

ANTRIM ENERGY INC.

INTERIM FINANCIAL REPORT – THIRD QUARTER 2009

Three and Nine Months Ended September 30, 2009

All financial figures are unaudited and in US dollars unless otherwise noted

HIGHLIGHTS:

- **Increased average production in Argentina to 2,011 boepd in Q3, current production is 2,050 boepd**
- **Average gas price in Argentina increased 57% to \$1.49 per mcf from \$0.95 in Q3 2008**
- **Internal resource estimates indicate risked prospective resources of 29.7 MMbbls (low estimate), 54.9 MMbbls (best estimate) and 105.5 MMbbls (high estimate) in the recently acquired Greater Fyne Area**
- **Financial flexibility with strong cash position of US \$31.3 million and no debt**

In the first nine months of 2009, average production in Argentina increased to 1,790 barrels of oil equivalent per day (“boepd”) compared to 1,418 boepd in the same period of 2008. Oil and gas revenue was \$9.6 million for the nine months ended September 30, 2009 compared to \$9.4 million for the same period in 2008. Although revenue was essentially unchanged for the nine month period, higher gas production and gas prices were offset by lower oil prices in 2009 as compared to 2008. Antrim generated cash flow from operations of \$0.3 million for the nine months ended September 30, 2009 compared to \$1.3 million for the same period in 2008. Cash flow was negatively impacted in 2009, as compared to 2008, by lower interest and other income and higher operating expenses partially offset by lower general and administration expenses. Due to increased gas volumes, current production in Argentina is approximately 2,050 boepd.

Antrim has emerged from the global financial crisis in a strong fiscal position with \$31.3 million in cash, no debt and is positioning itself to achieve production startup from the North Sea properties.

The Company is currently undertaking an intensive effort to farm-out or sell a portion of its UK high working interest assets to reduce operational risk and fund the required production infrastructure. A Field Development Plan (“FDP”) for the Fyne Field is currently being constructed and is expected to be submitted in the first half of 2010.

Antrim acquired interests in blocks in the 25th bid round that surround the Fyne Field. Antrim continues to evaluate and develop an exploration strategy for these recently acquired licences. The Company has identified drilling targets on these blocks, which if successful, could be tied in to a future Fyne production infrastructure. Some of these additional targets are undeveloped oil discoveries drilled by previous operators. Antrim holds 100% interest in each of these new licences. Antrim estimates the range of total risked prospective resources on these licences to be 29.7 million barrels (“MMbbls”) (low estimate), 54.9 MMbbls (best estimate) and 105.5 MMbbls (high estimate). These prospective resources have been risked for chance of discovery but not for chance of

development. If a discovery is made, there is no certainty that it will be developed, or if it is developed, there is no certainty as to the timing of such development.

In Argentina, commodity prices continue to rise, providing the company with renewed confidence in the region. Antrim has identified eight wells targeting gas bearing reservoirs in Tierra del Fuego, which are being considered for drilling in 2010. This along with increases in pipeline capacity in the latter half of 2010 should allow Antrim Argentina to exit 2010 with 20% higher production rates of approximately 2,500 boed.

Financial and Operating Results (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30 2009	September 30 2008	September 30 2009	September 30 2008
<u>Financial Results (\$000's except per share amounts)</u>				
Revenue	4,236	3,338	9,581	9,383
Cash flow from operations ⁽¹⁾	744	886	311	1,339
Cash flow from operations per share ⁽¹⁾	0.01	0.01	0.00	0.01
Net (loss)	(1,751)	(1,507)	(6,489)	(5,879)
Net (loss) per share – basic	(0.01)	(0.01)	(0.05)	(0.05)
Total assets	287,794	328,911	287,794	328,911
Working capital	33,725	49,671	33,725	49,671
Expenditures on petroleum and natural gas properties	1,052	32,939	5,330	85,191
Debt	-	-	-	-
<u>Common shares Outstanding (000's)</u>				
End of period	135,281	135,054	135,281	135,054
Weighted average – basic	135,281	132,489	135,281	122,629
Weighted average – diluted	135,281	132,489	135,281	122,629
<u>Production</u>				
Oil, natural gas and NGL production (boe per day) ⁽²⁾	2,011	1,358	1,790	1,418

⁽¹⁾ This is a non-GAAP measure (see MD&A)

⁽²⁾ 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 – Blocks 21/28a, 21/24b, 21/24c, 21/28b and 21/29c (“Greater Fyne Area”)

The Greater Fyne Area, which includes the recently acquired surrounding blocks, has rapidly developed into Antrim’s core operational area in the UK. An FDP for the 20 million barrel (gross) Fyne Field block (21/28a) is being prepared. Production systems and an export route are currently

under evaluation including production through existing infrastructure located between 7 and 21km from the Fyne Field or the deployment of an independent floating production storage and offloading system (“FPSO”). The Fyne Field forms the core of this group of Antrim owned and operated licences in the Central North Sea including several licences awarded in the recent UK 25th Seaward Licensing Round (blocks 21/24b, 21/24c, 21/28b and 21/29c).

As previously announced, Antrim has completed its internal resource estimates for these additional licences. Antrim holds 100% interest in these licences and has estimated the range of total risked prospective resources to be 29.7 MMbbls (low estimate), 54.9 MMbbls (best estimate) and 109.9 MMbbls (high estimate). These prospective resources are risked for chance of discovery but not for chance of development. If a discovery is made, there is no certainty that it will be developed, or if it is developed there is no certainty as to the timing of such development.

Antrim is continuing the work program on the four blocks awarded in the Licensing Round. The Company is purchasing 3D seismic data over each of the licences and plans to selectively process this seismic data to further evaluate the three existing undeveloped discoveries as well as the identified prospects. Antrim will apply the experience gained in the Fyne Field to evaluate these blocks for Tay Sandstone reservoir potential as well as deeper oil targets.

United Kingdom - Block 211/22a South East and Block 211/23d (“Causeway”)

Further reservoir engineering work has been performed on Antrim’s Causeway Field including incorporating the results of recent geological and geophysical work using reprocessed Causeway 3D seismic data. Antrim’s plan is to submit a revised FDP in the first half of 2010, which would incorporate the benefits from cost reductions it has identified.

There are no additional wells planned before oil is produced under the proposed first phase of the development which will involve production from the 2006 discovery well 211/23d-17z supported by the pressure maintenance well 211/23d-18 drilled in 2008. Facility construction commitments will not be undertaken until these commitments are fully funded.

Argentina – Tierra del Fuego, Austral Basin

Net production to Antrim from the Tierra del Fuego licences in the nine months ended September 30, 2009 increased 41% to 1,556 boepd compared to 1,102 boepd for the same period in 2008. Gas and natural gas liquids (“NGL”) production in the third quarter of 2009 was 8.4 mmcf/d and 64 barrels per day, respectively, compared to 4.4 mmcf/d and 44 barrels per day in the same period in 2008.

The pipeline linking the Company’s gas producing fields with the San Martin gas sales line across the Straits of Magellan has enabled Antrim to redirect and deliver gas to the continent where higher prices are available. The system is currently delivering 27.1 (net 7.0) million cubic feet per day (mmcf/d) to mainland markets compared to 24.3 (net 6.3) mmcf/d at the end of the second quarter of 2009.

Net oil production in the first nine months of 2009 was 303 bopd and 300 bopd for the comparable period in 2008. In the third quarter 2009, net oil production was 323 bopd compared to 287 bopd in the same period 2008.

The 2008 drilling program in Tierra del Fuego was successful in adding reserves, future production potential and significant value. Given the successful results of this drilling program, the Company has focused on well completion and infrastructure improvements in 2009 to increase production through its connection to the San Martin pipeline linking Tierra del Fuego with the mainland. In August 2009 the government owned gas transportation company commenced work on a project to build a second gas pipeline across the Straits of Magellan for the purpose of doubling gas deliveries from Tierra del Fuego. This project is expected to be completed in the third quarter of 2010. In anticipation of increased access to mainland markets and upward pressure on commodity prices, Antrim has identified eight (2.1 net) wells targeting gas bearing reservoirs on the concession which are being considered for drilling in 2010.

Argentina – Medianera and Tres Nidos Sur, Neuquen Basin

The Medianera licence was determined uneconomic at current oil prices and in February 2009, Antrim shut-in all production from the field. Under the terms of the Tres Nidos Sur licence, Antrim must acquire a minimum of 50 km² of 3D seismic and drill an exploration well by end 2009. Antrim is considering its alternatives including the potential of deferring this commitment into 2010. Antrim has a 70% working interest in the Tres Nidos Sur Licence.

Argentina – North West Basin

Net production to Antrim from the Puesto Guardian Licence in the first nine months of 2009 averaged 229 bopd compared to 261 bopd for the same period in 2008. In the third quarter of 2009, production averaged 218 bopd, compared to 246 bopd in the same period in 2008. The reduction in production volumes for the third quarter 2009 was due to three wells requiring pump and downhole equipment repairs. Antrim has a 40% working interest in the Puesto Guardian Licence.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following management’s discussion and analysis (“MD&A”) of Antrim Energy Inc. (“Antrim” or the “Company”), dated November 12, 2009, should be read in conjunction with Antrim’s unaudited consolidated financial statements for the three and nine months ended September 30, 2009 and Antrim’s MD&A and audited consolidated financial statements for the year ended December 31, 2008. 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 US dollars.

Forward-Looking Statements

This MD&A and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information, which are based on Antrim’s current internal expectations, estimates, projections, assumptions and beliefs. 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. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may base actual results or events to differ materially from those anticipated in such forward-looking statements or information. Antrim believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that those expectations will prove to be correct and such forward-looking statement and information included in this MD&A and any documents incorporated by reference herein should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this MD&A or the particular document incorporated by reference herein and Antrim does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

In particular, this MD&A and any documents incorporated by reference herein, contain specific forward-looking statements and information pertaining to the following:

- the quality of and future net revenues from Antrim’s reserves;
- oil, natural gas liquids (“NGL”) and natural gas production levels;
- commodity prices, foreign currency exchange rates and interest rates;
- capital expenditure programs and other expenditures;
- supply and demand for oil, NGL and natural gas;
- expectations regarding Antrim’s ability to raise capital and to continually add to reserves through acquisitions and development;
- schedules and timing of certain projects and Antrim’s strategy for growth;
- Antrim’s future operating and financial results; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

With respect to forward-looking statements contained in this MD&A and any documents incorporated by reference herein, Antrim has made assumptions regarding, among other things:

- Antrim’s ability to obtain additional drilling rigs and other equipment in a timely manner, as required;
- future oil and natural gas production levels from Antrim’s properties;
- the level of future capital expenditure required to exploit and develop reserves; and
- Antrim’s ability to obtain financing on acceptable terms, as required.

Antrim’s actual results could differ materially from those anticipated in these forward-looking statements and information as a result of both known and unknown risks, including the risk factors in this MD&A and those set forth under “Risk Factors” in Antrim’s Annual Information Form (“AIF”) for the year ended December 31, 2008 and those set forth below:

- volatility in market prices for oil, NGL and natural gas;
- changes or fluctuations in oil, NGL and natural gas production levels;
- changes in foreign currency exchange rates and interest rates;
- changes in capital and other expenditure requirements and debt service requirements;
- liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing problems;
- uncertainties associated with estimating reserves;

- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- Antrim's success at acquisition, exploitation and development of reserves;
- changes in general economic, market and business conditions in Canada, North America, the United Kingdom, Europe and worldwide, including the recent global economic downturn;
- actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws.

Statements relating to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout the AIF and in the M&A. Readers are specifically referred to the risk factors described in the AIF under "Risk Factors" and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Vice President, Operations for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A.

Non- GAAP Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under generally accepted accounting principles ("GAAP") and may not be comparable to those 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. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow from operations to its nearest measure prescribed by GAAP is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
\$				
Cash flow from (used in) operating activities	(18,619)	(127,167)	(1,178,715)	1,026,542
Increase in non-cash working capital	(762,341)	(1,012,836)	(1,489,758)	(312,311)
Cash flow from operations	743,722	885,669	311,043	1,338,853

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue from the sale of oil, natural gas and NGL for the three and nine month periods ended September 30, 2009 and 2008 consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
(\$000's)				
Oil	2,846	2,707	6,119	7,240
Natural gas	1,248	466	3,218	1,337
NGL's	142	165	244	806
Total Oil, Natural gas and NGL Revenue	4,236	3,338	9,581	9,383

Revenue increased in the third quarter of 2009, as compared to the same period in 2008, due to the sale of oil inventory from the second quarter, higher gas prices and gas production partially offset by lower oil production. In the nine months ended September 30, 2009, as compared to the same period in 2008, revenue increased because of higher gas production and prices received offset by lower oil and NGL production and lower oil and NGL prices.

The sale of crude oil from Tierra del Fuego can be impacted by intermittent shipments. Due to a ship delay in June, all of the second quarter production from Tierra del Fuego was sold in July 2009. As at June 30, 2009, Antrim held 33,900 (2008 – 25,700) barrels of oil in inventory, the majority of which related to Tierra del Fuego. A second delivery in early September reduced inventory to 16,200 (2008-18,600) barrels of oil as at September 30, 2009.

Net revenue after royalties and export taxes increased to \$8.3 million for the nine months ended September 30, 2009 compared to \$8.0 million for the same period in 2008. For the three months ended September 30, 2009, net revenue after royalties and export taxes was \$3.6 million, compared to \$2.9 million for the same period in 2008.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three and nine month periods ended September 30, 2009 and 2008.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Oil (bbl/day)	541	582	536	616
Natural gas (mmcf/day)	8.4	4.4	7.2	4.4
NGL (bbl/day)	64	44	50	62
Total Production (boe/day)	2,011	1,358	1,790	1,418

Gas production increased in the three and nine month periods ended September 30, 2009, as compared to the same periods in 2008, due to the successful drilling program in Tierra del Fuego and tie-ins into the San Martin pipeline. For both the three and nine months ended September 30, 2009, the decrease in oil production was due to the shut-in of Medianera production in February 2009, three wells in Puesto Guardian requiring pump and equipment repairs and natural reservoir decline, as compared to the same periods in 2008. NGL production was curtailed during the first and second quarters due to unscheduled repairs to the refrigeration unit at the San Luis gas plant in Tierra del Fuego. The gas plant returned to operations in June 2009.

Oil prices averaged \$38.67 per barrel in the nine month period ended September 30, 2009 compared to \$43.30 per barrel in 2008. For the third quarter 2009, oil prices averaged \$42.18 per barrel compared to \$45.00 for the same period in 2008.

Oil production from both the Puesto Guardian and Tierra del Fuego concessions 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 the WTI crude oil increases. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to \$42 per barrel, regardless of the price of WTI. The application of the mandated discount on domestic oil sales results in a similar ceiling, after quality adjustments, in the domestic market. Oil production from the Tierra del Fuego concessions is stored and periodically transported by ship to a refinery on the mainland.

Antrim’s sales gas prices in Argentina averaged \$1.49 and \$1.50 per mcf in the three and nine month periods ended September 30, 2009 compared to \$0.95 and \$0.90 per mcf for the same periods in 2008. The commissioning of the San Martin pipeline in September 2008 allowed Antrim to sell a higher proportion of its gas production to higher priced industrial markets on the mainland instead of the Tierra del Fuego residential market with its fixed price of \$0.36 per mcf.

NGL prices, before export taxes, averaged \$37.86 per barrel in the nine months ended September 30, 2009 compared to \$47.44 per barrel for the comparable period in 2008. For the third quarter 2009, NGL prices averaged \$42.65 per barrel compared to \$41.29 for the same period in 2008. NGL prices

rose in the third quarter 2009 due to an increase in the NGL reference price combined with a larger portion of NGL being exported to higher priced markets in Chile.

Royalties and Export Tax

The following table provides a comparative analysis of royalty and export tax expenses for the three and nine month periods ended September 30, 2009 and 2008.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2009
(\$000's)				
Royalties	596	384	1,237	1,162
Percentage of Total revenue	14.1	11.5	12.9	12.4
Export tax	50	78	72	261
Percentage of NGL revenue	35.3	47.3	29.7	32.4

Export taxes, as a percentage of NGL revenue, decreased in 2009 compared to 2008 as exports to Chile were curtailed for much of 2009 due to restrictions in obtaining export permits.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three and nine month periods ended September 30, 2009 and 2008.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
\$/boe				
Wellhead price	21.17	25.37	19.42	24.25
Royalties	(2.98)	(2.92)	(2.51)	(3.00)
Export tax	(0.25)	(0.59)	(0.15)	(0.68)
Operating expenses	(9.11)	(8.61)	(10.04)	(9.06)
Netback	8.83	13.25	6.72	11.51
Oil, Natural gas and NGL sales (boe)	200,098	131,567	493,448	386,872
Oil, Natural gas and NGL sales (boepd)	2,175	1,430	1,808	1,412

The decrease in netbacks for the three and nine month periods ended September 30, 2009, compared to the corresponding periods in 2008 is primarily due to lower oil and NGL prices, lower export taxes and higher operating expenses partially offset by higher gas prices. In 2009, Antrim changed the classification of administrative costs charged from field operators. In the first nine months of 2009, \$0.6 million (\$1.27 per boe) was recorded as operating expenses. For the comparable period in 2008, \$0.5 million was recorded as general administrative expense.

While 2009 also benefited from the reduction in export taxes, the export tax reduction was more than offset by lower wellhead prices and increased operating costs attributed to higher personnel and land rental costs.

General and Administrative

General and administrative (“G&A”) costs decreased in the first three quarters of 2009 to \$4.1 million compared to \$5.8 million for the comparable period in 2008. The reduction in G&A is a result of lower salaries and bonus expense combined with the reclassification of Argentina administrative costs charged from field operators to operating expenses. During the nine month period of 2009, Antrim capitalized \$0.6 million (2008 - \$2.1 million) of G&A costs related to exploration and development activity in Argentina and United Kingdom.

Depletion and Depreciation

Depletion and depreciation expense was \$4.4 million for the first three quarters of 2009 compared to \$3.6 million in 2008. The consolidated per unit charge for the first nine months of 2009 was \$9.03 per boe compared to \$9.21 per boe in the same period of 2008. No depletion was recorded with respect to the \$222 million of United Kingdom assets as they are classified as unproven properties. Depletion of these assets will commence with production.

Foreign Exchange Loss and Comprehensive (Loss) Income

A significant portion of the Company’s activities are transacted in or referenced to US dollars, Canadian dollars, British pounds sterling or Argentine pesos. The Company’s operating costs and certain of the Company’s payments in order to maintain property interests are to be in the local currency of the jurisdiction where the applicable property is located. As a result, fluctuations in the Canadian dollar, British pounds sterling and Argentine peso against the US dollar, and each of those currencies against any other local currencies in jurisdictions where properties of the Company are located, could result in unanticipated fluctuations in the Company’s financial results which are denominated in US dollars. The Canadian dollar and British pounds sterling exchange rates strengthened while the Argentine peso exchange rate weakened relative to the US dollar during the first nine months of 2009.

The Company incurred a foreign exchange gain of \$29,246 for the nine months ended September 30, 2009 compared to a gain of \$193,191 in the same period in 2008.

Effective January 1, 2009, the Company changed the functional currency for its operations in Argentina from Canadian dollars to Argentine pesos. Recent operational events in Argentina, with the tie-in of gas production in Tierra del Fuego resulted in the business becoming a self sustaining entity. On a prospective basis, the Company has adopted the current rate method for foreign exchange translation for its Argentina operations. Under the current rate method all balance sheet items are translated at the balance sheet date exchange rate and revenue and expense items at the exchange rate in effect at the date of the transaction. The resulting foreign exchange gain or loss is reported as an unrealized gain (loss) in comprehensive income (loss). The remaining operations of Antrim have the Canadian dollar as the functional currency. Assets and liabilities are translated into the reporting

currency at the period end exchange rates and the results of changes in these rates are recorded as an unrealized gain (loss) in comprehensive income (loss).

The exchange rate for the Canadian dollar relative to the United States dollar increased from US \$0.82 at December 31, 2008 to US \$0.92 at September 30, 2009 resulting in an unrealized gain on translation of the consolidated assets and liabilities of \$32.7 million for the nine months ended September 30, 2009. The remaining \$8.7 million unrealized loss on translation resulted from the exchange rate for the Argentine peso relative to the United States dollar weakening from US \$0.29 at December 31, 2008 to US \$0.26 at September 30, 2009.

Cash Flow and Net Income (Loss)

In the three month period ended September 30, 2009 Antrim generated cash flow from operations of \$0.7 million (\$0.01 per share) compared to \$0.9 million (\$0.01 per share) in the same period in 2008. Cash flow from operations was \$0.3 million (\$0.00 per share) in the first nine months of 2009 compared to cash flow of \$1.3 million (\$0.01 per share) for the same period in 2008. Cash flow decreased for the nine month period in 2009, as compared to 2008, primarily due to lower interest and other income and higher operating costs offset by lower general and administrative expenses.

In the third quarter of 2009 and 2008, Antrim incurred net losses of \$1.8 million and \$1.5 million respectively. For the nine months ended September 30, 2009, the Company incurred a net loss of \$6.5 million compared to \$5.9 million in the same period in 2008.

Capital Expenditures

Antrim incurred capital expenditures related to petroleum and natural gas properties of \$1.1 million and \$32.9 million for the third quarter of 2009 and 2008, respectively. For the nine month periods ended September 30, 2009 and 2008, capital expenditures were \$5.3 million and \$85.2 million. Capital expenditures were significantly reduced in 2009, as compared to 2008, as the drilling programs in the UK and Argentina concluded in 2008.

Financial Resources and Liquidity

As at September 30, 2009, Antrim had working capital of \$33.7 million and no debt. There were no restrictions on the use of cash and cash equivalents at September 30, 2009. Accounts payable and accrued liabilities decreased to \$3.3 million at September 30, 2009 from \$6.2 million as at December 31, 2008 primarily due to reduced capital activity.

Antrim invests cash not required for immediate operations needs in Canadian denominated short-term bankers' acceptances and money market instruments. Antrim has no exposure to asset backed commercial paper.

Although there have been improvements in the global economy and financial markets in recent months, there continues to be restrictions on availability of credit which may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary. The Company has reduced the time frame in projecting its future

expenditures from an annual budget to a quarterly, and, where applicable, monthly forecast process to enable Antrim to better adapt to changing market conditions. Although Antrim may need to raise additional funds from internal or external sources, if available, in order to develop its UK properties, the Company maintains flexibility to minimize financial commitments on these assets.

In July 2008, Antrim entered into an agreement with the Bank of Scotland plc for a \$50 million working capital facility. The working capital facility is available, subject to certain conditions, for pre-development costs associated with Antrim's Causeway property and for the appraisal of the Fyne and Dandy fields. The amount available under the facility may increase as Antrim prepares, submits and receives final approval of the Field Development Plan ("FDP") for the Causeway field. Availability under this working capital facility is presently \$10 million. The Company is required to maintain two financial covenants being a semi-annual interest coverage ratio of 2:1 and an ongoing requirement that cash plus available borrowings under the facility are at least equal to its planned capital expenditures for the forthcoming three month period. No amounts have been drawn on this bank facility and Antrim has no current intention of drawing on the facility which matures on January 18, 2010.

Antrim has various commitments, which are described more fully in Note 14 to the consolidated financial statements. During the third quarter of 2008, Antrim made a commitment of \$812,083 related to the building and commissioning of a second gas sales pipeline across the Straits of Magellan linking gas production from the island of Tierra del Fuego with the mainland with work commencing in August 2009. The commitment is expected to be paid by the end of 2009.

Outlook

Antrim's strong financial position which includes unrestricted cash available of \$31.3 million and no debt, provides Antrim with continued financial and operational flexibility.

Antrim maintains a high working interest and operational control of its two major UK properties and plans to continue development of its Causeway and Fyne fields. In addition, Antrim continues to evaluate and develop an exploration strategy for the recently acquired blocks in the Greater Fyne Area. The work program on these blocks is continuing with the purchase and reprocessing of 3D seismic data.

Antrim is currently in the process of seeking a partner to assist in funding of its UK assets. The company is undertaking an extensive search for an industry partner to fund the capital expenditures required to ensure the target production start up in the UK by 2011.

In Argentina, Antrim anticipates 2009 production to average approximately 1,800 boepd. Prices for oil and natural gas are expected to increase. Along with the twinning the gas pipeline across the Straits of Magellan, the increase in prices has renewed Antrim's commitment to the region which includes consideration to drill eight wells (2.1 net) in Tierra del Fuego in 2010.

Summary of Quarterly Results

(\$000, except per share amounts)	Oil, Natural Gas and NGL Revenue, Net of Royalties and Export Tax	Cash Flow from Operations (deficiency)	(Loss)	(Loss) Per Share – Basic
2009				
Third quarter	3,590	744	(1,751)	(0.01)
Second quarter	1,821	(716)	(2,888)	(0.03)
First quarter	2,861	283	(1,850)	(0.01)
Total	8,272	311	(6,489)	(0.05)
2008				
Fourth quarter	2,313	(1,032)	(7,152)	(0.05)
Third quarter	2,875	886	(1,507)	(0.01)
Second quarter	1,849	(986)	(3,564)	(0.03)
First quarter	3,236	1,439	(808)	(0.01)
Total	10,273	307	(13,031)	(0.10)
2007				
Fourth quarter	3,297	1,060	(1,754)	(0.01)
Third quarter	2,601	882	(2,260)	(0.02)
Second quarter	2,830	1,720	(3,330)	(0.04)
First quarter	2,422	795	(1,084)	(0.01)
Total	11,150	4,457	(8,428)	(0.08)

Changes in Accounting Policies

Effective January 1, 2009, the Company changed the functional currency for its operations in Argentina from Canadian dollars to Argentine pesos. Recent operational events in Argentina, with the tie-in of gas production in Tierra del Fuego and the deferment of additional drilling for 2009, resulted in the business becoming a self sustaining entity. On a prospective basis, the Company has adopted the current rate method for foreign exchange translation for the Argentina business. Under the current rate method all balance sheet items are translated at the balance sheet date exchange rate and revenue and expense items at the exchange rate in effect at the date of the transaction. The resulting foreign exchange gain or loss is reported as an unrealized gain (loss) in the comprehensive income (loss).

On January 1, 2009, the Company adopted new Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3064 “Goodwill and Intangible Assets” clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Adoption of this new accounting standard had no material effect on Antrim’s consolidated financial statements.

Conversion to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards (“IFRS”) is to take effect for financial years beginning on or after January 1, 2011. The key elements of the Company’s conversion plan include determining appropriate changes to accounting policies and disclosures, identifying and implementing associated changes to processes and information systems, ensuring compliance to internal controls and educating and training staff and other stakeholders. The Company has completed a diagnostic analysis of the differences between Canadian GAAP and IFRS and is assessing the effects on its conversion plan. At this time, the impact on the Company’s financial position and results of operations is not reasonably determinable for the accounting standards differences identified.

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In the first three quarters of 2009, Antrim incurred fees of \$27,661 (2008 - \$220,188) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. The Company had no off-balance sheet transactions in the nine month period ended September 30, 2009.

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 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 third quarter of 2009 that have materially affected, or are reasonably likely to materially affect the Company’s internal control 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.

Risks and Uncertainties

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

The availability of equity or debt financing is affected by many factors, many of which are outside the controls of the Company. Recent world financial market events and the resultant negative impact on

economic conditions have increased the risk and uncertainty of the availability of equity or debt financing.

Further discussions regarding the Company's risks and uncertainties, can be found in the December 31, 2008 Management's Discussion and Analysis and the Annual Information Form dated March 30, 2009 which are filed on SEDAR at www.sedar.com.

Stephen Greer

President and Chief Executive Officer

November 12, 2009

Antrim Energy Inc.
Consolidated Balance Sheets
As at September 30, 2009 and December 31, 2008 (unaudited)

	2009	2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	31,283,888	35,337,007
Accounts receivable	4,622,449	5,186,806
Inventory and prepaid expenses (note 4)	1,087,324	945,363
	<u>36,993,661</u>	<u>41,469,176</u>
Petroleum and natural gas properties (note 5)	247,907,983	226,968,744
Office equipment (note 6)	496,536	556,826
Future income taxes (note 11)	504,976	348,006
Investments and other non-current assets	1,890,442	2,018,697
	<u>287,793,598</u>	<u>271,361,449</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,269,142	6,201,849
	<u>3,269,142</u>	<u>6,201,849</u>
Asset retirement obligations (note 7)	11,504,944	9,913,898
	<u>14,774,086</u>	<u>16,115,747</u>
Commitments and contingencies (note 14)		
Shareholders' Equity		
Capital stock (note 8)	311,913,860	311,927,578
Contributed surplus (note 9)	14,866,141	11,664,179
Deficit	(43,516,202)	(37,027,268)
Accumulated other comprehensive income (loss) (note 10)	(10,244,287)	(31,318,787)
	<u>273,019,512</u>	<u>255,245,702</u>
	<u>287,793,598</u>	<u>271,361,449</u>

Antrim Energy Inc.
Consolidated Statements of Income (Loss) and Deficit
For the Periods Ended September 30, 2009 and 2008 (unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue				
Oil and gas	4,236,161	3,337,690	9,581,360	9,383,020
Royalties	(595,886)	(384,341)	(1,236,982)	(1,161,720)
Export tax	(50,327)	(77,778)	(72,497)	(261,414)
	3,589,948	2,875,571	8,271,881	7,959,886
Interest and other income	613,477	815,267	1,442,887	2,727,775
	4,203,425	3,690,838	9,714,768	10,687,661
Expenses				
Operating	1,823,486	1,132,492	4,956,551	3,504,459
General and administrative	1,306,950	1,573,076	4,069,057	5,832,356
Stock-based compensation	676,412	1,491,928	2,468,364	3,853,401
Depletion and depreciation	1,737,660	1,155,576	4,410,534	3,577,703
Accretion of asset retirement obligations	156,702	268,581	435,130	797,526
Foreign exchange (gain) loss	255,257	(67,816)	(29,246)	(193,191)
	5,956,467	5,553,837	16,310,390	17,372,254
Loss for the period before income taxes	(1,753,042)	(1,862,999)	(6,595,622)	(6,684,593)
Income tax expense (recovery)				
Current	4,503	3,158	81,532	39,795
Future	(6,112)	(358,768)	(188,220)	(845,298)
	(1,609)	(355,610)	(106,688)	(805,503)
Net Loss for the period	(1,751,433)	(1,507,389)	(6,488,934)	(5,879,090)
Deficit – Beginning of period	(41,764,769)	(28,367,927)	(37,027,268)	(23,996,226)
Deficit – End of period	(43,516,202)	(29,875,316)	(43,516,202)	(29,875,316)
Net loss per common share				
Basic	(0.01)	(0.01)	(0.05)	(0.05)
Diluted	(0.01)	(0.01)	(0.05)	(0.05)

Antrim Energy Inc.
Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other
Comprehensive Income (Loss)
For the Periods Ended September 30, 2009 and 2008 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net loss for the period	(1,751,433)	(1,507,389)	(6,488,934)	(5,879,090)
Comprehensive income (loss)				
Unrealized (loss) gain on translation of consolidated financial statements (note 10)	14,363,044	(7,012,363)	24,013,129	(14,951,246)
Comprehensive income (loss)	<u>12,611,611</u>	<u>(8,519,752)</u>	<u>17,524,195</u>	<u>(20,830,336)</u>
Accumulated other comprehensive income (loss) – Beginning of period	(24,607,331)	21,955,252	(31,318,787)	29,894,135
Change in accounting policy (note 2)	-	-	(2,938,629)	-
Other comprehensive (loss) income (note 10)	14,363,044	(7,012,363)	24,013,129	(14,951,246)
Accumulated other comprehensive income (loss) – End of period	<u>(10,244,287)</u>	<u>14,942,889</u>	<u>(10,244,287)</u>	<u>14,942,889</u>

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the Periods Ended September 30, 2009 and 2008 (unaudited)

	Three Month Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash Provided by (used in)				
Operating Activities				
Net loss for the period	(1,751,433)	(1,507,389)	(6,488,934)	(5,879,090)
Items not involving cash:				
Depletion and depreciation	1,737,660	1,155,576	4,410,534	3,577,703
Accretion of asset retirement obligations	156,702	268,581	435,130	797,526
Stock-based compensation expense	676,412	1,491,928	2,468,364	3,853,401
Foreign exchange (gain) loss	(69,507)	(164,259)	(325,831)	(165,389)
Future income taxes	(6,112)	(358,768)	(188,220)	(845,298)
	743,722	885,669	311,043	1,338,853
Change in non-cash working capital items (note 12)	(762,341)	(1,012,836)	(1,489,758)	(312,311)
	(18,619)	(127,167)	(1,178,715)	1,026,542
Financing Activities				
Issue of common shares	-	51,164,183	(6,859)	51,552,104
Share issue expense	-	(2,564,108)	-	(2,590,403)
	-	48,600,075	(6,859)	48,961,701
Investing Activities				
Office equipment	(34,075)	(50,099)	(108,525)	(446,284)
Petroleum and natural gas properties	(1,051,706)	(32,939,111)	(5,330,470)	(85,191,340)
Restricted cash	-	25,620,042	-	4,499,461
Other non-current assets	(127,190)	(218,633)	(110,384)	(865,937)
Change in non-cash working capital items (note 12)	36,559	(18,645,913)	(1,029,048)	(14,134,154)
	(1,176,412)	(26,233,714)	(6,578,427)	(96,138,254)
Effect of exchange rate changes on cash and short term deposits	(111,422)	(568,534)	(1,225)	(292,289)
Net effect of foreign exchange translation on cash flow	1,952,741	(714,110)	3,712,107	(3,399,803)
Net (decrease) increase in cash and cash equivalents	646,288	20,956,550	(4,053,119)	(49,842,103)
Cash and cash equivalents – Beginning of period	30,637,600	27,995,424	35,337,007	98,794,077
Cash and cash equivalents – End of period	31,283,888	48,951,974	31,283,888	48,951,974

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

1. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). 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, 2008. The Company changed its reporting currency from Canadian dollars (Cdn \$) to United States (US \$ or \$) effective January 1, 2008 and all amounts are reported in US \$ except as otherwise noted.

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

2. CHANGES IN ACCOUNTING POLICIES

Change in Functional currency

Effective January 1, 2009, the Company changed its functional currency from Canadian dollars (Cdn \$) to Argentine pesos (ARS) for its Argentina subsidiary, as the Company considers the subsidiary self sustaining and anticipates that the majority of its future income stream and expenditures will be denominated in ARS. The change was made on a prospective basis and as a result of the change, the Company recorded an adjustment to opening accumulated other comprehensive income (loss) of \$2.9 million as at January 1, 2009.

The functional currency of the parent company and all of its other subsidiaries continues to be Canadian dollars.

Other Changes

Effective January 1, 2009 the Company adopted CICA Section 3064 “Goodwill and Intangible Assets” clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Adoption of this new accounting standard has no material effect on Antrim’s consolidated financial statements.

3. UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards (IFRS”) is to take effect for financial years beginning or on after January 1, 2011. The key elements of the Company’s conversion plan include determining appropriate changes to accounting policies and disclosures, identifying and implementing associated changes to processes and information systems,

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

ensuring compliance to internal controls and educating and training staff and other stakeholders. The Company has completed a diagnostic analysis of the differences between Canadian GAAP and IFRS and is assessing the effects on its conversation plan. At this time, the impact on the Company's financial position and results of operations is not reasonably determinable for the accounting standards differences indentified.

4. INVENTORY AND PREPAID EXPENSES

Inventory and prepaid expense at September 30, 2009 include \$230,620 (2008 - \$579,836) of crude oil that has been produced but not sold. Inventories of crude oil are valued at the lower of average cost and net realizable value.

5. PETROLEUM AND NATURAL GAS PROPERTIES

	September 30, 2009		
	Cost	Accumulated depletion and depreciation	Net book value
	\$	\$	\$
Argentina	49,624,371	23,252,383	26,371,988
United Kingdom	224,465,865	2,929,870	221,535,995
	<u>274,090,236</u>	<u>26,182,253</u>	<u>247,907,983</u>

	December 31, 2008		
	Cost	Accumulated depletion and depreciation	Net book value
	\$	\$	\$
Argentina	52,735,538	19,276,107	33,459,431
United Kingdom	196,439,183	2,929,870	193,509,313
	<u>249,174,721</u>	<u>22,205,977</u>	<u>226,968,744</u>

During the period, the Company capitalized \$574,958 (2008 - \$2,109,329) of general and administrative and \$733,598 (2008 - nil) of stock-based compensation costs related to exploration and development activity. At September 30, 2009, petroleum and natural gas properties include \$221,535,995 (2008 - \$227,921,049) relating to unproven properties that have been excluded from the depletion calculation.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

6. OFFICE EQUIPMENT

Office equipment of \$496,536 (2008 - \$556,826) is net of accumulated depreciation of \$1,178,952 (2008 - \$1,090,513).

7. ASSET RETIREMENT OBLIGATIONS

At September 30, 2009, the estimated undiscounted asset retirement obligations are \$2,654,588 (2008 - \$2,870,854) and \$27,915,595 (2008 - \$28,853,413) for Argentina and United Kingdom, respectively. The Company expects the majority of the asset retirement obligations to be payable after 2023. The present value of the asset retirement obligations has been calculated using credit adjusted risk free rates of between 7.9% and 11.0% (2008 - 7.9% and 9.0%) and an inflation rate of 2.0% (2008 - 2.0%).

Changes to asset retirement obligations were as follows:

	September 30, 2009	December 31, 2008
	\$	\$
Asset retirement of obligations, beginning of period	9,913,898	9,650,649
Accretion expense	435,130	870,856
Increase in liabilities	-	2,893,189
Change in estimated future cash flows	-	(976,725)
Foreign currency translation	1,155,916	(2,524,071)
Asset retirement obligations, end of period	<u>11,504,944</u>	<u>9,913,898</u>

8. CAPITAL STOCK

Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares

Common shares issued

	Number of Shares	Amount \$
Balance – December 31, 2007	117,581,389	262,600,117
Bought deal financing	17,130,000	51,093,584
Employee share ownership plan	396,727	346,261
Exercise of stock options	214,000	332,955
Contributed surplus on exercise of stock options	-	150,708
Share issue costs	-	(2,596,047)
Balance – December 31, 2008	<u>135,322,116</u>	<u>311,927,578</u>
Employee share ownership plan	(41,011)	(13,718)
Balance – September 30, 2009	<u>135,281,105</u>	<u>311,913,860</u>

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

In July 2008, the Company issued 16,130,000 common shares at a price of Cdn \$3.10 per common share for gross proceeds of Cdn \$50,003,000. In August 2008, an over-allotment option was partially exercised for an additional 1,000,000 common shares at a price of Cdn \$3.10. Total gross proceeds from the financing, including over-allotment option, were Cdn \$53,103,000.

On December 31, 2008, the Company issued 41,011 common shares under the employee share ownership plan in excess of the amount of common shares authorized for this purpose by the Toronto Stock Exchange. These common shares were subsequently retracted by the Company and the total shares issued and outstanding was reduced by 41,011.

Stock options

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

Pursuant to the Company's stock option plan, as at September 30, 2009 there were 11,503,398 options outstanding to purchase Common share at prices ranging from \$0.31 Cdn to \$6.95 Cdn.

A summary of the status of the Company's stock option plan is presented below:

	September 30, 2009		December 31, 2008	
	Number of Options	Weighted -average exercise price Cdn \$	Number of Options	Weighted -average exercise price Cdn \$
Outstanding – Beginning of period	13,015,731	2.63	7,829,731	3.08
Granted	550,000	0.39	5,675,000	2.02
Expired/Cancelled	(2,062,333)	2.78	(275,000)	4.40
Exercised	-	-	(214,000)	1.41
Outstanding – End of period	11,503,398	2.50	13,015,731	2.63
Options Exercisable – End of period	4,779,083	2.83	4,370,421	1.68

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

Stock-Based Compensation Costs

The Company measures all stock-based compensation using the fair value method of accounting and recognizes the results 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 periods ended September 30, 2009 and 2008 were \$2,468,364 and \$3,853,401 respectively.

Options totaling 550,000 were granted during the nine month period ended September 30, 2009. The options granted had an estimated weighted-average fair value of \$0.36 per option. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate – 2.2% (2008 – 3.2%); expected life – 4.5 years (2008 – 4.5 years); expected volatility – 158.0% (2008 – 65.5%); expected dividend yield – nil (2008 – nil).

Per Share Information

In calculating basic and diluted net loss per common share amounts, the following weighted average shares were used:

	September 30, 2009	September 30, 2008
	Number of Shares	Number of shares
Weighted average number of shares outstanding	135,281,105	122,628,766
Exercisable stock options	-	-
Diluted average number of shares outstanding	135,281,105	122,628,766

Exercisable stock options of 4,779,083 at September 30, 2009 have been excluded from the diluted average number of shares outstanding, as they are anti-dilutive.

9. CONTRIBUTED SURPLUS

	September 30, 2009	December 31, 2008
	\$	\$
Balance - beginning period	11,664,179	6,706,403
Stock-based compensation expense	3,201,962	5,108,484
Transfer to share capital on exercise of stock options	-	(150,708)
Balance - end of period	14,866,141	11,664,179

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

10. OTHER COMPREHENSIVE INCOME

The consolidated assets and liabilities are translated from their functional currencies to the United States dollar reporting currency at the period end exchange rates and the results of changes in these rates are recorded as an unrealized gain (loss) in comprehensive income (loss) and accumulated comprehensive income (loss).

The exchange rate for the Canadian dollar relative to the United States dollar increased from US \$0.82 at December 31, 2008 to US \$0.92 at September 30, 2009 resulting in an unrealized gain on translation of the consolidated assets and liabilities of \$32,738,774.

Effective January 1, 2009 the Company changed its functional currency for its Argentine subsidiary to the Argentine peso from the Canadian dollar. As a result of this change, and due to the weakening of the Argentine peso from Cdn \$0.35 at December 31, 2008 to Cdn \$0.28 at September 30, 2009, Antrim recorded an unrealized loss of \$(8,725,645).

The exchange rate for the Canadian dollar relative to the United States Dollar declined from US \$1.02 at December 31, 2007 to US \$0.96 at September 30, 2008 resulting in an unrealized loss on translation of the consolidated assets and liabilities of \$(14,951,246).

11. INCOME TAXES

The components of the Company's net future income tax asset are as follows:

	September 30, 2009	December 31, 2008
	\$	\$
Future income tax asset:		
Tax basis of liabilities below carrying value	504,976	348,006
Net future income tax asset	<u>504,976</u>	<u>348,006</u>

The Company incurred losses in several of the countries that it operates in. No accounting recognition has been given to the losses as there is uncertainty with respect to the ability to generate sufficient taxable income to utilize the losses.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

12. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Operating Activities:				
(Increase) decrease in current assets:				
Accounts receivable	(643,614)	(791,636)	(67,651)	(456,926)
Inventory and prepaid expenses	344,355	28,931	(63,552)	(419,558)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	(463,082)	(299,530)	(1,351,696)	438,608
Employee share ownership plan contribution	-	49,399	(6,859)	125,565
	<u>(762,341)</u>	<u>(1,012,836)</u>	<u>(1,489,758)</u>	<u>(312,311)</u>
Investing activities:				
(Decrease) in current assets:				
Accounts receivable	540,404	(231,202)	559,636	(212,882)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	(503,845)	(18,414,711)	(1,588,684)	(13,921,272)
	<u>36,559</u>	<u>(18,645,913)</u>	<u>(1,029,048)</u>	<u>(14,134,154)</u>
Interest received	52,779	452,849	116,722	1,899,193
Income taxes paid	4,503	3,158	81,532	39,795

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

13. SEGMENTED INFORMATION

					September 30, 2009
	Revenue		(Loss)		Identifiable Assets
	Three Months Ended \$	Nine Months Ended \$	Three Months Ended \$	Nine Months Ended \$	As at \$
Canada	-	-	(1,349,079)	(4,543,071)	26,490,766
Argentina	4,236,161	9,581,360	305,465	(605,271)	36,069,335
United Kingdom	-	-	(707,819)	(1,340,592)	225,233,497
Total	4,236,161	9,581,360	(1,751,433)	(6,488,934)	287,793,598

					September 30, 2008
	Revenue		(Loss)		Identifiable Assets
	Three Months Ended \$	Nine Months Ended \$	Three Months Ended \$	Nine Months Ended \$	As at \$
Canada	-	-	(944,324)	(3,775,677)	45,187,066
Argentina	3,337,690	9,383,020	322,509	31,932	49,526,556
United Kingdom	-	-	(885,574)	(2,135,345)	234,197,820
Total	3,337,690	9,383,020	(1,507,389)	(5,879,090)	328,911,442

14. COMMITMENTS AND CONTINGENCIES

The Company has the following commitments in respect of its oil and gas properties:

United Kingdom – Fyne and Dandy

The Company acquired a 75% working interest in Block 21/28a in 2006 for \$8 million. On approval of a Field Development Plan, the Company has agreed to pay an additional \$10 million as part of the acquisition cost of the block.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

United Kingdom – South Larne

Under the terms of the Petroleum Prospecting Licence and the Minerals Prospecting Licence, Antrim was required to decide to drill or drop the licence by December 31, 2008. The Company received a one year extension to the licences on the drill or drop date from the Northern Ireland Department of Enterprise, Trade & Investment.

Argentina – Tres Nidos Sur

The Company acquired a 70% working interest in the Tres Nidos Sur Block in October 2007. Under the terms of the licence, the joint venture is required to acquire a minimum of 50 km² of 3D seismic and drill an exploration well by December 2009. Required permitting and environmental studies for the 3D seismic acquisition are underway.

Argentina – Tierra del Fuego

The Company made a commitment of \$812,083 related to the building and commission of a second gas sales pipeline across the Straits of Magellan linking gas production from the island of Tierra del Fuego with the Argentina mainland. The company paid \$178,091 of this commitment as of September 30, 2009 with the remaining amount to be paid in the fourth quarter of 2009. The company will receive interest bearing debt securities as consideration for the payments.

In addition to commitments in respect of its oil and gas properties, the Company is committed to payments under operating leases for office space, net of sub-lease arrangements, for the next five years as follows:

Year	\$
2009	193,635
2010	122,070
2011	102,646
2012	102,646
2013	102,646
	<u>623,643</u>

15. FINANCIAL AND CAPITAL MANAGEMENT

The Company's objective when managing its capital is to maintain adequate levels of funding to support its exploration and development program and provide flexibility in the future development of its business. Historically the Company raised all of its capital requirements from internally generated cash flow and by the issuance of common shares and securities exchangeable for common shares. The

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

Company's capital structure at September 30, 2009 consists entirely of common share capital. The Company had no bank debt at September 30, 2009.

Current restrictions on availability of credit may limit the Company's ability to access debt or equity financing for its development projects. The Company forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future liabilities and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process. This reduction in the time horizon will allow the Company to better adapt to changing market conditions. Although the Company may need to raise additional funds from outside sources, if available, in order to develop its UK properties, the Company maintains flexibility to minimize financial commitments on these assets.

In July 2008, Antrim entered into an agreement with the Bank of Scotland plc for a \$50 million working capital facility. The working capital facility is available, subject to certain conditions, for pre-development costs associated with the Company's Causeway property and for the appraisal of the Fyne and Dandy fields. The amount available under the facility may increase as the Company prepares submits and receives final approval of a field development plan for Causeway Field. Availability under this working capital facility is presently \$10 million. The Company is required to maintain two financial covenants being a semi-annual interest coverage ratio of 2:1 and an ongoing requirement that cash plus available borrowings under the facility are at least equal to its planned capital expenditures for the forthcoming three month period. No amounts have been drawn on this bank facility and Antrim has no current intention on drawing on the facility which matures on January 18, 2010.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification categories, which depend on the purpose for which the financial instruments were acquired and their characteristics, include held-for-trading, available-for-sale, held-to-maturity, loans and receivables, investments, and other liabilities. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

The Company's financial instruments consist of cash, short-term deposits, accounts receivable, other non-current assets and accounts payable. Cash and short-term deposits are categorized as held-for-trading and are accounted for at fair value with the change in fair value recognized in net income during the period. Accounts receivable and other non-current assets are classified as loans and receivables and are accounted for at amortized cost. Accounts payable are classified as other liabilities and are accounted for at amortized cost. Due to the short-term maturity of the Company's financial instruments, fair values approximate carrying amounts.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

Financial risks

The Company is exposed to financial risks encountered during the normal course of its business. These financial risks are composed of credit risk, liquidity risk, and market risk including commodity price and foreign currency exchange risks.

a) Credit risk

The Company is exposed to the risk that its counterparties will fail to discharge their obligations to the Company on its cash, cash equivalents and accounts receivable.

Cash, cash equivalents and restricted cash are on deposit with reputable Canadian and international banks, and therefore the Company does not believe these financial instruments are subject to material credit risk. All oil and gas production is from two properties in Argentina. The majority of one property's production is sold to three purchasers while the other property's production is sold to a single purchaser. Factors included in the assessment of accounts receivable for impairment are the relationship between the purchasers and the Company and the age of the receivable. As at September 30, 2009, the Company has provided for an allowance for doubtful accounts that is not material.

The Company's maximum exposure to credit risk at September 30, 2009 is equal to the carrying amount of cash, cash equivalents, restricted cash and accounts receivable on the Company's balance sheet on that date.

b) Liquidity risk

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations. The Company manages this risk by forecasting cash flows in an effort to identify future liabilities and arrange financing, if necessary. It may take many years and substantial cash expenditures to pursue exploration and development activities on all of the Company's existing undeveloped properties. Accordingly, the Company may need to raise additional funds from outside sources in order to explore and develop its properties. There is no assurance that adequate funds from debt and equity markets will be available to the Company in a timely manner.

c) Market Risk

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

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the Periods Ended September 30, 2009 and 2008 (unaudited)

Commodity price risk

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

Foreign currency exchange risk

The Company is exposed to fluctuations in foreign currency exchange rates as many of the Company's financial instruments are denominated in United States dollars, British pounds sterling, or Argentine pesos, while the functional currency of the Company is Canadian dollars. As a result, fluctuations in the United States dollar, British pounds sterling, and Argentine peso against the Canadian dollar could result in unanticipated fluctuations in the Company's financial results. The Company seeks to minimize foreign exchange risk by holding cash and cash equivalents in Canadian dollars when not required in support of current operations.

17. RELATED PARTY TRANSACTIONS

The Company may from time to time enter into arrangements with related parties which are accounted for at the exchange amount. In the first three quarters of 2009, the Company incurred fees of \$27,661 (2008 - \$220,188) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner.

DIRECTORS

Stephen Greer
President and Chief Executive Officer
Antrim Energy Inc.

Colin Maclean ⁽²⁾⁽³⁾
Independent Businessman

Dr. Brian Moss
Executive Vice President, Latin America
Antrim Energy Inc,

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

James C. Smith ⁽¹⁾⁽²⁾
Independent Businessman

Jay Zammit ⁽²⁾
Partner
Burstall Winger LLP

- (1) Member of the Audit Committee*
- (2) Member of the Compensation Committee*
- (3) Member of the Reserves Committee*

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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 Resources (N.I.) Limited
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Calgary, Alberta

BANKERS

Bank of Scotland
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 LISTINGS

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

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