Risk **LEADERSHIP** Discovery

2004

Quarterly Report to Shareholders

ANTRIM ENERGY INC.

INTERIM FINANCIAL REPORT THIRD QUARTER 2004

NINE MONTHS ENDED SEPTEMBER 30, 2004

HIGHLIGHTS:

- 23% increase in oil production
- Increased presence in UK North Sea
- Completed Australian farm-out and offshore drilling
- Completed $7.5 million private placement
- Successful start to workover program in Argentina
- Strong working capital position

During the third quarter 2004 Antrim significantly strengthened its oil production, increased the Company's presence in the UK North Sea and reinforced its already strong cash position. Antrim continued to generate well-managed high risk/high reward drilling opportunities for the Company's shareholders.

The Company drilled an unsuccessful well in Australia but retained a high working interest in the surrounding permits which are still considered very prospective in terms of additional drilling opportunities. 80% of the cost associated with the Australian dry hole was funded by a third party (ONGC Videsh Limited) under a farm-out agreement signed in August 2004. These cost savings, together with the successful completion in August 2004 of a $7.5 million private placement and a significant increase in cash flow from Argentina, have combined to give Antrim a strong working capital position from which it can pursue its drilling prospects in the North Sea.

FINANCIAL AND OPERATING RESULTS

	Three months ended September 30		*Nine months ended September 30*	
	2004	*2003*	***2004***	*2003*
Financial Results				
($000's except per share amounts)				
Revenue	**1,743**	1,290	**5,019**	3,778
Cash flow from operations	**170**	(6)	**824**	(127)
Cash flow from operations per share	**–**	–	**0.03**	(0.01)
Net earnings (loss)	**(1,045)**	(201)	**(1,273)**	(2,009)
Net earnings (loss) per share	**(0.03)**	(0.01)	**(0.04)**	(0.10)
Working capital	**23,536**	6,845	**23,536**	6,845
Capital expenditures	**(1,365)**	(1,052)	**(2,541)**	(4,049)
Debt	**–**	–	**–**	–
Common shares outstanding (000's)				
End of period	**38,573**	20,103	**38,573**	20,103
Weighted average – basic	**33,771**	20,084	**32,178**	20,066
Weighted average – fully diluted	**41,365**	21,110	**39,772**	21,091
Production				
Oil and natural gas production (BOE per day)	**496**	419	**476**	388

ANTRIM ENERGY INC.

OVERVIEW OF OPERATIONS

ARGENTINA

Antrim has continued to increase production levels from the Puesto Guardian Field. Net oil production in the first nine months of 2004 was 453 barrels of oil per day compared to 429 barrels of oil per day in the fourth quarter of 2003 and an average of 366 barrels of oil per day in the first nine months of 2003. In September 2004 Antrim also commenced the first of a planned six well workover program on previously shut-in wells. To-date three workovers have been successfully completed with incremental production net to Antrim in excess of 100 barrels of oil per day ("bopd").

This program is expected to continue to the end of the year with another three wells scheduled for recompletion. The results of the program will have a significant influence on the pace of the anticipated exploration/exploitation program in the area including the drilling and development of the neighbouring Capricorn licence.

AUSTRALIA

In September 2004, Antrim began mobilization of Transocean's semi-submersible drilling platform, SEDCO 703 to drill its South Galapagos #1 prospect on permit WA-306-P on the NorthWest Shelf of Australia. This well, drilled in October 2004 on schedule and on budget, reached its primary target but failed to encounter hydrocarbons. While drilling results were disappointing, the well did encounter approximately 200 metres of porous sandstone and these and other results will be evaluated over the next several months to identify further opportunities on the permit and the surrounding area.

UNITED KINGDOM

In June 2004, Antrim announced that it had entered into an agreement to purchase an 18.4% working interest in UK North Sea Licence P.201 (Block 211/22a, Osprey Ridge). In November 2004 this working interest was further increased to 57.6%. The Osprey Ridge Block is situated between the producing Cormorant and Dunlin oilfields, which to date have produced over 400 and 380 million barrels of oil respectively. Two discovery wells have been drilled on the block, the most significant of which is 211/22a-3, which tested oil from three zones at a combined rate of 6,186 bopd from the Jurassic Brent interval (5,512 bopd from a single zone). Antrim intends to evaluate potential targets in the prolific sandstones of the Jurassic Brent Group, including the trends defined by the two discovery wells, with a view to drilling at least one well in 2005.

In September 2004, Antrim successfully participated in the UK North Sea 22nd Offshore Licensing Round. Block 42/23 was awarded to Antrim and its UK partner as a "promote" licence. Under the terms of the award, Antrim has two years in which to commit to the drilling of one well or drop the block. Antrim, the designated permit administrator of the licence, will have a 60% interest in the Block.

Block 42/23 is adjacent to Antrim's other properties in the southern gas basin, Blocks 42/21 and 42/22. In October 2004, Antrim announced that it had exercised an option and increased its interest in these Blocks from 20% to 60%. Blocks 42/21 and 42/22 were awarded as "promote" licences to Antrim and its UK partner as part of the 21st Offshore Licensing Round in October 2003. Under the terms of the awards, Antrim has two years from the date of the award to commit to the drilling of one well or drop the blocks.

In September 2004, Antrim increased its working interest in the South Larne exploration licence in Northern Ireland from 37.5% to 42.86%.

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 for the nine month period ended September 30, 2004 and Antrim's audited consolidated financial statements and MD&A for the year ended December 31, 2003. The calculations of barrels of oil equivalent ("BOE") are based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Unless otherwise stated, all dollar amounts are expressed in Cdn dollars.

This MD&A contains forward looking statements. Forward looking statements are based on current expectations that involve a number of risks, uncertainties and other factors which could cause actual events or results to differ materially from those reflected in the MD&A. Such risks, uncertainties and other factors include the uncertainties inherent in oil and gas exploration and development activities, the effect of actions by third parties, fluctuations in world oil prices and other risks detailed in the Company's Annual Report and Annual Information Form ("AIF"). Additional information relating to the Company including the Company's AIF is on SEDAR at www.sedar.com.

FINANCIAL AND OPERATING REVIEW

Oil and Gas Revenue

Oil and gas revenue increased to $5,018,653 in the nine months ended September 30, 2004 compared to $3,778,201 for the nine months ended September 30, 2003. Oil and gas revenues increased due to an increase in average oil production during the period to 453 barrels of oil per day compared to 366 barrels for the comparable period in 2003. Oil production in 2003 was lower due to gas (CO_2) production and related mechanical difficulties in the first half of the year. A subsequent pressure maintenance scheme and workover program on several wells has since steadily increased production from the Puesto Guardian Field. In August 2004, a second workover program on previously shut-in wells commenced. As at September 30, 2004, two of a planned six workovers had been successfully completed.

Oil prices averaged $38.70 per barrel compared to $35.65 per barrel for the comparable period in 2003. Oil revenues, positively impacted by higher world crude oil prices, have been negatively impacted by the strengthening Canadian dollar compared to the US dollar. In addition, in May and August 2004 the Argentine government mandated that the previous 10% discount on domestic oil sales be increased to 20% when the price of West Texas Intermediate ("WTI") crude oil is equal to US$36.00 per barrel to a high of approximately 30% when the price of WTI crude oil is equal to or greater than US$46.00 per barrel. Should WTI be less than US$36.00 per barrel, the mandated discount is now 14%. Gas production increased slightly to 139 mcf per day in 2004 from 133 mcf per day in 2003.

Netbacks

Higher commodity prices and lower per unit operating costs resulted in Antrim realizing a higher per unit netback of $25.73/BOE in the nine months ended September 30, 2004 compared to a per unit netback of $20.96/BOE for the comparable period in 2003. The table below provides a comparative analysis of field netbacks for the three and nine month periods ended September 30, 2004 and 2003.

	Three months ended September 30		*Nine months ended September 30*	
	2004	*2003*	***2004***	*2003*
Wellhead price ($/BOE)	**38.18**	33.43	**38.49**	35.62
Royalties ($/BOE)	**(5.04)**	(5.00)	**(5.32)**	(4.95)
Operating expenses ($/BOE)	**(5.82)**	(10.30)	**(7.43)**	(9.71)
Netback ($/BOE)	**27.32**	18.13	**25.73**	20.96
Oil and natural gas production (BOE)	**45,659**	38,593	**130,405**	106,056

While the average price of WTI for the nine month period ended September 30, 2004 increased 26% to US$39.25 compared to US$31.04 for the comparable period in 2003, the Company's wellhead price increased by only 8.6% due to a stronger Canadian dollar and a higher discount on domestic oil sales in Argentina.

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. Certain repairs were also undertaken in the first quarter of 2004.

General and Administrative

General and administrative costs ("G&A") increased in the nine month period ended September 30, 2004 to $1,981,745 compared to $1,383,498 for the nine months ended September 30, 2004. G&A increased primarily due to costs associated with the farm-out of part of Antrim's interest in the South Galapagos #1 well, increased stock based compensation expense and increased corporate costs related to business development activities.

Write-off of Impaired Assets

In October 2004, the Company drilled its South Galapagos #1 prospect on permit WA-306-P on the NorthWest Shelf of Australia. As the well was unsuccessful, the Company recorded in the third quarter of 2004 a write-down of drilling and certain other capitalized costs relating to the prospect which had been incurred to September 30, 2004. Additional costs incurred in the fourth quarter of 2004 with respect to drilling the well will be written-off in the fourth quarter.

Cash Flow and Net Income

Antrim generated cash flow from operations in the nine month period ended September 30, 2004 of $824,278 ($0.03 per share) compared to a net cash outflow of $127,283 ($0.01 per share) in the comparable period in 2003. Net loss in the first nine months of 2004 was $1,273,202 ($0.04 per share) compared to a net loss of $2,009,128 ($0.10 per share) in 2003. Net loss decreased primarily due to a write-down in the first quarter of 2003 of Antrim's Tunisian assets following the deepening and subsequent abandonment of Chott Fejaj #3 well in February 2003.

Financial Resources and Liquidity

At September 30, 2004, Antrim had working capital of $23,536,394 (December 31, 2003 - $15,343,761) including cash and funds held in escrow of $24,894,648 (December 31, 2003 - $15,136,075) and no debt. Working capital increased following a private placement in August 2004 of 4,687,500 Units at $1.60 per Unit for gross proceeds of $7.5 million. Capital commitments also decreased in the third quarter after Antrim entered into a farm-out agreement with ONGC Videsh Limited ("OVL") whereby OVL earned a 55% working interest in Permit WA-306-P for funding 80% of the gross well cost up to US$9.0 million. Antrim intends to use its existing working capital to pursue its drilling prospects in the North Sea and participate in further acquisitions and development opportunities primarily in the United Kingdom and Argentina.

Summary of Quarterly Results

($000's, except per share amounts)

	Oil and Gas Sales, Net of Royalties	*Cash Flow from Operations*	*Net Income (Loss)*	*Net Income (Loss) Per Share – Basic and Diluted*
2004				
Third quarter	**1,513**	**170**	**(1,044)**	**(0.03)**
Second quarter	**1,410**	**215**	**(241)**	**(0.01)**
First quarter	**1,401**	**439**	**12**	**–**
Total	**4,324**	**824**	**(1,273)**	**(0.04)**
2003				
Fourth quarter	1,204	(84)	(978)	(0.05)
Third quarter	1,097	(6)	(201)	(0.01)
Second quarter	845	(468)	(681)	(0.03)
First quarter	1,311	346	(1,127)	(0.06)
Total	4,456	(211)	(2,987)	(0.14)
2002				
Fourth quarter	1,293	723	(887)	(0.04)
Third quarter	1,591	771	396	0.02
Second quarter	1,338	(221)	(1,064)	(0.05)
First quarter	950	178	2,622	0.13
Total	5,172	1,451	1,067	0.05

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.

Critical Accounting Estimates

Preparing financial statements in accordance with GAAP requires management to make certain judgments and estimates. These estimates, which include the carrying amount of undeveloped petroleum and natural gas properties, are critical to many aspects of the Company's financial statements. Following drilling of the South Galapagos #1 well in Australia in October 2004, management assessed whether capitalized costs in Australia at September 30, 2004 had been impaired. As a result of this assessment the Company recorded, in the third quarter of 2004, a write-down of certain of these costs.

Related Party Transactions

In the nine months ended September 30, 2004, the Company incurred fees of $45,356 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.

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.

[signed]

Stephen Greer

Chairman and CEO

November 12, 2004

Review of Interim Financial Statements

National Instrument 51-102 *Continuous Disclosure Requirements* ("NI 51-102") sets out certain requirements for the financial statements of reporting issuers such as the Company. Under NI 51-102, the Company's interim financial statements need not be reviewed by an auditor. However, NI 51-102 does require that if the Company's interim financial statements have not been reviewed by an auditor, the interim financial statements be accompanied by notice to that effect.

As a result, the reader is advised that the accompanying interim financials statements of the Company have not been reviewed by an auditor. These financial statements have been prepared by and are the responsibility of the Company's management.

CONSOLIDATED BALANCE SHEETS

As at September 30, 2004 and December 31, 2003 (unaudited)

	2004	2003 (restated – note 3)
Assets		
Current assets		
Cash and cash equivalents	$ 20,567,973	$ 15,136,075
Funds held in escrow	4,326,675	–
Accounts receivable	1,863,676	1,038,046
Inventory and other	309,221	618,793
	27,067,545	16,792,914
Petroleum and natural gas properties (notes 2 and 3)	9,787,409	9,003,637
Office equipment - net of accumulated amortization of $ 470,620 (2003 - $380,620)	144,060	191,466
Total Assets	$ 36,999,014	$ 25,988,017
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,019,317	1,447,908
Income taxes payable	511,834	1,245
	3,531,151	1,449,153
Future income taxes	66,443	66,443
Site restoration provision (note 3)	363,968	337,669
	3,961,562	1,853,265
Shareholders' Equity		
Share capital (note 4)	44,682,139	34,772,554
Contributed surplus (note 4)	387,427	121,110
Deficit	(12,032,114)	(10,758,912)
	33,037,432	24,134,752
Total Liabilities and Shareholders' Equity	$ 36,999,014	$ 25,988,017

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND DEFICIT

For the periods ended September 30, 2004 and 2003 (unaudited)

	Three months ended September 30		*Nine months ended September 30*	
	2004	*2003*	***2004***	*2003*
		(restated – note 3)		*(restated – note 3)*
Revenue				
Oil and gas sales	**$ 1,743,451**	$ 1,290,308	**$ 5,018,653**	$ 3,778,201
Royalties	**(203,022)**	(193,158)	**(694,330)**	(525,473)
	1,513,429	1,097,150	**4,324,323**	3,252,728
Interest and other income	**81,741**	48,622	**201,741**	134,272
	1,595,170	1,145,772	**4,526,064**	3,387,000
Expenses				
Operating	**265,808**	397,571	**969,184**	1,029,937
General and administrative	**848,911**	570,696	**1,981,745**	1,383,498
Depletion and depreciation	**401,889**	219,294	**1,106,732**	618,055
Accretion of asset retirement obligations	**9,500**	7,417	**26,300**	22,251
Foreign exchange loss (gain)	**110,553**	50,759	**95,264**	383,922
Write off of impaired assets	**698,131**	–	**698,131**	1,890,242
	2,334,792	1,245,737	**4,877,356**	5,327,905
Income (loss) for the year before below noted dispostions and income taxes	**(739,622)**	(99,965)	**(351,292)**	(1,940,905)
Gain on dispostions of petroleum and natural gas properties	**–**	63,614	**–**	63,614
Income (loss) for the year before income taxes	**(739,622)**	(36,351)	**(391,292)**	(1,877,291)
Income taxes (recovery)				
Current	**304,943**	164,587	**921,910**	802,752
Future	**–**	–	**–**	(670,915)
	304,943	164,587	**921,910**	(131,837)
Net income (loss) for the period	**(1,044,565)**	(200,938)	**(1,273,202)**	(2,009,128)
Deficit – Beginning of period as previously reported	**(10,987,549)**	(9,596,044)	**(10,656,042)**	(7,787,854)
Retroactive adjustment for change in accounting policy	**–**	15,590	**(102,870)**	15,590
Deficit – End of Period	**$ (12,032,114)**	$ (9,781,392)	**$ (12,032,114)**	$ (9,781,392)
Net income (loss) per common share – basic	**(0.03)**	(0.01)	**(0.04)**	(0.10)
Net income (loss) per common share – diluted	**(0.03)**	(0.01)	**(0.04)**	(0.10)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended September 30, 2004 and 2003 (unaudited)

	Three months ended September 30		*Nine months ended September 30*	
	2004	*2003 (restated - note 3)*	***2004***	*2003 (restated - note 3)*
Operating activities				
Net income (loss) for the period	**$ (1,044,565)**	$ (200,938)	**$ (1,273,202)**	$ (2,009,128)
Items not involving cash				
Depletion and depreciation	**401,889**	219,294	**1,106,732**	618,055
Accretion of asset retirement obligations	**9,500**	7,417	**26,300**	22,251
Write off of impaired assets	**698,131**	–	**698,131**	1,890,242
Gain on dispostion of petroleum and natural gas properties	**–**	(63,614)	**–**	(63,614)
Stock based compensation expense (note 4)	**105,399**	32,014	**266,317**	85,826
Future income taxes	**–**	–	**–**	(670,915)
	170,354	(5,827)	**824,278**	(127,283)
Change in non-cash working capital items	**2,507,642**	(105,853)	**2,349,154**	(893,162)
	2,677,996	(111,680)	**3,173,432**	(1,020,445)
Financing activities				
Issue of common shares (note 4)	**9,798,961**	8,549	**9,878,015**	23,250
	9,798,961	8,549	**9,878,015**	23,250
Investing activities				
Office equipment	**(24,368)**	(5,158)	**(47,326)**	(200,137)
Petroleum and natural gas properties	**(1,340,242)**	(1,047,681)	**(2,493,903)**	(3,848,657)
Funds held in escrow	**(8,152)**	(330,278)	**(4,326,675)**	(330,278)
Change in non-cash working capital items	**(808,204)**	123,015	**(751,645)**	430,581
	(2,180,966)	(1,260,102)	**(7,619,549)**	(3,948,491)
Net increase (decrease) in cash and cash equivalents	**10,295,991**	(1,363,233)	**5,431,898**	(4,945,686)
Cash and short-term deposits, beginning of period	**10,271,982**	7,205,356	**15,136,075**	10,787,809
Cash and short-term deposits, end of period	**$ 20,567,973**	$ 5,842,123	**$ 20,567,973**	$ 5,842,123

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

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

2 PETROLEUM AND NATURAL GAS PROPERTIES

			September 30, 2004
	Cost	*Accumulated depletion and depreciation*	*Net book value*
Australia	$ 1,911,614	$ 698,131	$ 1,213,483
Tanzania	1,204,383	–	1,204,383
Argentina	12,108,043	7,930,827	4,177,216
Tunisia	3,560,172	3,560,172	–
United Kingdom	3,045,132	761,561	2,283,571
Czech Republic	2,000,544	1,091,788	908,756
	$ 23,829,888	$ 14,042,479	$ 9,787,409

			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 $649,028 (2003 – $771,064) of general and administrative costs related to exploration and development activity primarily in Argentina and Australia.

In the third quarter of 2004, the Company recorded an impairment charge of $698,131 with respect to costs in 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 sheet as at December 31, 2003

	As Reported	*Increase (Decrease)*	*Restated*
Assets			
Petroleum and natural gas properties	$ 8,904,908	$ 98,729	$ 9,003,637
Liabilities			
Site restoration provision	257,180	80,489	337,669
Shareholders' equity			
Deficit	(10,656,042)	(18,240)	(10,637,802)

Change in consolidated statements of income (loss)

Increase (decrease)		*Three months ended September 30, 2003*	*Nine months ended September 30, 2003*
Depletion and depreciation expense		$ (9,706)	$ (28,945)
Accretion of asset retirement obligations		7,417	22,251
Net income (loss) for the period		(2,289)	(6,694)
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	597,333	449,783
Exercise of warrants	1,928,050	2,506,465
Private placement for cash	4,687,500	7,500,000
Private placement for services	14,500	13,920
Employee share ownership plan	43,240	62,800
Share issue costs	–	(623,383)
Balance - September 30, 2004	38,572,869	44,682,139

Options

Pursuant to the Company's stock option plan, as at September 30, 2004 there were 2,105,667 options outstanding to purchase Common Shares at prices ranging from $0.76 to $1.65 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 prior to December 19, 2004. At September 30, 2004 there were 3,657,883 warrants outstanding.

In August 2004 the Company completed a private placement of 4,687,500 units at a price of $1.60 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 $2.10 per common share prior to August 25, 2005. At September 30, 2004 there were 2,343,751 warrants outstanding. The Company also issued pursuant to the private placement 468,750 Broker Warrants. Each Broker Warrant entitles the holder thereof to acquire one unit at a price of $1.60 per unit prior to August 25, 2005.

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 and nine month period ended September 30, 2004 was $105,399 and $266,317 respectively.

The 2003 impact of adopting this standard was to increase general and administrative expenses for the three and nine month period ended September 30, 2003 by $32,014 and $85,826 respectively 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 September 30		*Nine months ended September 30*	
	2004	2003	**2004**	2003
Risk free interest rate	**4.5%**	4.5%	**4.5%**	4.5%
Expected life (years)	**5.00**	5.00	**5.00**	5.00
Expected volatility	**70.0%**	65.0%	**66.67%**	65.0%
Expected dividend yield	–	–	–	–

Per Share Information

The weighted average number of common shares outstanding during the period was 32,178,542 (2003 - 20,065,506). The fully diluted weighted average number of common shares outstanding during the period was 39,772,299 (2003 - 21,091,176).

5 SEGMENTED INFORMATION

	Three months ended September 30, 2004 Revenue	Earnings (loss)	As at September 30 Identifiable assets
Canada	$ –	$ 1,554,922)	$ 22,044,613
Argentina	4,800,412	1,153,255	6,397,552
Australia	–	(866,775)	3,559,619
Czech Republic	218,241	(6,571)	1,346,509
New Zealand	–-	(3,804)	11,813
Tanzania	–	(2,384)	1,205,052
Tunisia	–-	–-	–
United Kingdom	–	7,999	2,433,8563
Total	$ 5,018,653	$ (1,273,202)	$ 36,999,014

	Three months ended September 30, 2003 Revenue	Earnings (loss)	September 30, 2003 Identifiable assets
Canada	$ –	(1,009,284)	4,595,397
Argentina	3,565,035	407,337	5,985,650
Australia	–	4,537	1,387,805
Czech Republic	213,166	(46,879)	1,366,131
New Zealand	–-	(8,027)	13,412
Tanzania	–-	(11,204)	1,228,863
Tunisia	–-	(1,327,283)	958,436
United Kingdom	–-	(18,325)	1,159,615
Total	$ 3,778,201	(2,009,128)	16,695,309

6 RELATED PARTY TRANSACTIONS

In the nine months ended September 30, 2004, the Company incurred fees of $45,356 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
Managing Director,
Quest Investment Corp

Jay Zammit[1,2]
Partner
Burstall Winger LLP

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 and
Corporate Secretary

Dwayne Warkentin
Vice President, Operations

CORPORATE HEADQUARTERS

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Calgary, Alberta T2P 5C5
Canada
tel: +1 403 264 5111
fax: +1 403 264 5113
Information: info@antrimenergy.com
Website: www.antrimenergy.com

INTERNATIONAL SUBSIDIARIES

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

ARGENTINA OFFICE

Cerviño 4449 - 4th Floor
C1425AHB Buenos Aires
Argentina
tel: 54 11 4779-1030
fax: 54 11 4779-1040

LEGAL COUNSEL

Burstall Winger LLP
Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be 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"