its 35.5% working interest are estimated at $36.3 million, net of the carried contribution received from the sale of a 30% interest to Valiant.

Since the approval of the FDP, a contract was awarded by Valiant to French contractor Technip for engineering, procurement, installation and commissioning of rigid and flexible pipelines, subsea equipment and umbilicals. The Borgsten Dolphin semi-submersible rig was contracted to complete the existing production and water injection wells in the field. First oil remains on-track for the third quarter of 2012. Average production for the first twelve months is expected to be 3,000 bopd net to Antrim.

On January 23, 2012, Antrim announced that it had signed an agreement with Valiant to proceed with the early installation of subsea facilities for the development of the Fionn Field. Coincident with this agreement, a development plan and budget for the Fionn Field was agreed to by the joint venture partners. Valiant subsequently prepared an FDP for the Fionn Field, which was submitted to DECC for approval in March 2012. Fionn Field production will be combined with the Causeway Field

production and transported for processing to the Cormorant North platform. First oil from the Fionn Field is anticipated in the middle of 2013. Antrim's share of the development costs for the Fionn Field, including the pre-investment costs, is estimated to be approximately $22 million.

In October 2011, Antrim finalized the sale of a 30% interest in the Causeway Licences, along with the pro rata share of the reserves and tax losses, to Valiant. In return, Antrim received up to $21.75 million carried contribution towards its remaining share of the development costs of the Causeway Field. Antrim recorded an impairment expense on exploration and evaluation assets of $35.6 million due to the sale and a loss on disposal of $0.1 million.

Kerloch Licence

Antrim signed a farm-out agreement with TAQA related to P201 Block 211/22a North West Area (the "Kerloch Licence") whereby TAQA agreed to drill an exploration well to earn an interest in the licence. Prior to the farm-out, Antrim held a 21% working interest in the licence.

In September 2011, DECC agreed to subdivide the licence into two sub-areas: the "Kerloch Area" in the north and the "Contender Area" in the south. By committing to drill an exploration well in the south, TAQA earned a 60% interest in the Contender Area. Antrim's working interest in the Contender Area was reduced to 8.4%. Once the exploration well is drilled, TAQA will earn 35% interest in the Kerloch Area. Antrim's remaining working interest in the Kerloch Area will be reduced to 13.65%.

TAQA assumed operatorship of the Contender Area and will drill the exploration well on the Contender Prospect from the Cormorant North platform. The well will target the Jurassic Brent sequence of sandstones at a projected drilling depth of 16,900 feet, less than two kilometres east of the Cormorant North Field. The well is expected to spud in the second quarter of 2012 and drilling will be funded by TAQA.

Cyclone Prospect

Licence P1784 Block 21/7b (Antrim 30%) is located in the Central North Sea north of the Greater Fyne Area. The block contains the "Cyclone" and the "Typhoon" Tertiary Cromarty prospects at approximately 5,000 and 5,600 feet respectively, in a region that is mature from both exploration and field infrastructure perspectives. The licence was acquired jointly with Premier (70%, operator) with a firm well commitment. An exploration well on the Cyclone Prospect has been approved by the joint venture partners and is planned to be drilled in the third quarter of 2012. The Typhoon Prospect would be a probable follow up to any discovery at Cyclone.

Ireland

On October 18, 2011, Antrim announced that it had been awarded a Frontier Licence Option by the Department of Communications, Energy and Natural Resources of Ireland, under the Irish 2011 Atlantic Margin Licensing Round. The Licence option area covers Blocks 44/4, 44/5 (part), 44/9, 44/10, 44/14, 44/15, an area of approximately 1,409 square km located in the Porcupine Basin approximately 110 km off the southwest coast of Ireland. The option allows Antrim two years to qualify the blocks for a full Exploration Licence. Antrim has committed to a seismic work program of $0.5 million.

Tanzania

In December 2010, two agreements were signed in Tanzania which are expected to lead to the resumption of exploration activities on the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania (the “P-Z PSA”). Antrim holds an option to acquire a 20% interest in the P-Z PSA following the pre-drilling (seismic) phase and an additional 10% interest to be exercised up to 180 days following receipt of the initial drilling results. Carried costs associated with the interests would be repaid from future production. RAK Gas, the operator, has submitted a proposal for a revised work programme to the federal government of Tanzania, with seismic operations expected to proceed during 2012.

Overview of Discontinued Operations

Argentina

With the strategic decision to sell its Argentina business, the Company’s Argentina operations have been accounted for as discontinued operations. Comparative figures have been reclassified to conform with this presentation. See Note 4 of the year end audited consolidated financial statements.

Argentina generated oil and gas revenue, net of royalties, of $10.2 million for the year ended December 31, 2011 which decreased from $10.8 million in 2010. Revenue decreased as a result of lower oil and gas production partially offset by higher oil and gas prices received. Production in Argentina decreased to 1,564 barrels of oil equivalent per day (“boepd”) in 2011 from 1,783 boepd in 2010 due to a natural decline combined with gas plant maintenance and temporary oil storage problems.

Argentina total proved plus probable reserves decreased by 15% from 27.7 million boe (gross) to 23.5 million boe (gross) as at December 31, 2011 due to production and performance.

Antrim's average gas price for the fourth quarter of 2011 was $2.12 per thousand cubic feet ("mcf") compared to $1.80 per mcf for the same period in 2010, an 18% increase. In the fourth quarter of 2011, oil prices averaged $63.94 per barrel compared to $54.60 per barrel for the same period in 2010, a 17% increase. Antrim's gas price averaged $2.17 per mcf for the year ended December 31, 2011 compared to $1.84 per mcf in 2010. Oil prices averaged $59.78 per barrel in 2011 compared to $49.34 per barrel in 2010.

Antrim sells all of its oil production and approximately 78% of its natural gas production from Tierra del Fuego to the Argentine mainland. These sales generate value-added tax ("VAT") of 21%, which is retained by Antrim due to favorable tax laws pertaining to Tierra del Fuego. VAT of $2.2 million (2010 - $2.1 million) is reported as other income and is not included in Antrim's per unit sales prices.

Antrim's field netbacks in Argentina, based on sales, were $10.07 (2010 - $7.51) per boe and $9.31 (2010 - $9.06) for the three and twelve month periods ended December 31, 2011. The increase in the 2011 field netbacks, as compared to 2010, was due to higher product prices partially offset by higher production and operating expenses, royalties and export taxes.

In February 2012, the Company's application for "Gas Plus" pricing incentives for new gas produced from the wells drilled in 2010 was approved by the government. This approval will permit Antrim to sell a portion of its gas in the higher-priced industrial market on the mainland.

Antrim and its partners in the Tierra del Fuego Concession are finalizing a ten year extension to the licences which expires in November 2016. Terms of the extension will include an upfront cash payment to the Province of Tierra del Fuego, an increase in royalties and a multi-well drilling commitment and are expected to be approved by the government in the second quarter of 2012.

In Cerro de Los Leones, Antrim continues to work on obtaining the necessary environmental approvals to shoot a 3-D seismic program and now expects to have approval to shoot seismic by the middle of 2012 with drilling now scheduled to start later in 2012.

Financial and Operating Results from Continuing Operations

All amounts reported in this MD&A related to the three month periods ended December 31, 2011 and 2010 are unaudited.

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
Financial Results ($000's except per share amounts)				
Cash deficiency from operations[1]	4,890	7,275	3,747	5,742
Cash deficiency from operations per share[1]	0.03	0.05	0.02	0.04
Net loss – continuing operations	15,975	2,842	55,110	7,586
Net loss	14,951	2,363	52,970	5,251
Net loss per share – basic, continuing operations	0.09	0.02	0.32	0.04
Total assets	239,177	229,912	239,177	229,912
Working capital, excluding assets held for sale	52,674	26,658	52,674	26,658
Assets held for sale, net of liabilities held for sale	27,471	-	27,471	-
Expenditures on petroleum and natural gas properties – continuing operations	10,634	(634)	14,702	123
Bank debt	-	-	-	-
Common shares outstanding (000's)				
End of period	184,116	135,572	184,116	135,572
Weighted average – basic	184,108	135,360	173,997	135,387
Weighted average – diluted	185,530	136,945	175,412	136,971

(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.

Financial and Operating Discussion from Continuing Operations

Revenue

With the classification of the Argentina segment to discontinued operations the Company did not have any revenue in 2011 or 2010.

General and Administrative

General and administrative ("G&A") costs remained consistent at $5.0 million in 2011 compared to $4.9 million in 2010. During 2011, Antrim capitalized $0.6 million (2010 – $0.5 million) of G&A costs related to exploration and development activity in the United Kingdom.

Impairment

For the year ended December 31, 2011, the Company recorded impairment charges of $49.1 million. Included is $35.6 million relating to the sale of the 30% interest in the Causeway Field, $3.2 million for costs identified as being impaired during the asset held for sale classification and $10.3 million incurred in the drilling of the Erne discovery well and sidetrack.

Finance Income

Finance income relates to interest income on short-term deposits and was $0.7 million (2010 - $0.3 million) for the year ended December 31, 2011.

Finance Costs

Finance costs were $0.6 million for the year ended December 31, 2011 (2010 - $0.4 million) and relate to accretion of asset retirement 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, 2011.

The Company follows the liability method of accounting for income taxes. As at December 31, 2011, 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, 2011, Antrim had a cash deficiency from operations of $4.9 million (($0.03) per share) compared to cash deficiency from operations of $7.3 million (($0.05) per share) in the same period in 2010. Antrim incurred a cash deficiency from operations of $3.7 million (($0.02) per share) in 2011 compared to a cash deficiency from operations of $5.7 million ($(0.04) per share) in 2010. Cash flow increased in 2011, as compared to 2010, due to higher interest income and lower exploration and evaluation expenditures.

In the fourth quarter of 2011 and 2010, Antrim incurred net losses of $15.0 million and $2.4 million respectively. For the year ended December 31, 2011, the Company incurred a net loss of $53.0 million compared to $5.3 million in 2010.

Capital Expenditures

Antrim incurred capital expenditures related to petroleum and natural gas properties of $14.7 million and $0.1 million relating to continuing operations for the year ended December 31, 2011 and 2010. The 2010 capital expenditures are net of a $2.0 million initial payment received from Premier for the Fyne option. Capital expenditures in 2011 relate to the drilling program and ongoing development in the North Sea.

Foreign Exchange Loss and Comprehensive (Loss) Income

The measurement currency of the Company is the Canadian dollar, while its reporting currency is the US dollar. A significant portion of the Company's activities are transacted in or referenced to US dollars, Canadian dollars, British pounds sterling or Argentine pesos. 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, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss of $0.7 million from continuing operations for the year ended December 31, 2011 compared to a loss of $0.4 million in the same period in 2010.

Antrim realized a loss of $2.3 million on the recycling of the accumulated other comprehensive income relating to the disposition of Causeway to Valiant for the year ended December 31, 2011.

Financial and Operating Discussion from Discontinued Argentina Operations

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue, net of royalties, from the sale of oil, natural gas and natural gas liquids ("NGL") for the three month periods and year ended December 31, 2011 and 2010 consisted of the following:

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
($000's)				
Oil	1,542	1,009	5,133	6,033
Natural gas	1,503	1,465	6,209	5,923
NGL's	130	129	721	583
Total Oil, Natural Gas and NGL Revenue	3,174	2,693	12,063	12,539
Less: Royalties	495	434	1,866	1,782
Net Oil, Natural Gas and NGL Revenue	2,679	2,259	10,197	10,757

Net revenue after royalties of $10.2 million for the year ended December 31, 2011 decreased from $10.8 million in 2010 as a result of lower production, partially offset by higher product prices. For the three months ended December 31, 2011, net revenue after royalties was $2.7 million, compared to $2.3 million for the same period in 2010. The increase in net revenue in the fourth quarter is a result of higher product prices for oil and gas offset by lower oil and gas volumes.

The sale of crude oil from Tierra del Fuego can be impacted by intermittent shipments. Oil production from Tierra del Fuego is stored and periodically transported by ship to a refinery on the mainland. As at December 31, 2011, Antrim held 18,300 (2010 – 11,100) barrels of oil in inventory in Tierra del Fuego.

Oil prices averaged $59.78 per barrel in the year ended December 31, 2011 compared to $49.34 per barrel in 2010. For the fourth quarter 2011, oil prices averaged $63.94 per barrel compared to $54.60 for the same period in 2010.

Oil production from the Tierra del Fuego Concessions is sold on a spot basis with reference to the in-country Medanito crude oil benchmark price less a quality discount. Increases in mainland Argentina demand have resulted in increased market prices for oil since middle of 2009, resulting in increases in the oil price received.

Antrim's gas sales prices in Argentina averaged $2.12 and $2.17 per mcf in the three and twelve month periods ended December 31, 2011 compared to $1.80 and $1.84 per mcf for the same periods in 2010. Average gas prices increased due to the negotiation of higher priced contracts.

NGL prices, before export taxes, averaged $31.44 per barrel in the year ended December 31, 2011 compared to $28.25 per barrel for the comparable period in 2010. For the fourth quarter 2011, NGL prices averaged $23.23 per barrel compared to $33.39 for the same period in 2010. NGL prices increased in 2011 as compared to 2010 due to increases in the export price combined with a higher proportion of NGL being exported to the higher-priced Chilean market.

Royalty expenses, as a percentage of total revenue, for the year ended December 31, 2011, increased in 2011 compared to 2010 due to an adjustment in royalties paid in prior years and a reduction of deductible expenses in the Tierra del Fuego Concession. Export taxes, as a percentage of NGL revenue, increased for the year ended December 31, 2011, compared to 2010, as exports to Chile were curtailed due to restrictions in obtaining export permits.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three month periods and years ended December 31, 2011 and 2010:

	Three Months Ended December 31		Year Ended December 31	
	2011	**2010**	**2011**	**2010**
Oil (bbl/day)	241	303	259	326
Natural gas (mmcf/day)	7.3	8.4	7.5	8.3
NGL (bbl/day)	60	59	61	65
Total Production (boe/day)	1,518	1,757	1,564	1,783

Gas production decreased for the three months and year ended December 31, 2011, as compared to the same periods in 2010, due to natural decline and gas plant maintenance. Oil production decreased during the same periods as a result of short term shut-in of some oil production due to temporary storage problems at the Cruz del Sur tank farm and natural decline.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three month periods and years ended December 31, 2011 and 2010:

	Three Months Ended December 31		Year Ended December 31	
	2011	2010	2011	2010
$/boe				
Wellhead price	22.41	17.68	21.43	19.27
Royalties	(3.49)	(2.84)	(3.32)	(2.74)
Export tax	(0.37)	(0.21)	(0.44)	(0.22)
Production and operating expenses	(8.48)	(7.12)	(8.36)	(7.25)
Netback	10.07	7.51	9.31	9.06
Oil, Natural gas and NGL sales (boe)	141,672	152,336	562,774	650,804
Oil, Natural gas and NGL sales (boepd)	1,540	1,656	1,542	1,783

Field netbacks increased in 2011, as compared to 2010, due to higher wellhead prices received partially offset by lower production and operating expenses, royalties and export taxes.

Average wellhead prices were impacted as higher valued gas, on a boe basis, accounted for 81% of sales in 2011, as compared to 78% in 2010.

General and Administrative

G&A costs for discontinued operations decreased to $1.3 million for the year ended December 31, 2011 compared to $1.7 million for 2010.

Depletion and Depreciation

Depletion and depreciation expense for discontinued operations was $4.0 million for 2011 compared to $4.6 million in 2010. The consolidated per unit charge for 2011 was $6.56 per boe compared to $8.80 per boe in the same period of 2010. The per unit charge decreased in 2011, as compared to 2010, due to a reduction in reserves related to the remapping of the Los Flamencos Field and the resulting true up of depletion which was recognized in the fourth quarter of 2010.

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, 2011.

The Company follows the liability method of accounting for income taxes. As at December 31, 2011, no deferred income tax assets were recorded due to uncertainty with respect to the ability of Antrim to generate sufficient taxable income to utilize the unrecognized losses. Income generated in Tierra del Fuego is tax exempt.

Cash Flow and Net Income

Antrim had cash flow used in operating activities of $1.2 million (($0.01) per share) in 2011 compared to cash flow provided by operating activities of $3.5 million ($0.03 per share) in 2010.

In the fourth quarter of 2011 and 2010, Antrim recognized net income from discontinued operations of $1.0 million and $0.5 million respectively. For the year ended December 31, 2011, the Company recognized net income from discontinued operations of $2.1 million compared to $2.3 million in the same period in 2010.

Financial Resources and Liquidity

As at December 31, 2011, Antrim had working capital of $52.7 million excluding $27.5 million relating to assets held for sale, and restricted cash of $17.2 million. Accounts payable and accrued liabilities increased to $17.1 million at December 31, 2011 from $3.2 million as at December 31, 2010 due to the Erne drilling program in December. The Company has no bank debt.

In March 2011, Antrim completed an equity financing for gross proceeds of $51.6 million (net proceeds of $48.5 million).

Antrim invests 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 in recent months, restrictions on availability of credit remain and may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process to enable Antrim to better adapt to changing market conditions. Although Antrim may need to raise additional funds from internal or external sources, if available, in order to develop both of its major UK properties, the Company maintains flexibility to manage its financial commitments.

Antrim's planned capital program for 2012 includes ongoing development of the Fyne and Causeway Fields and the Cyclone exploration well. The remaining capital expenditures for the development of Causeway will be funded by existing cash resources combined with operating cash flow.

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, 2011 as follows:

	2012	2013	2014	2015	2016	Thereafter
United Kingdom						
• Fyne and Dandy[1]	11	10,011	11	11	11	11
• Causeway[2]	36,255	117	142	166	191	216
• 25th Bid Round[3]	3,080	38,000	-	-	-	-
• 26th Bid Round[4]	6,013	25	25	-	-	-
Ireland	35	461	-	-	-	-
Office leases	221	111	111	111	111	137
Discontinued Operations - Argentina						
• Tierra del Fuego	650	650	650	650	650	1,300
• Cerro de Los Leones[5]	3,006	2,029	1,904	-	-	-
Office leases	38	-	-	-	-	-
Total	49,309	51,404	2,843	938	963	1,664

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

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

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

(4) The Company acquired two licences in the 26th bid round which include firm drilling commitments estimated at $6 million in 2012.

(5) Relates to Antrim's 50.1% interest in the exploration concession and includes seismic and firm well commitment costs.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot (21/29d-11) and Erne sidetrack (21/29d-11Z) wells, which 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. The Company is disputing the additional costs and believes it is probable it will not have to pay. As a result, a contingent liability has not been recorded.

Subsequent Events

In January 2012, the Company announced that it had signed an agreement with Valiant for the development of the Fionn Field in the UK North Sea, in which Antrim holds a 35.5% working interest. Valiant has agreed to finance Antrim's working interest share of the Fionn Field pre-investment costs. The development of the Fionn Field is subject to approval from DECC.

On February 6, 2012, the Company announced that the East Fyne appraisal well 21/28a-11, which commenced drilling on January 16, 2012, was plugged and abandoned. The well was designed to de-risk the eastern extent of the Fyne Field, however the thickness of the oil bearing sand was at the lower end of Antrim's estimate. Antrim is now incorporating the results of the East Fyne well into their internal reserve estimates and updating the field development options for the Fyne Field, which requires an FDP submitted to DECC by June 25, 2012. The less than expected results of this well may have a material impact on the reserves and net present values presented in this report for the Fyne Field. Insufficient data exists at this time to properly assess whether there may be an impairment to the carrying amount of those assets.

On March 21, 2012, The UK government announced that the maximum amount of the small field allowance introduced in Finance Act 2009 will be doubled from £75 million to £150 million. The qualifying criteria will also be relaxed. The maximum allowance will be available for fields which have reserves in place of 6.25 million tonnes (approximately 45 mmbbls) or less, reducing to no allowance at 7 million tonnes (approximately 50 mmbbls). The previous thresholds were 2.75 million and 3.5 million tonnes. For these purposes, a new field will be one with development approval on or after March 21, 2012. The results of this change in the maximum allowance are expected to provide Antrim with additional tax benefits for the development of certain qualifying UK fields.

On March 23, 2012, the Company entered into the Arrangement Agreement with Crown Point Ventures Ltd., as described in the "Overview" section.

Outlook

Antrim's decision to divest of its oil and gas interests in Argentina will allow the Company to focus on high return opportunities in the UK North Sea. Antrim remains on track for first production of approximately 3,000 bopd net, from the Causeway Field in the third quarter of 2012, followed by the Fionn Field in 2013.

Antrim continues to work with its joint venture partners for the development of the Fyne Field with the intention of achieving first production in 2014.

In 2012, Antrim will continue to focus on exploration of the Greater Fyne Area. A well will be drilled in the third quarter of 2012 to test the Cyclone prospect, which has recently been high-graded by the operator. In addition, Antrim will participate in the drilling of an exploration well in the Contender prospect in the Northern North Sea in the second quarter of 2012.

Antrim will continue studies on the blocks covered by the Frontier Licence Options awarded to the Company in the Irish 2011 Atlantic Margin Licensing Round.

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
2011				
Fourth quarter	2,679	(4,890)	14,951	0.08
Third quarter	2,403	666	36,124	0.20
Second quarter	2,730	(134)	760	0.00
First quarter	2,384	608	1,136	0.01
2010				
Fourth quarter	2,260	(1,767)	2,112	0.02
Third quarter	3,545	1,925	190	0.00
Second quarter	2,295	(141)	1,423	0.01
First quarter	2,658	(248)	1,294	0.01

Antrim's net revenue and cash flow from operations has fluctuated over the quarters due to intermittent shipments of crude oil from Tierra del Fuego, increasing gas sales and lower oil production due to decline rates and property sales in early 2011. Fourth quarter cash from the operations in 2011 was negatively impacted by lower production and higher general and administrative expenses. Fourth quarter cash flow from operations and loss in 2010 was negatively impacted by VAT valuation allowances. Fourth quarter losses in 2010 also increased due to the write-down of investments and other non-current assets and future income tax assets.

Critical Accounting Estimates

Our significant accounting policies are detailed in Note 3 to the audited consolidated financial statements under IFRS. In determination of financial results, we must make certain critical accounting estimates as follows:

Depletion expense

Eligible costs associated with oil and gas activities are capitalized on a unit of measure basis. Depletion expense is subject to estimates including petroleum and natural gas reserves, future petroleum and natural gas prices, estimated future remediation costs, as well as other fair value assumptions. The aggregate of capitalized costs, net of accumulated depletion and depreciation, less estimated salvage values, is charged to depletion and depreciation over the life of the proved and probable reserves using the unit of production method.

Withheld Costs

Costs related to exploration and evaluation activities and development projects are excluded from costs subject to depletion until technical feasibility and commercial viability is assessed or production

commences. At that time, costs are either transferred to property, plant and equipment or their value is impaired. Impairment is charged against income.

Impairment of Long-Lived Assets

Impairment is indicated if the carrying value of the long-lived asset or oil and gas cash generating unit exceeds its recoverable amount. If impairment is indicated, the amount by which the carrying value exceeds the estimated fair value of the long-lived asset is charged against income. The determination of the recoverable amount for impairment purposes involves the use of numerous assumptions and judgments including future net cash flows from oil and gas reserves, future third-party pricing, inflation factors, discount rate sand other uncertainties. Future revisions to these assumptions impact the recoverable amount.

Asset Retirement Obligation ("ARO")

The discounted expected future costs of statutory, legal or constructive obligations to retire long-lived assets is recorded as ARO with a corresponding increase to the carrying amount of the related asset. The recorded liability increases over time to its future liability amount through accretion charges to income. Revisions to the estimated amount or timing of the obligations are reflected as increases or decreases to the recorded ARO. Actual decommissioning expenditures are charged to the liability to the extent of the then-recorded liability. Amounts capitalized to the related assets are amortized to income consistent with depletion or deprecation of the underlying asset.

Fair Value of Financial Instruments

To estimate the fair value of financial instruments, the Company uses quoted market prices when available, or models that use observable market data. Inputs used in determining fair value are characterized using a hierarchy that prioritizes inputs depending on the degree to which they are observable. However, these fair value estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction.

Legal, Environmental Remediation and Other Contingent Matters

The Company is required to both determine whether a loss is probable based on judgment and interpretation of the laws and regulations and determine whether the loss can be reasonably estimated. When a loss is determined it is charged against income. The Company must continually monitor known and potential contingent matters and make appropriate provisions by charges against income when warranted by circumstances.

Deferred Income Tax

Deferred income taxes are recorded based on the liability method of accounting whereby temporary differences are calculated assuming financial assets and liabilities will be settled at their carrying amount. Deferred income taxes are computed on temporary differences using substantively enacted income tax rates expected to apply when future income tax assets and liabilities are realized or settled.

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 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

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, 2011. During this evaluation the Corporation identified weaknesses due to the limited number of finance and accounting personnel at the Corporation dealing with complex and non-routine accounting transactions that may arise.

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 2011, Antrim incurred fees of $266,741 (2010 - $185,934) 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, 2011.

Risks and Uncertainties

The oil and gas industry involves a wide range of risks which include but are not limited to the uncertainty of finding new commercial fields, securing markets for existing reserves, commodity price fluctuations, exchange and interest rate costs and changes to government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production and environmental protection and access to off-shore production facilities in the UK. The oil and natural gas industry is intensely competitive and the Company competes with a large number of companies that have greater resources.

The original Fyne Licence expired on November 25, 2011. DECC agreed to a three-year extension to November 25, 2014 on the condition that an FDP for the Fyne Field is submitted by June 25, 2012. If the Fyne Field FDP is not submitted by that date, or an extension obtained from DECC, the Fyne Licence could be revoked. First production must be achieved from any of the three identified Prospective Areas (Fyne Field, Dandy Field and Area 4 Field) within the three year license extension period in order for that Prospective Area to become a Producing Area and the licence to continue. If first production is not achieved in a Prospective Area by November 25, 2014, the licence relative to that Prospective Area will expire. Although the Company expects to submit a Fyne Field FDP by June 25, 2012 and to achieve first production by 2014, there is no assurance that the Company will be successful in doing so.

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

The Company has a significant investment in the United Kingdom and currently its only source of revenue is from discontinued operations in Argentina. 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, 2012 which is filed on SEDAR at www.sedar.com.

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 quality of and future net revenues from Antrim's reserves of oil, natural gas liquids ("NGL") and natural gas production levels. This MD&A may also contain specific forward-looking statements and information pertaining to the proposed plan of arrangement with Crown Point Ventures Ltd., 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 and the startup of production from the Causeway or Fyne Fields in the UK North Sea.

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 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, 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, risk associated with the proposed plan of arrangement with Crown Point Ventures Ltd., including the risk that the transaction is not completed or is completed on different terms than those described herein, or the risk that certain rights of first refusal are exercised, and Antrim’s reliance on industry partners for the development of some of its properties, risks associated with ensuring title to the Company’s properties, liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing problems, the accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim’s exploration and development drilling and estimated decline rates, in particular the future production rates at the Causeway, Fionn and Fyne Fields in the UK North Sea and at the Tierra del Fuego and Cerro de Los Leones concessions in Argentina, which are considered in discontinued operations. 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, Argentina, South 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 to the capped market price in Argentina, changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws, adverse regulatory rulings, order and decisions and risks associated with the nature of the Common Shares.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout the MD&A and in Antrim's management discussion and analysis for the year ended December 31, 2011. Readers are specifically referred to the risk factors described in this MD&A under “Risk Factors” and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Oil and Gas Disclosure

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. All estimates of reserves contained herein are derived from two reports of McDaniel & Associates Consultants Ltd., the Company's independent reserves evaluators, with effective dates of December 31, 2011 and December 31, 2010. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

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.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards outlined in the notes to the consolidated financial statements. The consolidated financial statements include certain estimates that reflect the management’s best judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards. The financial information contained in the annual report is consistent with that in the consolidated financial statements.

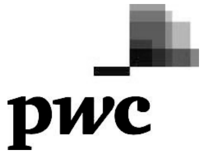
Management is also responsible for establishing and maintaining appropriate systems of internal control over the company’s financial reporting. The internal control system was designed to provide reasonable assurance to management regarding the preparation and presentation of the consolidated financial statements. Management tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2011. During this evaluation Management identified weaknesses due to the limited number of finance and accounting personnel at the Corporation dealing with complex and non-routine accounting transactions that may arise. 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.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company’s most recent annual general meeting, to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provide an independent professional opinion.

The audit committee of the Board of Directors with all of its members being independent directors, have reviewed the consolidated financial statements including notes thereto, with management and PricewaterhouseCoopers LLP. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the audit committee.

(signed) “Stephen Greer”
Stephen Greer
President & Chief Executive Officer

(signed) “Douglas Olson”
Douglas Olson
Chief Financial Officer



Independent Auditor's Report

To the Shareholders of Antrim Energy Inc.

We have audited the accompanying consolidated financial statements of Antrim Energy Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, 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.

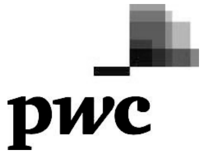
Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

PricewaterhouseCoopers LLP, Chartered Accountants
Suite 3100, 111-5th Avenue SW, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 26, 2012

Antrim Energy Inc.
Consolidated Balance Sheet
As at December 31, 2011 and 2010
(Amounts in US$ thousands)

	Note	December 31 2011	December 31 2010	January 1 2010
Assets			(Note 25)	(Note 25)
Current assets				
Cash and cash equivalents		47,105	25,650	31,169
Restricted cash	5	17,249	-	-
Accounts receivable		5,294	3,530	3,278
Inventory and prepaid expenses	6	240	727	937
Assets held for sale	4	31,651	-	-
		101,539	29,907	35,384
Property, plant and equipment	8	15,207	26,129	24,932
Exploration and evaluation assets	7	122,431	171,850	176,588
Investments and other non-current assets	9	-	2,026	1,274
		239,177	229,912	238,178
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		17,214	3,249	3,425
Liabilities held for sale	4	4,180	-	-
		21,394	3,249	3,425
Asset retirement obligations	10	3,595	7,380	7,664
Contingent consideration	11	7,000	8,000	8,000
		31,989	18,629	19,089
Commitments and contingencies	21			
Subsequent events	24			
Shareholders' equity				
Share capital	12	361,587	312,062	311,946
Contributed surplus		19,579	18,377	16,929
Deficit		(168,007)	(115,037)	(109,786)
Accumulated other comprehensive loss		(5,971)	(4,119)	-
		207,188	211,283	219,089
		239,177	229,912	238,178

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) "Gerry Orbell"
Director

(signed) "James Smith"
Director

Antrim Energy Inc.

Consolidated Statement of Loss and Comprehensive Loss
For the year ended December 31, 2011 and 2010
(Amounts in US$ thousands, except per share data)

	Note	2011	2010
		$	$
			(Note 25)
Revenue		-	-
Expenses			
Depreciation	8	191	134
General and administrative expenses	15	5,004	4,909
Share-based payments	13	883	1,140
Exploration and evaluation expenditures		273	454
Impairment	7, 8	49,101	431
Change in fair value of contingent consideration	11	(1,000)	-
Loss on disposal	7	70	-
		54,522	7,068
Finance income	16	(706)	(309)
Finance costs	17	586	428
Foreign exchange loss		708	399
		588	518
Loss from continuing operations before income taxes		55,110	7,586
Income tax expense	19	-	-
Loss from continuing operations after income taxes		55,110	7,586
Income from discontinued operations	4	2,140	2,335
Net loss for the year		52,970	5,251
Other comprehensive (income) loss			
Foreign currency translation adjustment		4,123	4,119
Foreign currency translation adjustment – disposal of assets	7	(2,271)	-
Other comprehensive loss for the year		1,852	4,119
Comprehensive loss for the year		54,822	9,370
Net income (loss) per common share			
Basic – continuing operations	14	(032)	(0.06)
Diluted – continuing operations	14	(032)	(0.06)
Basic – discontinued operations	14	0.01	0.02
Diluted – discontinued operations	14	0.01	0.02

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

Antrim Energy Inc.
Consolidated Statement of Cash Flows
For the year ended December 31, 2011 and 2010
(Amounts in US$ thousands)

	Note	2011 $	2010 $
Operating Activities			
Loss from continuing operations after income taxes		(55,110)	(7,586)
Items not involving cash:			
Depletion and depreciation		191	134
Accretion of asset retirement obligations	10	209	228
Share-based payments	13	883	1,140
Foreign exchange loss (gain)		1,909	(89)
Impairment	7, 8	49,101	431
Loss on disposal	7	70	-
Change in fair value of contingent consideration	11	(1,000)	-
		(3,747)	(5,742)
Changes in non-cash working capital items – continuing operations	18	12,688	133
Cash provided by (used in) operating activities – continuing operations		8,941	(5,609)
Cash (used in) provided by operating activities – discontinued operations	4	(1,204)	3,473
Cash provided by (used in) operating activities		7,737	(2,136)
Financing Activities			
Issue of common shares	12	52,431	69
Share issue expenses	12	(2,998)	-
Cash provided by financing activities		49,433	69
Investing Activities			
Capital expenditures		(14,702)	(123)
Restricted cash	5	(17,249)	-
Cash used in investing activities – continuing operations		(31,951)	(123)
Cash used in investing activities – discontinued operations	4	(2,372)	(4,342)
Cash used in investing activities		(34,372)	(4,465)
Effects of foreign exchange on cash and cash equivalents		(1,392)	1,013
Net increase (decrease) in cash and cash equivalents		21,455	(5,519)
Cash and cash equivalents – beginning of year		25,650	31,169
Cash and cash equivalents – end of year	18	47,105	25,650
Interest received		706	309
Interest paid		172	200

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

Antrim Energy Inc.
Consolidated Statement of Changes in Equity
For the year ended December 31, 2011 and 2010
(Amounts in US$ thousands)

	Note	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, January 1, 2010	25	**311,946**	**16,929**	**-**	**(109,786)**	**219,089**
Net loss for the year		-	-	-	(5,251)	(5,251)
Other comprehensive loss		-	-	(4,119)	-	(4,119)
Share-based compensation	13	-	1,495	-	-	1,495
Stock options exercised		116	(47)	-	-	69
Balance, December 31, 2010		**312,062**	**18,377**	**(4,119)**	**(115,037)**	**211,283**
Balance, January 1, 2011		**312,062**	**18,377**	**(4,119)**	**(115,037)**	**211,283**
Net loss for the year		-	-	-	(52,970)	(52,970)
Other comprehensive loss		-	-	(1,852)	-	(1,852)
Issuance of common shares	12	52,297	-	-	-	52,297
Share issuance costs	12	(2,998)	-	-	-	(2,998)
Share-based compensation	13	-	1,294	-	-	1,294
Stock options exercised		226	(92)	-	-	134
Balance, December 31, 2011		**361,587**	**19,579**	**(5,971)**	**(168,007)**	**207,188**

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, development and production activities in Argentina and exploration activities in the United Kingdom. Antrim Energy Inc. is incorporated and domiciled in Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the London Alternative Investment Market ("AIM") under the symbols "AEN" and "AEY", respectively. The address of its registered office is 1600, 333 – 7th Avenue S.W, Calgary, Alberta, Canada.

During the year, the Company entered into a letter of intent to dispose of its exploration, development and production activities in Argentina (see Note 24). As a result, the Argentine operations have been classified as assets held for sale and discontinued operations as at December 31, 2011 (See Note 4 for further information).

2) Basis of presentation

a) Statement of compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions disclosed in note 25, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 25 discloses the impact of the transition to IFRS on the company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010 prepared under Canadian GAAP.

The policies applied in these year ended consolidated financial statements are based on IFRS issued and outstanding as at March 26, 2012, the date the Board of Directors approved the year ended consolidated financial statements.

b) Presentation currency

In these annual consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (U.S.) dollars. Antrim's functional currency is Canadian dollars, however, the Company has adopted the U.S. 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and assumptions about carrying values of assets and liabilities are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments 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 quantities

Depletion, depreciation, 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. See Notes 7 and 8 for details of the exploration and evaluation assets and property, plant and equipment assets, respectively.

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 7 for details of the exploration and evaluation assets.

Asset retirement 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 and timing may have a material impact on the amounts presented. The Company has chosen to measure asset retirement obligations using a risk-free discount rate. See Note 10 for details of the asset retirement obligations.

Impairment of property, plant and equipment

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 and the discount rate applied to reflect the time value of money. Changes to these assumptions will affect the recoverable amounts of cash-generating units and individual assets and may then require a material adjustment to their related carrying value.

The determination of CGUs required 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 calculation on share-based payments

The fair value of share-based payments 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 13 for details of share-based payments.

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 records a contingent consideration liability. The fair value of such consideration is based on assumptions and judgements regarding the likelihood of future events.

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 in full on consolidation.

b) Business combinations

Business combinations that occurred prior to January 1, 2010 were not accounted for in accordance with IFRS 3 *Business Combinations* or IAS 27 *Consolidation and Separate Financial Statements* as the Company applied the IFRS 1 *First-time Adoption of International Financial Reporting Standards* exemption discussed in Note 25.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit and loss.

c) Foreign currency translation

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 in terms at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

In preparing the Company's consolidated financial statements, the financial statements of each entity are first translated into Canadian dollars, the functional currency of the Company. The consolidated financial statements of the Company are then translated into U.S. dollars, the Company's presentation currency. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive income and reclassified to net earnings upon disposal of the foreign operation.

d) Interest in joint ventures

Jointly controlled operations
A jointly controlled operation involves the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity.

The Company recognizes in its financial statements the assets that it controls and the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint venture.

Jointly controlled assets
A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

The Company accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture and any expenses it incurs in relation to its interest in the joint venture.

e) Oil and natural gas exploration, evaluation and development expenditure

Pre-license 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

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 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.

f) Development costs

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.

g) 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 asset retirement obligations and borrowing costs for qualifying assets. 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.

Depreciation

Oil and gas assets within property, plant and equipment are depreciated 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 is generally depreciated on a straight-line basis over its estimated useful lives, as follows:

Office equipment	5 years
Computer hardware and software	3 years

h) 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 cash-generating unit's ("CGU") fair value less costs 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 costs to sell, 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, quoted share prices for publicly traded subsidiaries 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.

i) Financial assets

Financial instruments 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:

- 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;
- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
- 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;

- 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 its deemed appropriate; and
- Other financial liabilities are initially measured at fair value with subsequent changes to fair value measured at amortized cost.

Antrim's current classifications are as follows:

- Cash and cash equivalents are designated as loans and receivables; and
- Accounts receivable are designated as loans and receivables.

j) Financial liabilities

Financial liabilities within the scope of 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 payables and contingent consideration.

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

Normal purchase or sale exemption
Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements fall within the exemption from IAS 32 *Financial Instruments: Presentation* ("IAS 32") and IAS 39, which is known as the 'normal purchase or sale exemption'. These contracts are accounted for as executor contracts. The Company recognizes such contracts in its balance sheet only when they are acquired or one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset.

k) 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.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the purchase cost, including the appropriate proportion of depletion and depreciation and overheads. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

m) 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.

n) 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.

Asset retirement obligations

Asset retirement obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, and 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 related property, plant and equipment. 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 of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the asset retirement obligations is included as a finance cost.

o) 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.

p) Revenue recognition

Revenue from the sale of oil and petroleum products is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer and when collectability is reasonably assured. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil and petroleum products in which the Company has an interest with other producers is recognized based on the Company's working interest and the terms of the relevant production sharing contracts.

Interest income

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 income statement.

q) Share-based payments

Equity-settled share-based payments 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 payments 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.

r) 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.

s) Share capital

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

t) Standards issued but not yet effective

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2013 unless otherwise stated. The Company is in the processing of evaluating the impact of adopting these standards.

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

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.

4) Discontinued operations

As a result of a strategic decision by the Company's Board of Directors, the Company entered into an arrangement agreement ("Arrangement") on March 23, 2012 to sell all of its interest in its wholly owned subsidiary Antrim Argentina S.A. to Crown Point Ventures Ltd. ("Crown Point"), for Cdn$53.75 million in consideration. The consideration consists of Cdn$10.3 million in cash and 35,761,307 common shares of Crown Point. The net assets of $27.5 million represent a disposal group of the Company's Argentina operating segment and therefore are presented as held for sale as at December 31, 2011. The consideration in the Arrangement exceeds the book value of the related net assets. During the reclassification of operations as held for sale, assets of $3.2 million were identified as being impaired, see Note 8.

Antrim's interest in its Tierra del Fuego Concessions is subject to certain rights of first refusal by third parties ("ROFR"). In the event that the ROFR is exercised, the consideration under the ROFR will be paid to Antrim, no distribution will be made to Antrim Shareholders and the Cerro de Los Leones property will be transferred to Crown Point for a fixed cash consideration which will be paid to Antrim on closing.

This divestiture remains subject to certain approvals and closing conditions which are expected to be completed in the second quarter of 2012.

The major classes of assets and liabilities comprising the operations classified as held for sale at the balance sheet date are as follows:

	December 31 2011
Assets held for sale	
Cash and cash equivalents	6,995
Accounts receivable	1,799
Inventory and prepaid expenses	601
Exploration and evaluation assets	608
Property, plant and equipment	19,536
Other non-current assets	2,112
	31,651
Liabilities held for sale	
Accounts payable	1,651
Asset retirement obligations	2,529
	4,180

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:

	December 31 2011	December 31 2010
Discontinued operations		
Revenue, net of royalties	10,197	10,757
Production and operating expenditures	4,710	4,721
Depletion and depreciation	4,004	4,608
General and administrative expenses	1,292	1,699
Exploration and evaluation expenditures	45	59
Other income	(2,183)	(2,132)
Export taxes	247	146
Gain on disposal of assets	-	(622)
Finance income	(311)	(293)
Finance costs	272	280
Foreign exchange gain	(19)	(44)
Income from discontinued operations	2,140	2,335

	December 31 2011	December 31 2010
Cash flow from discontinued operations		
Net cash flow (used in) provided by operating activities	(1,204)	3,473
Net cash flow used in investing activities	(2,372)	(4,342)
Net cash flow from discontinued operations	(3,576)	(869)

5) Restricted cash

Restricted cash at December 31, 2011 relates to US dollar and British pounds sterling standby letters of credit issued with respect to the Company's drilling program in the UK North Sea.

6) Inventory and prepaid expenses

	December 31 2011	December 31 2010	January 1 2010
Crude oil inventory	-	280	351
Prepaids	240	447	586
	240	727	937

Crude oil inventory stocks on hand are the Company's share of oil produced from the Company's joint venture interests in Tierra del Fuego, Argentina.

7) Exploration and evaluation assets

	December 31 2011	December 31 2010
Opening balance	171,850	176,588
Additions	38,494	569
Changes in ARO estimate	(288)	-
Disposals	(22,035)	-
Impairment	(45,917)	(431)
Transferred to property, plant and equipment	(15,005)	-
Reclassified to assets held for sale	(608)	-
Foreign currency translation	(4,060)	(4,876)
Ending balance	122,431	171,850

During the year, the Company capitalized $558 (2010 - $291) of general and administrative costs and $391 (2010 - $231) of share-based payments related to exploration and evaluation activity.

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

Subsequent to the year end the Company announced that the East Fyne well 21/28a-11, was plugged and abandoned (see Note 24). The Company is now incorporating the results of the East Fyne well into their reserve estimates and updating field development options. The less than expected results of this well may have a material impact on the reserves and net present values for the Fyne field. If a field development plan ("FDP") is not submitted by June 25, 2012, or the submission deadline is not extended by the Department of Energy and Climate Change ("DECC"), the Company will likely recognize an impairment of up to the $54.6 million carrying value of the Fyne Field.

In October 2011, the Company finalized the sale of its UK subsidiary Antrim Causeway (N.I.) Limited ("Antrim Causeway"), to Valiant Petroleum plc ("Valiant"). With the sale of Antrim Causeway, the Company received $21.75 million contributed to the development expenses relating to its interest in the Causeway Field. Unused tax loss carryforwards of £37.2 million existed in Antrim Causeway at the time of the disposition. An impairment charge of $35,605 to exploration and evaluation assets was recognized in relation to this transaction.

Details of the disposition are as follows:

	2011
Contribution received	21,750
Carrying value of assets and liabilities disposed:	
Working capital	52
Exploration and evaluation assets	(22,035)
Asset retirement obligations	1,561
Loan payable to Valiant	873
Gain on disposal excluding recycling of foreign currency translation adjustment	2,201
Foreign currency translation adjustment relating to disposal of assets	(2,271)
Loss on disposal after foreign currency translation adjustment	70

8) Property, plant and equipment

	December 31 2011	December 31 2010
Opening balance	26,129	24,932
Additions	2,161	6,459
Disposals	-	(1,946)
Depreciation	(199)	(130)
Depletion and depreciation relating to assets held for sale	(4,004)	(4,608)
Changes in ARO estimate	370	793
Impairment	(3,184)	(308)
Transferred from exploration and evaluation	15,005	-
Reclassified to assets held for sale	(19,536)	-
Foreign currency translation	(1,535)	937
Ending balance	15,207	26,129

In December 2011, the FDP for the East and Far East Causeway Fields was approved by DECC. As a result $15,005 of accumulated exploration and evaluation costs were transferred to property, plant and equipment.

During the year, the Company capitalized $23 (2010 - $157) of general and administrative and $20 (2010 - $124) of share-based payments related to development activity.

The benchmark prices used in the impairment calculations of the Company's crude oil and natural gas reserves at December 31, 2011 were:

Year	Crude oil (US$/Barrel) Argentina	Crude Oil (US$/Barrel) Argentina	Natural gas (US$/Mcf) Argentina	LPG Price (US$bbl) Argentina
2012	107.50	79.04	2.48	32.81
2013	102.60	79.04	2.65	32.81
2014	102.60	81.07	2.55	33.43
2015	103.50	81.72	2.38	33.63
2016	104.40	82.45	2.23	33.85
2017	105.50	83.26	2.37	34.10

The corporate crude oil and natural gas prices include the 21% VAT retention for Tierra del Fuego sales on the Argentina mainland. The natural gas price is a weighted average of gas contracts.

9) Investments and other non-current assets

	December 31 2011	December 31 2010	January 1 2010
Non-interest bearing promissory note	-	771	-
Interest bearing bonds	-	794	797
VAT receivable	-	461	477
	-	2,026	1,274

On February 16, 2010, the Company sold its 40% working interest in Puesto Guardian Argentina for consideration of a $1,360 non-interest bearing promissory note. The note has a maturity date of February 16, 2014 and is convertible into common shares of Tripetrol Holdings Inc, a private Cayman Island incorporated company, at the option of Antrim. The Company estimated the fair value of the note receivable to be $0.7 million and no value was given to the option to convert the note receivable to common shares of Tripetrol Holdings Inc., with this amount reducing the book value of the Company's petroleum and natural gas properties. The discount of the fair value of the note receivable is recognized through finance income using the effective interest rate method over the term of the financial asset.

In 2009 the Argentina state owned natural gas transportation company commenced a project to increase capacity on the pipeline connecting Tierra del Fuego with the mainland. The Company was obligated to invest in the project through the purchase of interest bearing bonds issued by a national trust created by the Argentine government. As at December 31, 2011, the interest rate for the period was 16.2%. Repayment of the bonds is in thirty quarterly instalments that commenced in January 2011.

All of the investments and other non-current assets relate to Argentina and are therefore classified as held for sale at December 31, 2011 (see Note 4).

10) Asset retirement obligations

	December 31 2011	December 31 2010
Opening balance	7,380	7,664
Additions	579	51
Accretion	209	228
Accretion relating to asset held for sale	30	42
Change in estimate	82	793
Dispositions	(1,561)	(1,172)
Reclassified to liabilities held for sale	(2,529)	-
Foreign currency translation	(595)	(226)
Balance carried forward	3,595	7,380

At December 31, 2011, the estimated undiscounted asset retirement obligations are $2,641 (December 31, 2010 - $2,417; January 1, 2010 - $2,912) and $5,794 (December 31, 2010 - $9,621; January 1, 2010 - $9,905) for Argentina and United Kingdom, respectively. The Company expects the undiscounted obligations to be payable after 2015 for Argentina and after 2023 for the United Kingdom.

The present value of the asset retirement obligations has been calculated using risk-free interest rates of 0.9% and 3.8% (December 31, 2010 – 2.0% and 4.5%; January 1, 2010 – 2.5% and 4.5%) and inflation rates of 3.0% and 2.0% (December 31, 2010 – 2.5% and 2.0%; January 1, 2010 – 2.0% and 2.0%) for Argentina and United Kingdom, respectively.

The Company makes full provision for the future cost of decommissioning oil production facilities and pipelines in Argentina and United Kingdom on a discounted basis on the installation of those facilities.

11) Contingent consideration

	December 31 2011	December 31 2010	January 1 2010
Opening balance	8,000	8,000	8,000
Revision to estimate	(1,000)	-	-
Balance carried forward	7,000	8,000	8,000

The contingent consideration at the end of the period relates to the acquisition of the Fyne field and is payable to the seller once a FDP is approved by DECC. The amount of the future payment that the Company could be required to make under this arrangement is $10,000. The fair value of $7,000 for the contingent consideration was estimated using a probability-adjusted approach. The revision for the year ended December 31, 2011 relates to the reassessment of the likelihood of FDP approval for the Fyne field due to challenges in securing an export route.

12) Share capital

Authorized
Unlimited number of common voting shares

Common shares issued	Number of Shares	Amount $
Balance, December 31, 2009	135,349,272	311,946
Exercise of stock options	222,270	69
Transfer from contributed surplus	-	47
Balance, December 31, 2010	135,571,542	312,062
Issuance of common shares	48,191,700	52,297
Exercise of stock options	352,836	134
Transfer from contributed surplus	-	92
Share issuance costs	-	(2,998)
Balance, December 31, 2011	184,116,078	361,587

On March 17, 2011, the Company issued 48.2 million shares at a price of Cdn $1.07 per share for gross proceeds of $52.3 million (Cdn $51.6 million).

13) Share-based payments

The Company has a program whereby it may grant options to its directors, officers and employees to purchase up to 10% of the issued and outstanding number of common shares. The exercise price of each option is no less than the market price of the Company's stock on the date of grant. Stock option terms are determined by the Company's Board of Directors but options typically vest evenly over a period of three years from the date of grant and expire five years after the date of grant.

Share-based payments for the year was $1,294 (2010 – $1,495) of which $883 (2010 – $1,140) was expensed and $411 (2010 – $355) 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.

	2011		2010	
	# of Options	Weighted average exercise price Cdn $	# of Options	Weighted average exercise price Cdn $
Outstanding at January 1	13,247,898	2.20	11,015,231	2.50
Granted	-	-	3,755,000	1.05
Forfeited/expired	(3,726,999)	2.59	(1,300,063)	1.68
Exercised	(352,836)	0.37	(222,270)	0.32
Outstanding at December 31	9,168,063	2.12	13,247,898	2.20
Exercisable at December 31	6,858,083	2.49	7,947,924	2.84

The weighted average share price at the dates of exercise for share options exercised in 2011 was $1.19 (2010 - $1.02).

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, 2011	Weighted-average years remaining contractual Life	Weighted-average exercise price Cdn $	Number outstanding at December 31, 2011	Weighted-average years remaining contractual Life
0.31 – 1.00	0.35	2,115,063	2.09	0.33	1,905,067	2.02
1.01 – 2.00	1.06	3,190,000	3,69	1.06	1,090,016	3.67
2.01 – 3.00	2.48	800,000	1.60	2.48	800,000	1.60
3.01 – 4.00	3.92	1,235,000	1.36	3.92	1,235,000	1.36
4.01 – 5.00	4.10	1,268,000	0.05	4.10	1,268,000	0.05
5.01 – 6.00	5.70	475,000	0.86	5.70	475,000	0.86
6.01 – 6.95	6.95	85,000	0.70	6.95	85,000	0.70
		9,168,063			6,858,083	

The fair values of options granted during the year were calculated using a Black Scholes valuation model. The principal inputs to the option valuation model were:

	2011	2010
Share price	-	1.05
Exercise price	-	1.05
Expected volatility	-	81.75%
Option life	-	4.5 years
Dividend yield	-	Nil
Risk-free interest rate	-	2.28%
Forfeiture rate	-	10%

Expected volatility was determined by calculating the historical volatility of the Company’s share price over a period commensurate with the expected lifetime of the options.

14) Earnings per share

	2011	2010
Basic loss (earnings) per common share		
From continuing operations	0.32	0.06
From discontinued operations	(0.01)	(0.02)
Total basic loss per share	0.31	0.04
Diluted loss (earnings) per common share		
From continuing operations	0.32	0.06
From discontinued operations	(0.01)	(0.02)
Total diluted loss per share	0.31	0.04

Basic earnings per share was calculated as follows:

	2011	2010
Loss used in the calculation of basic EPS from continuing operations	55,110	7,586
Income used in the calculation of basic EPS from discontinued operations	(2,140)	(2,335)
Net loss for the year	52,970	5,251
Weighted average number of common shares:		
Issued common shares at January 1	135,571,542	135,349,272
Effects of share options exercised	268,446	37,436
Effects of shares issued	38,157,264	-
Weighted average number of common shares – basic	173,997,252	135,386,708

Diluted earnings per share was calculated as follows:

	2011	2010
Loss used in the calculation of diluted EPS from continuing operations	55,110	7,586
Income used in the calculation of diluted EPS from discontinued	(2,140)	(2,335)
Net loss for the year	52,970	5,251
Weighted average number of common shares:		
Weighted average number of common shares – basic	173,997,252	135,386,708
Effect of outstanding options	1,415,216	1,584,192
Weighted average number of common shares – diluted	175,412,468	136,970,900

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

15) General and administrative expenses

	2011	2010
Wages and salaries	3,338	3,567
Occupancy	468	504
Administrative	1,699	2,054
Travel	370	173
Overhead recovery	(871)	(1,389)
	5,004	4,909

Total employee benefits expenses, including share-based payments for the year ended December 31, 2011 were $4,633 (2010 - $5,062).

16) Finance income

	2011	2010
Interest income	706	309
	706	309

17) Finance costs

	2011	2010
Accretion of asset retirement obligations	209	228
Interest expense	172	200
Bank charges	205	-
	586	428

18) Supplemental cash flow information

	2011	2010
(Increase) / decrease of assets:		
Trade and other receivables	(1,764)	(252)
Inventory and prepaid expenses	487	210
Increase / (decrease) of liabilities:		
Trade and other payables	13,965	175
	12,688	133

	2011	2010
Cash and cash equivalents are comprised of:		
Cash in bank	19,921	4,237
Short-term deposits	27,184	21,413
	47,105	25,650

19) Income taxes

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

	2011	2010
Loss from continuing operations before income taxes	55,110	7,586
Statutory income tax rate	26.5%	28.0%
Expected recovery	14,604	2,124
Increase (decrease) in taxes resulting from:		
Non-deductible expenses	(9,575)	2,320
Effect of different tax rates in foreign jurisdictions	2,635	(1,439)
Changes in statutory rate changes in the year	104	-
Benefit of tax losses not recognized	(7,768)	(3,005)
	-	-

The statutory tax rate was 26.5% in 2011 (2010 – 28.0%). The decrease from 2010 to 2011 was as a result of previously enacted reductions in the federal corporate income tax rates.

There was no income tax expense relating to discontinued operations.

Deferred income tax

The deferred income tax assets are comprised of the following:

	December 31 2011	December 31 2010	January 1 2010
Property, plant and equipment	(39,139)	(79,855)	(78,471)
Asset retirement obligations	1,078	1,431	2,368
Non-capital losses	63,995	107,223	102,504
Share issuance and financing costs	755	595	1,321
Other	149	583	563
Valuation allowance	(26,838)	(29,977)	(28,284)
	-	-	-

The Company has incurred available tax losses of $220,754 (2010 – $245,963) to carry forward against future taxable income of subsidiaries in which the losses arose. Some of these deferred tax assets were recognized in the current period as the Company anticipates being able to use them to offset taxable profits in its operations in the United Kingdom.

As at December 31, 2011, the Company has recognized a deferred tax liability of $0.7 million associated with earnings retained in our investment in the Argentina subsidiary that is classified as held for sale at year end. No deferred tax liability has been recognized at December 31, 2011 on temporary differences associated with earnings retained in our investments in other foreign subsidiaries, as the Company is able to control the timing of reversal of these differences.

At December 31, 2011 the Company had the following available tax loss carryforwards:

	Expiry Dates	2011 $
Loss carryforwards attributable to continuing operations:		
Canada	2014-2031	26,408
United Kingdom	No Expiry	189,354
Loss carryforwards attributable to discontinued operations:		
Argentina	2012-2016	4,992
		220,754

20) Segmented information

The Company operates predominately in one business, namely the exploration, development and production of hydrocarbons and the sale of hydrocarbons and related activities. The Company also operates within two geographical markets, United Kingdom and Argentina.

The following tables present revenue, profit and certain asset and liability information regarding the Company's business segments. All sales are to external customers.

Year ended December 31, 2011

	Continuing operations			Discontinued operations
	United Kingdom	Corporate	Total	Argentina
Oil revenue	-	-	-	4,323
Gas revenue	-	-	-	5,269
NGL revenue	-	-	-	605
Segment revenue	-	-	-	10,197
Segment earnings (loss)	(47,392)	(5,130)	(54,522)	2,082
Finance income			706	311
Finance costs			(586)	(272)
Foreign exchange gain (loss)			(708)	19
Income (loss) before tax			(55,110)	2,140
Total assets	177,292	30,234	207,526	31,651
Other segment information				
Capital expenditures	14,258	444	14,702	2,372
Depletion and depreciation	66	125	191	4,004

Year ended December 31, 2010

	Continuing operations			Discontinued operations
	United Kingdom	Corporate	Total	Argentina
Oil revenue	-	-	-	5,116
Gas revenue	-	-	-	5,134
NGL revenue	-	-	-	507
Segment revenue	-	-	-	10,757
Segment earnings (loss)	(2,643)	(4,425)	(7,068)	2,278
Finance income			309	293
Finance costs			(428)	(280)
Foreign exchange gain (loss)			(399)	44
Income (loss) before tax			(7,586)	2,335
Total assets	173,166	23,842	197,008	32,904
Other segment information				
Capital expenditures	(32)	155	123	4,342
Depletion and depreciation	5	129	134	4,613

21) Commitments and contingencies

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

	2012	2013	2014	2015	2016	Thereafter
United Kingdom						
• Fyne and Dandy[(1)]	11	10,011	11	11	11	11
• Causeway[(2)]	36,255	117	142	166	191	216
• 25th Bid Round[(3)]	3,080	38,000	-	-	-	-
• 26th Bid Round[(4)]	6,013	25	25	-	-	-
Ireland	35	461	-	-	-	-
Office leases	221	111	111	111	111	137
Discontinued operations – Argentina						
• Tierra del Fuego	650	650	650	650	650	1,300
• Cerro de Los Leones[(5)]	3,006	2,029	1,904	-	-	-
Office leases	38	-	-	-	-	-
Total	49,309	51,404	2,843	938	963	1,664

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

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

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

(4) The Company acquired two licences in the 26th bid round which include a firm drilling commitment estimated at $6 million in 2012.

(5) Relates to Antrim's 50.1% interest in the exploration concession and includes seismic and firm well commitment costs.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot (21/29d-11) and Erne sidetrack (21/29d-11Z) wells, which 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. The Company is disputing the additional costs and believes it is more likely than not it will not have to pay. As a result, a contingent liability has not been recorded.

22) 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, other non-current assets, accounts payable and contingent consideration. Cash and cash equivalents, restricted cash , accounts receivable and other non-current assets, 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 the Company's financial instruments, fair values approximate carrying amounts. The fair value of the long term bonds, classified as held for sale, is not materially different than the carrying amount.

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 are approximately 40% to a single customer and three customers who each have sales of greater than 10%. 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. As at December 31, 2011, the Company has provided for an allowance for doubtful accounts of $6.

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

	December 31 2011	December 31 2010	January 1 2010
Current			
Cash and cash equivalents	47,105	25,650	31,169
Restricted cash	17,249	-	-
Accounts receivable	5,294	3,530	3,278
Assets held for sale [(1)]	8,200	1,565	797
	77,848	30,745	35,244

(1) Relates to cash and cash equivalents classified as assets held for sale as at December 31, 2011 and the non-interest bearing promissory note and interest bearing bond which were classified as non-current as at December 31, 2010 and January 1, 2010.

(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 may 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.

At December 31 2011, the Company had working capital of $52,674, excluding assets and liabilities classified as held for sale, compared to $26,658 at December 31, 2010. The contractual maturities of the Company's financial liabilities at December 31, 2011 are all less than one year.

(c) Market risk

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

(d) Commodity price risk

Currently all of the Company's oil and gas revenue is from oil and gas properties in Argentina. Oil prices in Argentina are subject to domestic market discounts, which results in prices significantly below benchmark prices. Oil exports from Argentina are subject to export taxes which effectively limit the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. Gas sales are based on fixed long term sales contracts of up to four years, spot sale pricing and domestic market discounted pricing. As there is currently no ability to export gas from Tierra del Fuego, the discount prices and lack of export market results in a ceiling on industrial long term and spot sales prices. NGL prices are subject to domestic market discounts for the portion of production that must be maintained for delivery to the local market. NGL exports are subject to export taxes which limit the maximum price for NGL exports to 45% at the spot market for Mont Belvieu base price. Further regulatory changes to the domestic market prices or export tax regime may have an adverse impact on the Company's net revenues, cash flow and earnings.

(e) 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, British pounds sterling ("£") or Argentine pesos ("ARS"). As a result, fluctuations in the United States dollar, British pounds sterling, and Argentine peso against the Canadian dollar 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 Canadian dollars when not required in support of current operations. A 1% change in the Cdn$/USD$, Cdn$/GBP£ or Cdn$/ARS$ exchange rate at December 31, 2011 would impact other comprehensive income by approximately $823, $1,541 and $277 respectively.

(f) Capital management

The Company's objective when managing its capital is to maintain adequate levels of funding to support its exploration and development program and provide flexibility in the future development of its business. Historically the Company raised all of its capital requirements from internally generated cash flow and the issuance of common shares and securities exchangeable for common shares. The Company's capital structure at December 31, 2011 consisted of cash and cash equivalents and shareholders' equity. Shareholders' equity includes shareholders' capital, contributed surplus, accumulated other comprehensive loss and deficit. The Company had no bank debt at December 31, 2011.

The capital structure of the Company consists of:

	December 31 2011	December 31 2010	January 1 2010
Cash and cash equivalents	47,105	25,650	31,169
Shareholders' equity	(207,188)	(211,283)	(219,089)
	(160,083)	(185,633)	(187,920)

Current restrictions on availability of credit may limit the Company's ability to access debt or equity financing for its development projects. The Company forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future liabilities and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process. This reduction in the time horizon allows the Company to better adapt to changing market conditions. Although the Company may need to raise additional funds from outside sources, if available, in order to develop its oil and gas properties, the Company maintains flexibility to manage financial commitments on these assets. 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) Repurchase shares pursuant to a normal course issuer bid;
(v) Sell existing exploration, development and producing assets.

23) Related party transactions

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

	Country of Incorporation	Equity interest in % 2011	Equity interest in % 2010
Antrim Argentina S.A.	Argentina	100	100
Antrim Causeway (N.I.) Limited	United Kingdom	-	100
Antrim Energy Ltd.	Bahamas	100	100
Antrim Exploration (Ireland) Limited	Ireland	100	-
Antrim Resources (N.I.) Limited	United Kingdom	100	100
Netherfield Corporation	British Virgin Islands	100	100

Compensation of key management personnel of the Company
Key management personnel includes Directors and Executives of the Company. The compensation paid or payable to key management personnel is as follows:

	2011	2010
Short-term employee benefits	1,643	1,588
Share-based payments	753	914
Total compensation paid to key management personnel	2,396	2,502

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 2011, the Company incurred fees of $267 (2010 - $186) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner.

There are no other related party transactions.

24) Subsequent events

On January 23, 2012, the Company announced that it had signed an agreement with Valiant for the development of the Fionn Field in the UK North Sea, which Antrim holds a 35.5% working interest. Valiant has agreed to finance Antrim's working interest share of the Fionn Field pre-investment costs. The development of the Fionn Field is subject to approval from DECC.

On February 6, 2012, the Company announced that the East Fyne well, 21/28a-11 was plugged and abandoned due to the results being at the lower end of the pre-drill estimates. The Company is now incorporating the results of the East Fyne well into their reserve estimates and updating the field development options. The less than expected results of this well may have a material impact on the reserves and net present values for the Fyne field. Insufficient data exists at this time to properly assess whether the carrying amount related to those assets may not be recoverable. See Note 7 for further information about the Fyne field.

On March 23, 2012, Antrim entered into an arrangement agreement to sell all of its interest in its wholly owned subsidiary Antrim Argentina S.A. to Crown Point, an Argentine-focused oil and gas company, for Cdn$53.75 million in consideration. The consideration consists of Cdn$10.3 million in cash and 35,761,307 common shares of Crown Point. See Note 4 for further discussion on assets held for sale.

25) Transition to IFRS

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian GAAP. These financial statements, for the period ended December 31, 2011, are the first the Company has prepared in accordance with IFRS. The Company has prepared financial statements which comply with IFRS's applicable for periods beginning on or after January 1, 2010 and the significant accounting policies meeting those requirements are described in Note 3.

The effect of the Company's transition to IFRS is summarized in this note as follows:

(i) Transition elections
(ii) Reconciliation of equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS
(iii) Adjustments to the statement of cash flows

(i) Transition elections

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2011 year ends retrospectively. The Company has taken the following exemptions:

(a) IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010, the Company's date of transition.

(b) IFRS 2 *Share-based Payment* has not been applied to any equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

(c) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS at deemed cost equal to its previous GAAP historical book value for property, plant & equipment. As a result, any changes to asset retirement obligations are recorded directly to retained earnings.

(d) The Company has elected to apply the exemption, as allowed under IFRS 1, and deemed the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS. Any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.

(ii) Reconciliation of equity as at January 1, 2010

		IFRS Adjustments					
	Canadian GAAP	Share-based payments	E&E	ARO	Foreign currency	Contingent consideration	IFRS
		(Note d)	(Notes a, b)	(Note c)	(Notes e, f)	(Note i)	(Restated)
Assets							
Current assets							
Cash and cash equivalents	31,169	-	-	-	-	-	31,169
Accounts receivable	3,278	-	-	-	-	-	3,278
Inventory and prepaid expenses	937	-	-	-	-	-	937
	35,384	-	-	-	-		35,384
Exploration and evaluation assets	-	-	176,588	-	-	-	176,588
Property, plant and equipment	248,460	-	(223,528)	-	-	-	24,932
Investments and other non-current assets	1,274	-	-	-	-	-	1,274
	285,118	-	(46,940)	-	-	-	238,178
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	3,425	-	-	-	-	-	3,425
	3,425	-	-	-	-	-	3,425
Asset retirement obligations	5,697	-	-	1,967	-	-	7,664
Contingent consideration	-	-	-	-	-	8,000	8,000
	9,122	-	-	1,967	-	8,000	19,089
Shareholders' equity							
Share capital	311,946	-	-	-	-	-	311,946
Contributed surplus	15,606	1,323	-	-	-	-	16,929
Deficit	(49,588)	(1,323)	(5,885)	(3,445)	(41,545)	(8,000)	(109,786)
Accumulated other comprehensive (loss) income	(1,968)	-	(41,055)	1,478	41,545	-	-
	275,996	-	(46,940)	(1,967)	-	(8,000)	219,089
	285,118	-	(46,940)	-	-	-	238,178

Reconciliation of equity at December 31, 2010

		IFRS Adjustments							
	Canadian GAAP	Share-based payments	Disposition	E & E	ARO	Depletion	Foreign currency	Contingent consideration	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	(Note i)	(Restated)
Assets									
Current assets									
Cash and cash equivalents	25,650	-	-	-	-	-	-	-	25,650
Accounts receivable	3,530	-	-	-	-	-	-	-	3,530
Inventory and prepaid expenses	759	-	-	-	-	(32)	-	-	727
	29,939	-	-	-	-	(32)	-	-	29,907
Exploration and evaluation assets	-	(131)	-	172,361	(380)	-	-	-	171,850
Property, plant and equipment	259,229	(71)	316	(236,207)	192	2,670	-	-	26,129
Investments and other non-current assets	2,026	-	-	-	-	-	-	-	2,026
	291,194	(202)	316	(63,846)	(188)	2,638	-	-	229,912
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	2,413	-	-	-	-	-	-	-	2,413
Loan from Valiant	836	-	-	-	-	-	-	-	836
	3,249	-	-	-	-	-	-	-	3,249
Asset retirement obligations	6,247	-	(306)	-	1,439	-	-	-	7,380
Contingent consideration	-	-	-	-	-	-	-	8,000	8,000
	9,496	-	(306)	-	1,439	-	-	8,000	18,629
Shareholders' equity									
Share capital	312,062	-	-	-	-	-	-	-	312,062
Contributed surplus	17,821	556	-	-	-	-	-	-	18,377
Deficit	(57,549)	(756)	622	(6,829)	(3,399)	2,652	(41,545)	(8,233)	(115,037)
Accumulated other comprehensive income (loss)	9,364	(2)	-	(57,017)	1,772	(14)	41,545	233	(4,119)
	281,698	(202)	622	(63,846)	(1,627)	2,638	-	(8,000)	211,283
	291,194	(202)	316	(63,846)	(188)	2,638	-	-	229,912

Reconciliation of loss and comprehensive loss for year ended December 31, 2010

		IFRS Adjustments							
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	Contingent consideration	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	(Note i)	(Restated)
Revenue, net of royalties	-	-	-	-	-	-	-	-	-
Expenses									
Depletion and depreciation	134	-	-	-	-	-	-	-	134
General and administrative	4,909	-	-	-	-	-	-	-	4,909
Share-based payments	1,707	(567)	-	-	-	-	-	-	1,140
Exploration and evaluation expenditures	-	-	-	454	-	-	-	-	454
Impairment	-	-	-	431	-	-	-	-	431
	6,750	(567)	-	885	-	-	-	-	7,068
Finance income	(309)	-	-	-	-	-	-	-	(309)
Finance costs	446	-	-	-	(18)	-	-	-	428
Foreign exchange loss	166	-	-	-	-	-	-	233	399
Loss for the year before income taxes	7,054	(567)	-	885	(18)	-	-	233	7,586
Income tax expense	-	-	-	-	-	-	-	-	-
Loss from continuing operations after income taxes	7,048	(567)	-	885	(18)	-	-	233	7,586
(Income) from discontinued operations	919	-	(622)	59	(29)	(2,652)	-	-	(2,335)
Net loss for the year	7,962	(567)	(622)	944	(47)	(2,652)	-	233	5,251
Other comprehensive (income) loss									
Exchange differences on translation of foreign operations	(11,332)	2	-	15,962	(294)	14	-	(233)	4,119
Other comprehensive (income) loss for the year	(11,332)	2	-	15,962	(294)	14	-	(233)	4,119
Comprehensive (income) loss for the year	(3,370)	(565)	(622)	16,906	(341)	(2,638)	-	-	9,370

Reconciliation of discontinued income for year ended December 31, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	(Restated)
Revenue, net of royalties	10,757	-	-	-	-	-	-	10,757
Expenses								
Production and operating expenditures	4,721	-	-	-	-	-	-	4,721
Depletion and depreciation	7,260	-	-	-	-	(2,652)	-	4,608
General and administrative	1,699	-	-	-	-	-	-	1,699
Exploration and evaluation expenditures	-	-	-	59	-	-	-	59
Other income	(2,132)	-	-	-	-	-	-	(2,132)
Export taxes	146	-	-	-	-	-	-	146
Gain on disposal of assets	-	-	(622)	-	-	-	-	(622)
	(937)	-	(622)	59	-	(2,652)	-	2,272
Finance income	293	-	-	-	-	-	-	293
Finance costs	(309)	-	-	-	(29)	-	-	(280)
Foreign exchange loss	44	-	-	-	-	-	-	44
Income (loss) from discontinued operations	(909)	-	(622)	59	(29)	(2,652)	-	2,335

Notes to the reconciliation of equity, loss and comprehensive loss from Canadian GAAP to IFRS

(a) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS on a deemed cost basis. The Canadian GAAP full cost pool was measured upon transition to IFRS as follows:
(i) exploration and evaluation assets were reclassified from the full cost pool to intangible exploration assets at the amount that was recorded under Canadian GAAP; and
(ii) the remaining full cost pool was allocated to the producing assets and components pro rata using proved plus probable reserve volumes.

This resulted in $182,473 increase in evaluation and exploration assets (before consideration of impairment – see (b) below) as at January 1, 2010 with a corresponding decrease in property, plant and equipment.

(b) The recognition and measurement of impairment differs under IFRS from Canadian GAAP, therefore in accordance with IFRS 1 the Company performed an assessment of impairment for all property, plant and equipment and intangible assets at the date of transition. The results of the testing identified certain evaluation and exploration assets where the Company has elected to discontinue any further activities. This resulted in a $5,885 decrease in exploration and evaluation assets to recognize impairment with a corresponding increase in deficit.

For the year ended December 31, 2010, the Company expensed pre-licence costs of $454 that were previously capitalized under Canadian GAAP, respectively.

For the year ended December 31, 2010, the Company recognized an impairment of $431 relating to licences which were relinquished.

As a result, the Company has recorded exploration and evaluation assets of $172,361 as at December 31, 2010.

(c) Under Canadian GAAP asset retirement obligations were discounted at a credit adjusted risk free rate. Under IFRS the estimated cash flow to abandon and remediate the wells and facilities has been risk adjusted and the provision is discounted at a risk free rate. Upon transition to IFRS this resulted in a $1,967 increase in the asset retirement obligations with corresponding adjustments to deficit and accumulated other comprehensive income.

As a result of the change in the asset retirement obligations, accretion expense decreased by $18 for continuing operations and $29 for discontinued operations for the year ended December 31, 2010 under IFRS compared to Canadian GAAP. In addition, under Canadian GAAP accretion of the discount was included in depletion and depreciation. Under IFRS it is included in finance expenses.

(d) Under Canadian GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture estimate. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate. This increased contributed surplus and increased deficit at the date of transition by $1,323.

Share-based compensation expense decreased by $567 for the year ended December 31, 2010 with offsetting adjustments to contributed surplus, exploration and evaluation assets and property, plant and equipment.

(e) In accordance with IFRS transitional provisions, the Company has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. Accumulated other comprehensive income has been increased and deficit has been increased by $1,968, the other comprehensive income balance recorded under Canadian GAAP.

(f) Under GAAP all of the Company's UK subsidiaries were considered integrated foreign operations. Therefore, monetary items were translated at period end rates and non-monetary items were translated at historical rates with all foreign currency gains and losses recognized in profit or loss. IFRS requires that the functional currency of each subsidiary of the Company be determined separately and all monetary and non-monetary items translated at period end rates with all foreign currency gains and losses recognized in the foreign currency translation reserve in equity. Under IFRS, it was determined that the Great British pound was the functional currency of all UK subsidiaries and therefore as at the transition date a foreign exchange translation reserve had accumulated. This resulted in a $39,577 increase in other comprehensive loss. In accordance with IFRS 1 optional exemptions, the Company has elected to transfer the accumulated other comprehensive income balance at January 1, 2010, recognized as a separate component of equity, directly to deficit.

(g) Upon transition to IFRS, the Company adopted a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. The depletion policy under Canadian GAAP was based on units of production over proved reserves. In addition depletion was done on the Canadian cost centre level under Canadian GAAP. IFRS requires depletion and depreciation to be calculated based on individual components (i.e. fields or combinations thereof).

There was no impact of this difference on adoption of IFRS at January 1, 2010 as a result of the IFRS 1 election as discussed in Note 24(i)(c).

For the year ended December 31, 2010 depletion and depreciation decreased by $2,652 relating to discontinued operations, with the corresponding changes to property, plant and equipment and inventory.

(h) Under Canadian GAAP, proceeds from dispositions of upstream assets were deducted from the full cost pool without recognition of a gain or loss unless the deduction resulted in a change to the country cost centre depletion rate of 20 percent or greater, in which case a gain or loss was recorded.

Under IFRS, gains or losses are recorded on dispositions and are calculated as the difference between the proceeds and the net book value of the asset disposed. For the year ended December 31, 2010. Antrim recognized a $622 net gain on dispositions under IFRS compared to Canadian GAAP results. The net gain arose from the dispositions of the Puesto Guardian, Medianera and Tres Nidos Sur properties in Argentina.

(i) Under IFRS, contingent consideration resulting from an asset acquisition is required to be accounted for as a financial liability and measured at fair value at the date of acquisition with any subsequent remeasurements recognized either in profit or loss or in other comprehensive income in accordance with IAS 39.

On transition, as at January 1, 2010, the Company recognized a liability of $8,000 and a decrease to retained earnings relating to contingent consideration.

(iii) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

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

Dr. Brian Moss
Executive Vice President, Latin America
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Jay Zammit (2) (5) (6)
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(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Reserves Committee
(4) Member of the Exploration Committee
(5) Member of the Corporate Governance Committee
(6) Member of the Argentina Special Committee

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