2004

Quarterly Report to Shareholders

ANTRIM ENERGY INC.

INTERIM FINANCIAL REPORT FIRST QUARTER 2004

THREE MONTHS ENDED MARCH 31, 2004

HIGHLIGHTS FOR THE QUARTER:

- Awarded drilling management contract for first well offshore Australia
- Secured semi-submersible drilling rig and anticipated drill date
- 16% increase in oil production
- 27% increase in cash flow from operations
- Maintenance of strong working capital position

In the first quarter of 2004 the Company made substantial progress towards drilling its first offshore well in Australia. This well is the most challenging project in the Company's history and underscores the Company's commitment to seek to reward shareholders with high impact discoveries.

In addition to the drilling operation in Australia, the Company continues to develop its properties in the United Kingdom, Tanzania and Argentina. The development of these drilling prospects is underpinned by the Company's strong working capital position and our ongoing successful development of the Puesto Guardian Oil Field in Argentina.

OVERVIEW OF OPERATIONS

ARGENTINA

The Company has continued to increase production levels from the Puesto Guardian Field. Oil production in the first quarter of 2004 was 444 barrels of oil per day compared to 429 barrels of oil per day in the fourth quarter of 2003 and an average of 382 barrels of oil per day in 2003.

ANTRIM ENERGY INC.

AUSTRALIA

In January 2004, the Company awarded the drilling management contract for the South Galapagos #1 well to the PEAK Group ("Peak"), a major Australian and UK based worldwide supplier of offshore drilling and engineering services.

In April 2004, the Company entered into a drilling contract with Sedco Forex International Inc. ("Transocean") to use Transocean's semi-submersible drilling platform, SEDCO 703. This drilling rig, currently operating on the NorthWest Shelf is expected to be available to Antrim as early as September 2004. The anticipated drilling time to total depth is approximately 30 days at an estimated cost of between US$7 and $9 million dollars. A period of testing would follow if drilling results warrant.

CZECH REPUBLIC

Gross gas production from the Krasna field increased to 287 mcf per day in the first quarter of 2004 from 250 mcf per day in 2003. The Company's net share of gas production from the field, however, averaged 140 mcf per day in the first three months of 2004 compared to an average of 175 mcf per day over the same period in 2003 following the conversion by a partner in March 2003 of a 15% royalty interest to a 30% working interest in the property.

TANZANIA

Based on regional mapping and the reprocessing of key seismic lines, the Company has identified a potential drilling location on the crest of the Pemba Anticline on the Pemba-Zanzibar Exploration Licence. While interest in this portion of East Africa is increasing with major multinational players such as Shell and Woodside securing positions adjacent to the Antrim concession, few wells have been drilled in the area covered by the Company's exploration licence.

UNITED KINGDOM

In 2003 the Company successfully participated in the UK North Sea 21st Offshore Licensing Round. This participation resulted in the Company obtaining two blocks in the North Sea Southern Gas Basin. Blocks 42/21 and 42/22 were awarded as "promote" licences to Antrim and its UK partner. Under the terms of the awards, the Company has two years in which to commit to the drilling of one well or drop the blocks. The Company is the permit administrator of the licences and has the option, until October 2004, to increase its interest in the licences to 60%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management discussion and analysis ("MD&A") should be read in conjunction with Antrim's unaudited consolidated financial statements and accompanying notes for the three month period ended March 31, 2004 and Antrim's audited consolidated financial statements, accompanying notes and MD&A for the year ended December 31, 2003.

This MD&A contains forward looking statements. Forward looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Antrim assumes no obligation to update forward looking statements should circumstances or management's estimates change.

FINANCIAL AND OPERATING REVIEW

Oil and Gas Revenue

Oil and gas revenue increased to $1,598,665 in the three months ended March 31, 2004 compared to $1,478,238 for the three months ended March 31, 2003. Oil and gas revenues increased due to an increase in average oil production during the period to 444 barrels of oil per day compared to 382 barrels for the comparable period in 2003. Oil production in the first quarter of 2003 was lower due to gas (CO_2) production and related mechanical difficulties in the period. A subsequent pressure maintenance scheme and workover program on several wells has since steadily increased production from the Puesto Guardian Field. An additional series of workover operations are planned to commence in May 2004 following the end of the rainy season.

Oil prices averaged $37.74 per barrel compared to $40.44 per barrel for the comparable period in 2003. Oil revenues, positively impacted by higher world crude oil prices in 2003 and 2004 have been somewhat negatively impacted by the strengthening Canadian dollar compared to the US dollar. Gas production decreased slightly to 140 mcf per day in 2004 from 175 mcf per day in 2003.

Netbacks

Lower commodity prices and higher per unit operating costs resulted in Antrim realizing a lower per unit netback of $27.27/BOE in the first quarter of 2004 compared to a per unit netback of $30.32/BOE for the comparable period in 2003. The table below provides a comparative analysis of field netbacks for the three month periods ended March 31, 2004 and 2003.

	$/BOE	
	2004	*2003*
Wellhead price	**$ 37.61**	$ 39.95
Royalties	**(4.65)**	(4.52)
Operating expenses	**(5.69)**	(5.11)
Netback	**$ 27.27**	$ 30.32
Production (BOE)	**42,501**	37,000

While operating expenses per BOE increased over the comparable quarterly period, operating expenses per BOE decreased significantly from the annual average of $10.66 per BOE in 2003. Operating expenses were negatively impacted in 2003 due to remedial one-time workover operations in the year, implementation of the pressure maintenance scheme and various infrastructure repairs.

Operating expenses per BOE are expected to decline further in 2004 as workovers are completed and new production is brought on stream.

General and Adminstrative

General and administrative costs ("G&A") increased in the three month period ended March 31, 2004 to $635,448 compared to $318,053 for the three months ended March 31, 2003. G&A increased primarily due to the establishment of a new, partially owned joint venture company in the second half of 2003 to operate the Puesto Guardian Field as well as increased corporate costs related to the Company's AIM listing and business development activities.

Cash Flow and Net Income

Antrim generated cash flow from operations in the three month period ended March 31, 2004 of $439,074 ($0.01 per share) compared to $346,310 ($0.02 per share) in the comparable period in 2003. Net income (loss) in the first three months of 2004 was income of $12,254 ($0.00 per share) compared to a net loss of $1,126,759 ($0.06 per share) in 2003. Net income increased primarily due to a write-down in the first quarter of 2003 of Antrim's Tunisian assets following the deepening and subsequent abandonment of the Chott Fejaj #3 well in February 2003.

Financial Resources and Liquidity

At March 31, 2004, Antrim had working capital of $15,402,439 (December 31, 2003 - $15,343,761) including cash of $15,047,425 (December 31, 2003 - $15,136,075) and no debt. Working capital will be used in 2004 to drill at least one and possibly several wells in Antrim's inventory of drilling prospects. The first well to be drilled will be in Australia where a drilling rig has been secured. Both partner participation and the results from this well will determine the priority and pace of drilling elsewhere.

Recently Issued Canadian Accounting Standards

On January 1, 2004 the Company retroactively adopted the new Canadian accounting standard related to "Asset Retirement Obligations" ("ARO"). Under the new standard, the estimated amount of such obligations is added to the cost of petroleum and natural gas properties and is recorded as a liability. The Company was required by the standard to restate retroactively the financial statements of prior years.

On January 1, 2004 the Company adopted CICA Handbook Section 3870 "Stock Based Compensation and Other-Stock Based Payments". The standard requires the Company to measure all stock-based compensation using the fair value method of accounting and recognize the result as compensation expense in the financial statements. The Company has restated retroactively the financial statements of the prior period.

Non-GAAP Financial Measures

Cash flow from operations and cash flow from operations per share does not have a standard meaning under generally accepted accounting principles (“GAAP”) and may not be comparable to other companies. Management believes that cash flow is a useful supplementary measure that may assist investors.

[SIGNED]

Stephen Greer
Chairman and CEO

May 12, 2004

CONSOLIDATED BALANCE SHEETS

As at March 31, 2004 and December 31, 2003 (unaudited)

	2004	2003
Assets		
Current assets		
Cash and cash equivalents	$ 15,047,425	$ 15,136,075
Accounts receivable	887,439	1,038,046
Inventory and other	558,229	618,793
	16,493,093	16,792,914
Petroleum and natural gas properties (notes 2 and 3)	9,130,805	9,003,637
Office equipment – net of accumulated amortization of $410,620 (2003 – $380,620)	176,081	191,466
Total Assets	25,799,979	25,988,017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	866,930	1,447,908
Income taxes payable	223,724	1,245
	1,090,654	1,449,153
Future income taxes	66,443	66,443
Site restoration provision (note 3)	346,169	337,669
	1,503,266	1,853,265
Shareholders' Equity		
Share capital (note 4)	34,850,941	34,772,554
Contributed surplus (note 4)	192,430	121,110
Deficit	(10,746,658)	(10,758,912)
	24,296,713	24,134,752
Total Liabilities and Shareholders' Equity	$ 25,799,979	$ 25,988,017

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND DEFICIT

For the three months ended March 31, 2004 and 2003 (unaudited)

	2004	2003
Revenue		
Oil and gas sales	$ 1,598,665	$ 1,478,238
Royalties	(197,652)	(167,255)
	1,401,013	1,310,983
Interest and other income	68,727	74,811
	1,469,740	1,385,794
Expenses		
Operating	241,716	189,143
General and administrative	635,448	318,053
Depletion and depreciation	347,000	217,260
Accretion of asset retirement obligations	8,500	7,417
Foreign exchange loss (gain)	(44,465)	8,489
Write off of impaired assets	–	1,890,242
	1,188,199	2,630,604
Income (loss) for the year before income taxes	281,541	(1,244,810)
Income taxes (recovery)		
Current	269,287	548,664
Future	–	(666,715)
	269,287	(118,051)
Net Income (Loss) for the period	12,254	(1,126,759)
Deficit – Beginning of period as previously reported	(10,656,042)	(7,787,854)
Retroactive adjustment for change in accounting policy	(102,870)	15,590
Deficit – End of period	(10,746,658)	(8,899,023)
Net Income (Loss) Per Common Share – Basic	0.00	(0.06)
Net Income (Loss) Per Common Share – Diluted	0.00	(0.06)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2004 and 2003 (unaudited)

	2004	2003
Operating activities		
Net income (loss) for the period	$ 12,254	$ (1,126,759)
Items not involving cash		
Depletion and depreciation	347,000	217,260
Accretion of asset retirement obligations	8,500	7,417
Write off of impaired assets	–	1,890,242
Stock based compensation expense (note 4)	71,320	24,865
Future income taxes	–	(666,715)
	439,074	346,310
Change in non-cash working capital items	(140,257)	189,893
	298,816	536,203
Financing Activities		
Issue of common shares (note 4)	68,053	6,026
	68,053	6,026
Investing activities		
Office equipment	(14,615)	(34,074)
Petroleum and natural gas properties	(444,168)	(2,020,288)
Change in non-cash working capital items	3,264	(33,945)
	(455,519)	(2,088,307)
Net increase (decrease) in cash and cash equivalents	(88,650)	(1,546,078)
Cash and short-term deposits, beginning of period	15,136,075	10,787,809
Cash and short-term deposits, end of period	15,047,425	9,241,731

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2004 and 2003 (unaudited)

1 BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The unaudited interim financial statements should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2003.

The Company's unaudited interim financial statements have not been reviewed by the Company's auditors.

Certain prior period comparative figures have been reclassified to conform to the current period presentation.

2 PETROLEUM AND NATURAL GAS PROPERTIES

			March 31, 2004
	Cost	*Accumulated depletion and depreciation*	*Net book value*
Australia	$ 1,355,749	$ –	$ 1,355,749
Tanzania	1,174,458	–	1,174,458
Argentina	11,423,362	7,314,827	4,108,535
Tunisia	3,560,172	3,560,172	–
United Kingdom	2,259,940	761,561	1,498,379
Czech Republic	2,006,472	1,012,788	993,684
	$ 21,780,153	$ 12,649,348	$ 9,130,805

			December 31, 2003
	Cost	*Accumulated depletion and depreciation*	*Net book* value
Australia	$ 1,172,734	$ –	$ 1,172,734
Tanzania	1,161,031	–	1,161,031
Argentina	11,251,147	7,037,827	4,213,320
Tunisia	3,560,172	3,560,172	–
United Kingdom	2,190,357	761,561	1,428,796
Czech Republic	2,000,544	972,788	1,027,756
	$ 21,335,985	$ 12,332,348	$ 9,003,637

In the period, the Company capitalized $198,057 (2003 - $168,993) of general and administrative costs related to exploration and development activity primarily in Argentina and Australia.

3 SITE RESTORATION PROVISION

On January 1, 2004 the Company retroactively adopted the new Canadian accounting standard related to "Asset Retirement Obligations" ("ARO"). Under the new standard, the estimated amount of such obligations is added to the cost of petroleum and natural gas properties and is recorded as a liability. The fair value of the ARO is recorded on a discounted basis. The liability accretes until the Company settles the obligation. The 2003 impact of adopting this standard compared to the previous standard is as follows:

Change in consolidated balance sheets

Increase (decrease)		*December 31, 2003*
Assets		
Petroleum and natural gas properties	$	98,729
Liabilities		
Site restoration provision		80,489
Shareholders' equity		
Deficit		(18,240)

Change in consolidated statements of income (loss)

Increase (decrease)		*March 31, 2003*
Depletion and depreciation expense	$	(10,740)
Accretion of asset retirement obligations		7,417
Net Income (loss) for the period		(3,323)
Net Income (loss) per common share:		
Basic		–
Diluted		–

The total future asset retirement obligation was estimated by management based on the Company's net ownership interest in the wells and facilities, the estimated cost to abandon and reclaim the wells and facilities and the estimated timing of such costs. The estimated undiscounted ARO obligations are $634,272 and $47,188 for Argentina and Czech Republic respectively.

4 CAPITAL STOCK

Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares

Common Shares Issued

	Number of shares	*Amount*
Balance – December 31, 2003	31,302,246	$ 34,772,554
Exercise of stock options	52,500	43,800
Private placement	14,500	13,920
Employee share ownership plan	17,338	20,667
Balance – March 31, 2004	31,386,584	$ 34,850,941

Options

Pursuant to the Company's stock option plan, as at March 31, 2004 there were 2,510,500 options outstanding to purchase Common Shares at prices ranging from $0.72 to $1.26 per share.

Warrants

In December 2003 the Company completed a private placement of 11,171,867 units at a price of $0.90 per unit. Each unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of $1.30 per common share for a period of twelve months. At March 31, 2004 there were 5,585,934 warrants outstanding.

Stock-based Compensation Costs

On January 1, 2004 the Company adopted CICA Handbook Section 3870 "Stock Based Compensation and Other-Stock Based Payments". The standard requires the Company to measure all stock-based compensation using the fair value method of accounting and recognize the result as compensation expense in the financial statements. Stock-based compensation costs are recognized over the vesting period of the stock options granted. Stock-based compensation costs for the three month period ended March 31, 2004 were $71,320.

The 2003 impact of adopting this standard was to increase general and administrative expenses for the three month period ended March 31, 2003 by $24,685 with a corresponding increase to contributed surplus. The impact of adopting this standard on the balance sheet as at December 31, 2003 was to increase deficit and contributed surplus by $121,110.

The fair value of each stock option granted during the quarter is estimated on the date of grant using the Black-Scholes option pricing model based on the following:

		Three months ended March 31,
	2004	*2003*
Risk free interest rate	**4.5%**	4.5%
Expected life (years)	**5.00**	5.00
Expected volatility	**65.0%**	65.0%
Expected dividend yield	**–**	–

Per Share Information

The weighted average number of common shares outstanding during the period was 31,350,576 (2003 - 20,049,230). The fully diluted weighted average number of common shares outstanding during the period was 32,655,408 (2003 - 20,514,230).

5 SEGMENTED INFORMATION

			March 31, 2004
	Revenue	*Earnings (loss)*	*Identifiable assets*
Canada	$ –	$ (318,743)	$ 13,295,664
Argentina	1,523,463	312,675	6,901,505
Australia	–	11,732	1,632,909
Czech Republic	75,202	16,369	1,236,386
New Zealand	–	6,979	15,258
Tanzania	–	(84)	1,175,147
Tunisia	–	–	–
United Kingdom	–	(16,674)	1,543,110
Total	$ 1,598,665	$ 12,254	$ 25,799,979

			March 31, 2003
	Revenue	*Earnings (loss)*	*Identifiable assets*
Canada	$ –	$ (201,017)	$ 6,073,438
Argentina	1,389,966	372,514	6,859,527
Australia	–	(11,346)	2,564,585
Czech Republic	88,272	(39,319)	1,606,518
New Zealand	–	(502)	20,715
Tanzania	–	(8,851)	1,066,901
Tunisia	–	(1,260,446)	706,455
United Kingdom	–	21,298	1,014,631
Total	$ 1,478,238	$ (1,126,759)	$ 19,912,770

6 RELATED PARTY TRANSACTIONS

In the three months ended March 31, 2004, the Company incurred fees of $15,120 payable to a company controlled by a director of the Company for services related to acquisition activities in the United Kingdom. The Company also incurred fees of $6,500 payable to a company controlled by a director of the Company for services related to acquisition activities in Argentina.

CORPORATE INFORMATION

DIRECTORS

Stephen Greer[2]
Chairman and Chief Executive Officer
Antrim Energy Inc.

V.Neill Martin[1,2,3]
Senior Partner,
D&S International Consultants Ltd.

Gerry Orbell[1,2,3]
Director,
MEO Ltd.

Murray Sinclair[1]
Managing Director,
Quest Investment Corp

[1] *Member of the Audit Committee*
[2] *Member of the Compensation Committee*
[3] *Member of Reserves Committee*

OFFICERS

Stephen Greer, M.Sc. (Geology)
Chief Executive Officer

Keith Skipper, M.Sc. (Geology)
Executive Vice President

Anthony J. Potter, C.A.
Chief Financial Officer

Dwayne Warkentin
Vice President, Operations

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Antrim Oil and Gas Limited
Antrim Resources (Tanzania) Limited
Beheer-en Beleggingsmaatschappij Beklazo B.V.
Unimaster s.r.o
Netherfield Resources Limited
Antrim Energy Australia Pty Limited

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INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:
CIBC Mellon Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange,
Trading Symbol "AEN"

The London Stock Exchange –
Alternative Investment Market (AIM),
Trading Symbol "AEY"