ANTRIM ENERGY INC.

INTERIM FINANCIAL REPORT – FIRST QUARTER 2007

Three Months Ended March 31, 2007

HIGHLIGHTS:

- **Contracted rig to appraise Causeway oil discovery**
- **Commenced 3D seismic acquisition over Fyne & Dandy fields (second quarter)**
- **57% increase in production over the comparable period in 2006**
- **Acquired additional 3D seismic in Tierra del Fuego, Argentina**
- **Secured drilling rigs for Tierra del Fuego and Medianera licences, Argentina**
- **Completed $57.5 million financing (second quarter)**

Antrim made significant progress in the first quarter advancing drilling programs in the United Kingdom and Argentina. For the remainder of the year, Antrim expects to be drilling multiple targets in several of the Company's licence areas. Antrim's strong balance sheet provides confidence the Company has the financial resources to complete its 2007 drilling program in the United Kingdom and Argentina as planned.

In the United Kingdom, preparations are complete for the drilling of three wells designed to evaluate the potential of the Central Causeway fault compartment and appraise previous discoveries on the structure. Acquisition of 3D seismic over the Fyne and Dandy oil fields has commenced and plans are underway to drill the non-operated East Kerloch prospect on Block 211/22a northwest.

In Argentina, production over the comparable period in 2006 has increased significantly following the Company's successful 2006 drilling program in Tierra del Fuego. Further growth is planned based on the interpretation of 3D seismic acquired in 2006, the acquisition of new 3D seismic in the first quarter of 2007 and the contracting of drilling rigs for both the Tierra del Fuego and Medianera licences.

Financial and Operating Results (unaudited)

	Three Months Ended March 31,	
	2007	**2006**
Financial Results ($000's except per share amounts)		
Revenue	3,298	2,841
Cash flow from operations	608	1,243
Cash flow from operations per share	0.01	0.02
Net income (loss)	(1,269)	546
Net income (loss) per share - basic	(0.01)	0.01
Working capital	75,816	27,828
Capital expenditures	3,565	3,439
Debt	-	-
Common Shares Outstanding (000's)		
End of period	95,202	54,957
Weighted average - basic	88,258	54,921
Weighted average - fully diluted	91,574	57,834
Production		
Oil , natural gas and NGL production (BOE per day)[1]	1,502	954

[1]The 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.

OVERVIEW OF OPERATIONS

United Kingdom – Block 211/22a South East and Block 211/23d ("Causeway")

Antrim intends to follow-up its 2006 East Causeway discovery on Block 211/23d with a drilling program of up to three wells commencing in May 2007. The first well in the program is planned to be drilled in the Central Causeway fault compartment and is intended to appraise each of the Jurassic Tarbert, Ness and Etive Sandstones. Antrim has contracted AGR Peak Well Management of Aberdeen and the semi-submersible drilling rig the Transocean Prospect for the drilling program. Antrim has operatorship and a 65.5% working interest in the south east area of Block 211/22a and in Block 211/23d.

United Kingdom – Block 211/22a North West

In March 2007, Antrim announced its plans to drill the non-operated East Kerloch prospect in Block 211/22a northwest area in the fourth quarter of 2007. Drilling operations are expected to commence in October 2007. The well is intended to target the oil prone Jurassic Brent Sandstones adjacent to the Cormorant oil field and related infrastructure. The proposed location is approximately 10 km northwest of the Causeway 211/23d-17z well drilled by Antrim in mid-2006. Antrim holds a 21% working interest in the northwest area of Block 211/22a.

United Kingdom – Block 21/28a ("Fyne and Dandy")

In November 2006, Antrim acquired a 75% working interest in Block 21/28a in the Central North Sea. The block contains the Fyne and Dandy oil fields, which have been delineated with eight wells drilled from 1971 to 1998. Antrim is operator of the block and is currently completing the acquisition of a 70 km^2 3D seismic program which began in the second quarter of 2007. A decision on additional drilling will be reached by the fourth quarter of 2007, with a target of early 2008 for drilling the first development well. The cost of the licence acquisition in 2006 was US$8 million. Antrim has agreed to pay the seller an additional US$10 million on approval of a field development plan.

Argentina – Tierra del Fuego

Operations in the first quarter of 2007 have focused on infrastructure development and the acquisition of new 3D seismic. Existing gas processing facilities in Tierra del Fuego are not sufficient to process additional volumes created by the new gas discoveries and an expansion of gas processing facilities and installation of a pipeline that will connect the Las Violetas licence to the San Martin pipeline is in progress. The expansion, projected for completion in August 2007 and to be fully operational by October 2007, is expected to raise gross gas processing capacity to between 35 and 40 mmcf per day at which time previous gas discoveries are expected to be placed on production. Additional oil pipeline, storage and treatment facilities are also planned for 2007 to enable increased oil production.

In late 2006 and early 2007, the Company and its partners began the acquisition of 309 km^2 of 3D seismic over the Angostura and Los Violetas licences. The 3D seismic program was initiated to expand target areas identified during the Company's successful 2006 drilling program. A drilling rig dedicated to the Tierra del Fuego licences has been contracted for the next two years. The Company anticipates that drilling on the licences will recommence in late June 2007. Antrim's working interest in the Tierra del Fuego licences is 25.78%.

Net production to Antrim from the Tierra del Fuego licences in the first quarter of 2007 was 1,155 boe per day compared to 574 boe per day in the first quarter of 2006. Net oil production in the first quarter of 2007 was 335 barrels of oil per day compared to 138 barrels of oil per day in the first quarter of 2006. Gas and natural gas liquids ("NGL") production in the first quarter of 2007 was 4.49 mmcf/d and 71 barrels per day, respectively. Gas and NGL production in the first quarter of 2006 was 2.28 mmcf/d and 56 barrels per day, respectively.

Argentina – Medianera

Antrim acquired a 70% working interest in the Medianera production licence in February 2006. The Medianera licence is located in central Argentina in the Neuquen Basin close to the Medanito and Barranca de los Loros fields. Antrim believes the licence has significant exploitation and exploration potential, both uphole and from deeper horizons. In 2006, Antrim acquired 83 km^2 3D seismic over the entire licence. A drilling rig has been contracted and Antrim expects to commence drilling at least one exploration well on the licence targeting the deeper intervals in May 2007.

Net production to Antrim from the Medianera licence in the first quarter of 2007 was 25 barrels of oil per day.

Argentina – North West Basin

In September 2006, Antrim completed the acquisition of 330 km^2 of 3D seismic in the Puesto Guardian licence in northern Argentina. Processing of the seismic data is expected to be completed in May 2007 after which interpretative work will begin. Antrim intends to use the newly acquired seismic to support a drilling program on the licence in 2007-2008. Antrim has a 40% working interest in the Puesto Guardian licence.

Net production to Antrim from the Puesto Guardian licence in the first quarter of 2007 was 323 barrels of oil per day compared to 357 barrels of oil per day in the first quarter of 2006.

In September 2006, Antrim completed the acquisition of 54 km^2 of 3D seismic in the Capricorn licence. Processing of the seismic data has been completed and interpretative work has started. Antrim has a 50% working interest in the Capricorn licence, subject to the terms of a farm-out agreement entered into in October 2006 with respect to a portion of its interest in the licence. At least one exploration well is planned in 2007 subject to confirmation of a suitable drilling location, partner approvals and securing a drilling rig.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), dated May 11, 2007, should be read in conjunction with Antrim's unaudited consolidated financial statements for the three month period ended March 31, 2007 and Antrim's MD&A and audited consolidated financial statements for the year ended December 31, 2006. 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. The BOE conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

Forward-Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward looking statements. 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. Antrim assumes no obligation to update forward-looking statements should circumstances or management's estimates change except as may be required by applicable Canadian securities laws and AIM Rules in the UK.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Chief Operating Officer of Antrim, is the qualified person that has reviewed the technical information contained in this MD&A.

Non-GAAP Measures

Cash flow from operations, cash flow from operations per share and netback does not have a standard meaning under generally accepted accounting principles ("GAAP") and may not be comparable to that reported by other companies. Management believes that cash flow from operations is a useful supplementary measure that may assist investors. Cash flow from operations is defined as cash flow from operating activities before changes in working capital.

Financial and Operating Review

Oil, Gas and NGL Revenue

Oil and gas revenue increased to $3,297,875 in the first quarter of 2007 compared to $2,840,821 in the first quarter of 2006. Revenues increased due to an increase in oil and gas production from the Tierra del Fuego licences.

Net production to Antrim in the first quarter of 2007 was 1,502 boe per day compared to 954 boe per day in the first quarter of 2006. Average net oil production in the first quarter of 2007 was 683 barrels of oil per day compared to 494 barrels of oil per day in the first quarter of 2006. Oil prices averaged $41.38 per barrel in the first quarter of 2007 compared to $50.79 per barrel in the first quarter of 2006. Oil production from both the Puesto Guardian and Tierra del Fuego licences is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales are subject to a mandated discount which increases as the price of WTI crude oil increases. Oil exports are subject to an export tax introduced in the fourth quarter of 2006.

Average net gas production in the first quarter of 2007 was 4.49 mmcf per day compared to 2.42 mmcf per day in the first quarter of 2006. Gas volumes increased significantly following completion in July 2006 of a 10 km high pressure gas pipeline. Sales gas prices in Argentina averaged $1.46 per mcf in the first quarter of 2007 compared to $1.24 per mcf in the first quarter of 2006. Gas production from the Tierra del Fuego licences is sold to domestic residential and industrial consumers under fixed price contracts. The price of gas sold to industrial consumers increased in 2006 and has continued to increase, from US$1.32 per mcf for certain industrial gas contracts in the fourth quarter of 2006 to over US$1.60 per mcf in the first quarter of 2007. The price of gas sold to residential consumers is not anticipated to increase above the current price of US$0.36 per mcf. Approximately 75% of gas production is currently sold to industrial consumers.

Average net NGL production in the first quarter of 2007 was 71 barrels per day compared to 56 barrels per day in the first quarter of 2006. NGL prices averaged $25.98 per barrel in the first quarter of 2007 compared to $43.65 per barrel in first quarter of 2006. NGL prices declined following the introduction of an export tax in the fourth quarter of 2006.

On October 11, 2006, resolution 776/2006 was published in Argentina by the Ministry of Economy and Production setting forth its position that export taxes initially announced as an emergency measure in January 2002 were applicable on oil, gas and natural gas liquids exports from Tierra del Fuego. The export tax introduced in October 2006 on crude oil exports is 45% if WTI is US$45 barrel or above. The export tax on NGL exports is 20%. Antrim has filed an appeal of the resolution introducing the export tax, a subsequent resolution deeming it retroactive to January 2002 and an injunction to prevent collection of the export tax on a retroactive basis. In February 2007, a court granted the injunction pending the outcome of appeals. On January 16, 2007, the Argentina government issued Law 26,217 which extended all export taxes for a further five years and specifically included exports from Tierra del Fuego. At present substantially all oil and NGL production is exported.

Netbacks

An increase in gas production and corresponding change in sales mix resulted in a lower wellhead price and lower netback per BOE. Antrim realized a per unit netback of $15.12/BOE in the first quarter of 2007 compared to a per unit netback of $20.67/BOE for the first quarter of 2006. The table below provides a comparative analysis of field netbacks for the three months ended March 31, 2007 and 2006.

	Three Months Ended March 31,	
	2007	**2006**
Wellhead price ($/BOE)	**24.39**	33.09
Royalties ($/BOE)	**(3.41)**	(4.22)
Operating expenses ($/BOE)	**(5.86)**	(8.20)
Netback ($/BOE)	**15.12**	20.67
Oil, natural gas and NGL production (BOE)	**135,213**	85,839
Oil , natural gas and NGL production (BOE per day)(1)	**1,502**	954

General and Administrative

General and administrative (“G&A”) costs increased in the first quarter of 2007 to $1,509,009 compared to $647,631 in the first quarter of 2006. During the period, Antrim also capitalized $603,266 (2006 - $254,940) of G&A costs related to exploration and development activity primarily in Argentina and the United Kingdom. G&A costs increased in 2007 due to greater corporate activity, increased project costs including costs involved in preparing to bring the Causeway discovery to production, a 60% increase in full-time employees and rising salary and other personnel costs within the oil and gas industry.

Foreign Exchange Loss

The Company incurred a foreign exchange loss in the first quarter of 2007 of $555,455 compared to $24,683 in the first quarter of 2006. The Company's reporting is in Canadian dollars whereas a significant amount of the Company's activities are transacted in or referenced to US dollars or Pounds Sterling. The Company purchased in the first quarter of 2007 a portion of its expected US dollar requirements to secure a drilling rig in the UK North Sea and planned capital expenditures in Argentina. The Company also purchased a portion of its expected Pound Sterling requirements for long lead items with respect to its upcoming drilling program in the UK North Sea. The purchases were made to reduce the Company's exposure to a fall in the value of the Canadian dollar relative to US dollars and Pounds Sterling and provide the Company with some certainty as to the cost, in Canadian dollars, of its planned 2007 capital expenditure program.

Cash Flow and Net Income (Loss)

Antrim generated cash flow from operations in the first quarter of 2007 of $608,221 ($0.01 per share) compared to cash flow from operations of $1,243,453 ($0.02 per share) in the first quarter of 2006. Net loss in the first quarter of 2007 was $1,269,302 ($0.01 per share) compared to a net income of $545,991 ($0.01 per share) in the first quarter of 2006. Net loss increased due to increased general and administrative costs, stock based compensation expense, higher depletion and higher foreign exchange losses.

Financial Resources and Liquidity

At March 31 2007, Antrim had working capital of $75,816,102 (December 31, 2006 - $55,391,981) including cash of $75,636,840 (December 31, 2006 - $53,714,443) and no debt. Working capital increased following the exercise in the first quarter of 2007 of warrants issued by the Company in September 2005.

On May 11, 2007, Antrim completed a public offering of 10,000,000 common shares at a price of $5.00 per common share. An over-allotment option to issue an additional 1,500,000 common shares at a price of $5.00 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were $57,500,000.

The Company has several significant capital expenditures planned for 2007. The majority of the Company's capital spending is expected to be in the United Kingdom where the Company plans to participate in drilling four wells during the year and incur certain early development costs with respect to its Causeway prospect. Cash flow from operations in Argentina is expected to be reinvested in Argentina during the year. Additional corporate investment in Argentina will also be required in 2007 to complete all of the drilling and infrastructure development planned in Argentina. Funds for the continued development of the Company's projects are expected to be from combinations of existing working capital, new equity and debt instruments.

Summary of Quarterly Results

($000's, except per share amounts)	Oil and Gas Net Revenue, Net of Royalties	Cash Flow from Operations	Net Income (Loss)	Net Income (Loss) Per Share – Basic
2007				
First quarter	2,837	608	(1,269)	(0.01)
2006				
Fourth quarter	2,824	601	(758)	(0.01)
Third quarter	3,396	1,650	644	0.01
Second quarter	2,398	239	910	0.01
First quarter	2,479	1,243	546	0.01
Total	11,097	3,733	1,342	0.02
2005				
Fourth quarter	2,427	851	(2,431)	(0.05)
Third quarter	2,611	892	188	0.00
Second quarter	2,444	564	(597)	(0.01)
First quarter	1,934	223	(350)	(0.01)
Total	9,416	2,530	(3,190)	(0.07)

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparing financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. The estimates of proved and probable reserves is critical to many aspects of the Company's financial statements, including net income and the carrying amount of petroleum and natural properties and future asset retirement obligations.

The Company also incurs costs related to properties for which no proved reserves may be attributable. These costs must also be assessed to ascertain whether impairment has occurred. In certain instances, the Company may be required under Canadian GAAP to record an impairment charge against these costs even though the Company has and intends to maintain the underlying licence or agreement pertaining to the properties.

NEW ACCOUNTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1530 "Comprehensive Income", Section 3251 "Equity" , Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges", which were issued in January 2005. These standards have been adopted prospectively. See Note 2 to the consolidated financial statements.

Effective January 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on financial statement line items.

As of October 1, 2007, the Company will be required to adopt new CICA Section 1535, "Capital Disclosures", which requires companies to disclose their objectives, policies and procedures for managing capital, as well as whether externally imposed capital requirements have been complied with.

RELATED PARTY AND OFF-BALANCE SHEET TRANSACTIONS

Antrim may from time to time enter into arrangements with related parties. In the first quarter of 2007, the Company incurred fees of $1,715 (2006 - $2,684) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner. The Company had no off-balance sheet transactions in the first quarter of 2007.

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

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

Stephen Greer
President and Chief Executive Officer
May 11, 2007

Antrim Energy Inc.

Consolidated Balance Sheets

As at March 31, 2007 and December 31, 2006 (unaudited)

	2007 Cdn $	**2006 Cdn $**
Assets		
Current assets		
Cash and cash equivalents	**75,636,840**	53,714,443
Accounts receivable	**3,841,193**	4,111,105
Inventory and prepaid expenses	**565,537**	498,298
Other current assets	**265,580**	577,367
	80,309,150	58,901,213
Petroleum and natural gas properties (note 3)	**84,689,564**	82,084,916
Office equipment	**349,313**	252,693
Future income taxes	**275,140**	263,263
Other non-current assets (note 4)	**3,713,883**	3,649,215
Total Assets	**169,337,050**	145,151,300
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**4,287,834**	3,207,383
Income taxes payable	**205,214**	301,849
	4,493,048	3,509,232
Asset retirement obligation	**2,360,827**	2,308,327
	6,853,875	5,817,559
Commitments (note 8)		
Shareholders' Equity		
Share capital (note 5)	**176,961,294**	153,176,930
Contributed surplus	**4,983,787**	4,349,415
Deficit	**(19,461,906)**	(18,192,604)
	162,483,175	139,333,741
Total Liabilities and Shareholders’ Equity	**169,337,050**	145,151,300

Antrim Energy Inc.

Consolidated Statements of Income (Loss), Comprehensive Income (Loss) and Deficit
For the three months ended March 31, 2007 and 2006 (unaudited)

	2007 Cdn $	**2006 Cdn $**
Revenue		
Oil and gas sales	**3,297,875**	2,840,821
Royalties	**(460,403)**	(361,851)
	2,837,472	2,478,970
Interest and other income	**702,847**	312,970
	3,540,319	2,791,940
Expenses		
Operating	**792,979**	704,276
General and administrative	**1,509,009**	647,631
Stock-based compensation	**842,737**	206,329
Depletion and depreciation	**994,163**	475,000
Accretion of asset retirement obligations	**52,500**	11,093
Foreign exchange loss	**555,455**	24,683
	4,746,843	2,069,012
Income (loss) for the period before income taxes	**(1,206,524)**	722,928
Income taxes		
Current	**74,655**	171,897
Future	**(11,877)**	5,040
	62,778	176,937
Net Income (Loss) and Comprehensive Income (Loss)	**(1,269,302)**	545,991
Deficit - Beginning of Period	**(18,192,604)**	(19,534,620)
Deficit - End of Period	**(19,461,906)**	(18,988,629)
Net Income (Loss) Per Common Share – Basic	**(0.01)**	0.01
Net Income (Loss) Per Common Share – Diluted	**(0.01)**	0.01

Antrim Energy Inc.

Consolidated Statements of Cash Flows

For the three months ended March 31, 2007 and 2006 (unaudited)

	2007 Cdn $	**2006 Cdn $**
Operating Activities		
Net income (loss) for the period	**(1,269,302)**	545,991
Items not involving cash:		
Depletion and depreciation	**994,163**	475,000
Accretion of asset retirement obligations	**52,500**	11,093
Stock based compensation expense	**842,737**	206,329
Future income taxes	**(11,877)**	5,040
	608,221	1,243,453
Change in non-cash working capital items	**(700,423)**	(1,102,187)
	(92,202)	141,266
Financing Activities		
Issue of common shares	**23,584,127**	70,546
Share issue expenses	**(31,092)**	-
	23,553,035	70,546
Investing Activities		
Office equipment	**(130,783)**	(25,874)
Petroleum and natural gas properties	**(3,564,648)**	(3,438,660)
Other current assets	**311,787**	210,538
Other non-current assets	**(64,668)**	(8,384)
Change in non-cash working capital items	**1,909,876**	(2,177,302)
	(1,538,436)	(5,439,682)
Net increase (decrease) in cash and cash equivalents	**21,922,397**	(5,227,870)
Cash and Cash Equivalents - Beginning of Period	**53,714,443**	33,209,478
Cash and Cash Equivalents - End of Period	**75,636,840**	27,981,608
Supplemental Cash Flow Information		
Interest received	574,803	298,817
Taxes paid	171,290	191,876

(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 were prepared using the same accounting policies and should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2006, except as disclosed in note 2.

(2) Changes in Accounting Policies

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1530 "Comprehensive Income", Section 3251 "Equity" , Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges". These standards have been adopted prospectively.

(a) Financial Instruments

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Held-for-trading

Financial assets that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are accounted for at fair value with the change in the fair value recognized in net income during the period. Cash is classified as held-for-trading as at January 1, 2007.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income. When a decline in fair value is determined to be other than temporary, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for sale securities are recognized in other income. There are no financial assets classified as available-for-sale.

Held-to-maturity

Financial assets that have a fixed maturity date and which the Company has the intention and the ability to hold to maturity are classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are accounted for at amortized cost. This classification is consistent with the classification under the prior accounting standards. Loans included in other current assets and other non-current assets and accounts receivable are classified as loans and receivables as at January 1, 2007.

Investments

Portfolio equity investments not quoted in an active market are accounted for at cost. Investments included in other non-current assets are classified as portfolio equity investments not quoted in an active market as at January 1, 2007.

Other liabilities

Other liabilities are accounted for at amortized cost and include all liabilities, other than derivatives. This classification is consistent with the classification under the prior accounting standards. Accounts payable and accrued liabilities are classified as other liabilities.

Derivative instruments and hedging activities

Gains and losses on these instruments are charged to income in the period that they occur. The Company did not have any outstanding derivative or hedging contracts as at January 1, 2007 and March 31, 2007.

Embedded derivatives

An embedded derivative is a component of a financial instrument or other contract that has a feature similar to a derivative. New accounting section 3855 requires these instruments to be identified and recorded separately from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract, the terms of the embedded derivatives are the same as the terms of a freestanding derivative, and the hybrid instrument is not re-measured at fair value. As at January 1, 2007 and March 31, 2007, the Company did not have any outstanding contracts or financial instruments with embedded derivatives.

Comprehensive income

Comprehensive income consists of net earnings and other comprehensive income. Other comprehensive income comprises the change in fair value of the effective portion of the derivatives used as hedging items in a cash flow or net investment hedge and the change in fair value of any available-for-sale financial instruments. Amounts recognized in other comprehensive income must eventually be reclassified to income when the related gains or losses are realized.

(b) Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA section 1506, “Accounting Changes.” Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on financial statement line items. This change in policy did not have any effect on the Company’s financial statements.

(3) Petroleum and natural gas properties

			March 31, 2007
	Cost $	Accumulated depletion and depreciation $	Net book value $
Argentina	37,522,361	13,119,012	24,403,349
United Kingdom	63,725,568	3,439,353	60,286,215
	101,247,929	16,558,365	84,689,564

			December 31, 2006
	Cost $	Accumulated depletion and depreciation $	Net book value $
Argentina	35,555,395	12,159,012	23,396,383
United Kingdom	62,127,886	3,439,353	58,688,533
	97,683,281	15,598,365	82,084,916

In the period, the Company capitalized $603,266 (2006 - $254,940) of general and administrative costs related to exploration and development activity primarily in Argentina and United Kingdom. At March 31, 2007, petroleum and natural gas properties include $60,286,215 (2006 - $58,688,533) relating to unproven properties that have been excluded from the depletion calculation.

(4) Other non-current assets

In 2006, the Company sold certain non-core assets in Tanzania, the Czech Republic and Australia to NOR Energy AS ("NOR"), a private Norwegian company, in return for a cash payment and common shares of NOR. At March 31, 2007 and December 31, 2006, the Company held 1,175,000 common shares of NOR representing less than 10% of the common shares of NOR outstanding. The Company also held warrants to acquire 700,000 common shares of NOR at a price of US$1.00 per share exercisable until May 26, 2009.

	March 31, 2007 $	December 31, 2006 $
Investment in NOR	2,459,774	2,459,774
Other non-current assets	1,254,109	1,189,441
	3,713,883	3,649,215

(5) Capital stock

Authorized

Unlimited number of common voting shares
Unlimited number of preferred shares

Common Shares Issued

	Number of Shares	Amount $
Balance – December 31, 2006	87,059,159	150,700,339
Employee share ownership plan	9,843	45,928
Exercise of stock options	425,000	645,724
Exercise of common share purchase warrants	7,708,293	25,600,395
Share issue costs	-	(31,092)
Balance – March 31, 2007	95,202,295	176,961,294

Common Share Purchase Warrants

	Weighted Average Price $	Number of Warrants	Amount $
Balance – December 31, 2006	3.00	7,711,543	2,476,591
Expired	3.00	(3,250)	(1,073)
Issued	-	-	-
Exercised	3.00	(7,708,293)	(2,475,518)
Balance – March 31, 2007	-	-	-

Total Common Shares and Common Share Purchase Warrants – March 31, 2007	**$**	176,961,294

In September 2005, Antrim completed a private placement of 6,111,111 special warrants and an offering of 8,333,333 units at an issue price of $1.80 per special warrant for gross proceeds to Antrim of $26,000,000. Each special warrant and unit consisted of one Common Share and one-half (1/2) Common Share purchase warrant. The Company also issued 611,111 broker warrants and 833,333 agents' options, exercisable at a price of $1.80 per broker warrant and agents' option, until September 15, 2006 and September 29, 2006, respectively. Each broker warrant and agents' option entitled the holder to acquire one unit consisting of one Common Share and one-half Common Share purchase warrant. Each whole warrant issued pursuant to the private placement and offering entitles the holder thereof to purchase one Common Share at a price of $3.00 per share until March 15, 2007 and March 29, 2007, respectively. At December 31, 2006, all of the broker warrants, agents' options and 232,900 warrants had been exercised. Between January 1, 2007 and March 29, 2007, 7,708,293 warrants were exercised. On March 29, 2007, 3,250 warrants expired unexercised.

In May 2006, the Company completed a public offering of 14,750,000 Common Shares at a price of $1.95 per Common Share for gross proceeds of $28,762,500. The Company also issued pursuant to the public offering 737,500 Agents Options. Each Agents Option entitles the holder thereof to acquire one Common Share at a price of $2.24 per Common Share until May 8, 2007. As at March 31, 2007, none of the Agents Options were exercised.

Stock Options

Pursuant to the Company's stock option plan, as at March 31, 2007 there were 7,530,833 options outstanding to purchase Common Shares at prices ranging from $0.76 to $4.25 per share.

Stock-based Compensation Costs

The Company measures all stock-based compensation using the fair value method of accounting and recognizes 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 months ended March 31, 2007 and 2006 was $842,737 and $206,329, respectively.

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 with the following assumptions: Risk free interest rate – 4.00% (2006 – 4.00%); expected life – 4.5 years (2006 – 4.5 years); expected volatility – 60.0% (2006 – 60.0%); expected dividend yield – nil (2006 – nil).

Per Share Information

The weighted average number of common shares outstanding during the three months ended March 31, 2007 was 88,258,483 (2006 – 54,921,035). The fully diluted weighted average number of common shares outstanding during the period was 91,574,163 (2006 – 57,834,483). For 2007, 2,578,180 stock options (2006 – 1,469,004), nil warrants (2006 – nil) and 737,500 broker warrants (2006 – 1,444,444) were included in the calculation of fully diluted weighted average number of common shares.

(6) Segmented information

March 31, 2007	**Revenue**	**Earnings (Loss)**	**Identifiable assets**
	Three Months Ended $	**Three Months Ended $**	**As at $**
Canada	-	(1,502,442)	64,800,361
Argentina	3,297,875	566,690	29,754,919
New Zealand	-	(4,638)	772
United Kingdom	-	(328,912)	74,780,998
Total	3,297,875	(1,269,302)	169,337,050

March 31, 2006	**Revenue**	**Earnings (Loss)**	**Identifiable assets**
	Three Months Ended $	**Three Months Ended $**	**As at $**
Canada	-	(241,176)	26,939,024
Argentina	2,733,767	878,301	19,423,373
Australia	-	(23,944)	798,010
Czech Republic	107,054	64,833	1,513,127
New Zealand	-	(1)	2,782
Tanzania	-	(2,434)	-
United Kingdom	-	(129,588)	9,922,057
Total	2,840,821	545,991	58,598,373

(7) Related party transactions

The Company may from time to time enter into arrangements with related parties. In the first quarter of 2007, the Company incurred fees of $1,715 (2006 - $2,684) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner.

(8) Commitments and contingencies

United Kingdom

In 2006 the Company acquired a 75% working interest in Block 21/28a for US$8 million. The Company is the operator of the block and intends to implement a work programme in 2007 that includes seismic acquisition, processing and interpretation. A decision to drill or drop the block must be made by November 30, 2007. On approval of a field development plan, the Company has agreed to pay an additional US$10 million as part of the acquisition cost of the block.

Argentina

On October 11, 2006, resolution 776/2006 was published in Argentina by the Ministry of Economy and Production setting forth its position that export taxes initially announced as an emergency measure in January 2002 were applicable on oil, gas and natural gas liquids exports from Tierra del Fuego. A subsequent resolution was published by the Customs Authority stating that the export tax should be collected retroactively to January 2002. An appeal of both resolutions and an injunction to prevent collection of the export tax on a retroactive basis has been filed by the Company. In February 2007, a court granted the injunction pending the outcome of appeals.

If the retroactive application of the export tax is upheld, further analysis is required of the Company's exposure, if any, to export taxes related to exports by the previous owners of the licences. No export taxes on exports prior to October 11, 2006 have been recorded in the consolidated financial statements as amounts and outcome are currently not determinable. The Company has begun to record and pay export taxes on exports subsequent to October 11, 2006. On January 16, 2007, the Argentina government issued Law 26,217 which extended all export taxes for a further five years and specifically included exports from Tierra del Fuego.

(9) Subsequent event

On May 11, 2007, the Company completed a public offering of 10,000,000 common shares at a price of $5.00 per common share for gross proceeds of $50,000,000. An over-allotment option to issue an additional 1,500,000 common shares at a price of $5.00 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were $57,500,000.

DIRECTORS

Stephen Greer
President and Chief Executive Officer,
Antrim Energy Inc.

Dr. Brian Moss (1) (,3)
President and CEO,
Los Altares Resources Ltd.

Dr. Gerry Orbell (1) (2)
Chairman and CEO,
Sound Oil plc

Jim Perry (1) (3)
President, CEO and Director,
Alternative Fuel Systems (2004) Inc.

Jay Zammit (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

Anthony J. Potter, C.A.
Chief Financial Officer and Corporate Secretary

Kerry Fulton, P. Eng.
Chief Operating Officer

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

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Antrim Oil and Gas Limited
Antrim Resources (N.I.) Limited
Netherfield Corporation

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Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

Ryder Scott Company

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

Toronto Stock Exchange: Trading Symbol "AEN"
London Stock Exchange (AIM): Trading Symbol "AEY"