ANTRIM ENERGY INC. Q3 2013

INTERIM FINANCIAL REPORT – THIRD QUARTER 2013

HIGHLIGHTS:

- **Causeway production rates average gross 1,439 bbls/day (net 421 bbls/day) for third quarter of 2013. Year to date average gross 2,334 bbls/day (net 683 bbls/day)**
- **Oil revenue of $22.5 million and cash flow from operations of $9.1 million**
- **Sale of Tanzania option for $7.5 million in July 2013**
- **Ireland seismic program completed in September 2013**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") provides a detailed explanation of Antrim Energy Inc.'s (the "Company" or "Antrim") operating results for the three and nine month periods ended September 30, 2013 compared to the same periods ended September 30, 2012 and should be read in conjunction with the audited consolidated financial statements of Antrim for the year ended December 31, 2012. This MD&A has been prepared using information available up to November 13, 2013. The interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted all amounts are reported in United States dollars.

Going Concern

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

There are a number of material uncertainties that raise significant doubts as to the Company's ability to continue as a going concern, including compliance with debt covenants, the performance of producing wells and related infrastructure, oil prices, ability to finish the planned development program for Causeway within budget, ability to secure additional financing, relinquishment of commitments on certain licences and settlement of contingencies. If the assumption in respect to the ability of the Company to continue as a going concern is not appropriate, adjustments to the carrying amounts of assets and liabilities, revenues and expenses and the statement of financial position classifications used may be necessary. Such adjustments could be material.

In January 2013, the Company entered into a $30 million payment swap transaction which is subject to a number of financial and operating covenants as well as restrictions on various cash balances. The Company is or expects to be in breach of certain covenants and had insufficient cumulative production to remove restrictions related to the use of proceeds from oil sales. In addition, based on recent information from the operator the Company now anticipates higher than expected capital costs to complete the Causeway development for which the Company is subject to requirements to place additional funds into a reserve account with the lender. Failure to fund capital costs could result in the loss of the asset.

The Company is in discussions with its lender to, amongst other things, relax certain requirements relating to the Company's ability to access restricted funds, to quantify any additional funding requirements and to reassess terms currently based on the original production profile which contemplated both the electric submersible pump ("ESP") and water injection facilities to be operational in 2013 and now forecast to be operational in early 2014 and mid 2014, respectively. There is no certainty that any changes will be made to the existing debt facility which may cast further doubt on the Company's ability to fund future capital expenditures, continue to make scheduled interest and principal payments and continue as a going concern. The recent climate for additional equity financing by junior oil and gas exploration companies has also not been favorable and restrictions on availability of credit remain which may limit Antrim's ability to access debt or equity financing for its exploration and development projects. The Company is reviewing its options, including possible further divestments including a possible divestment of all or a part of its Causeway asset, and has engaged Carlingford, a division of GFI Brokers Limited to advise and assist the Company with this process. There can be no assurance that additional capital funding in the form of additional equity, debt, sale and/or farm-out arrangements will be available to the Company.

The Company has taken steps to reduce costs and is encouraged by performance of the Causeway well pre ESP and water injection as well as by a recent change in the operator of the Causeway Field. From January 1, 2013 to September 30, 2013 cash flows from the Causeway Field were negatively impacted by interrupted production for 8.5 weeks due to platform shutdowns and well tie-in operations related to another field. Production was interrupted for an additional 3 weeks in October 2013 due to maintenance of the North Cormorant platform and planned subsea water injection riser work which has subsequently delayed expected startup of the ESP to early 2014. While the Causeway project has also been negatively impacted by higher than expected capital costs, the majority of remaining capital expenditures are now expected to be incurred this year under the supervision of an established and experienced North Sea operator.

Non-IFRS Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under IFRS and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations and netback to assess operational and financial performance to allocate capital among alternative projects and to assess the Company's capacity to fund future capital programs.

Cash flow from operations is defined as cash flow from operating activities before changes in working capital. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow from operations to its nearest measure prescribed by IFRS is provided below. Netback is the per unit of production amount of revenue less operating costs and the financial derivative and is used in capital allocation decisions and to economically assess projects.

Calculation of Cash Flow from Operations

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	**2012**	**2013**	**2012**
($000's)				
Cash flow provided by (used in) operating activities	1,032	(1,612)	(1,614)	(12,167)
Less: changes in non-cash working capital	(326)	(1,140)	(10,733)	(6,916)
Cash flow from (used in) operations	1,358	(472)	9,119	(5,251)

Overview of Continuing Operations

Causeway Licences

Licence P201 Block 211/22a South East Area and P1383 Block 211/23d, Antrim 35.5%

The Causeway Licences include the Causeway Field and the West Causeway area. Oil production is transported by pipeline to the North Cormorant production platform where it is processed before being exported to the Sullom Voe terminal via the Brent Pipeline System for sale. Production from the Causeway Field averaged 1,439 gross barrels of oil per day ("bopd") (Antrim net 421 bopd) in the third quarter of 2013 compared to nil in 2012. During the quarter production was interrupted for 33 days due to scheduled maintenance of the North Cormorant platform. Uninterrupted production averaged 2,243 bopd (Antrim net 656 bopd) during the quarter.

Production from the Causeway Field averaged 2,334 gross bopd (Antrim net 683 bopd) for the nine months ended September 30, 2013 compared to nil for the comparative period in 2012. During the nine months ended September 30, 2013 production was interrupted for 8.5 weeks due to platform shutdowns and well tie-in operations related to another field.

On October 23, 2013 production resumed from the Causeway Field. Anticipated startup of the downhole ESP is now scheduled by the operator for early 2014 following delays related to the platform shutdown and water injection riser installation works in the fourth quarter. The water injection well is expected by the operator to commence operation in Q3 2014.

Further delays in completing the Causeway ESP and water injection facilities together with additional significant capital cost overruns on the project caused the Company to record a $12.1 million impairment charge in the third quarter of 2013.

As part of the sale of a 30% working interest in the Causeway Licences to Valiant Petroleum plc ("Valiant") in October 2011, Antrim entered into a Differential Lifting Agreement ("DLA") giving Valiant a temporary right to 6.25% of Antrim's share of produced oil. Antrim's share of oil produced will be reduced to 29.25% until a cumulative value of $8.9 million after-tax is received by Valiant. Once satisfied, Antrim's working interest in production will revert back to 35.5% from 29.25%.

In February 2013, Antrim announced that it had elected to opt out of participating in further development of the Fionn Field. Following receipt of all necessary approvals from the UK Department of Energy and Climate Change ("DECC"), Antrim withdrew from the Fionn Field subarea in September 2013.. The Company retained liability for the decommissioning or well abandonment liabilities of two wells and has been released by the Operator of any further obligations with respect to decommissioning of two other suspended wells in the Fionn Field subarea.

The Company recognized in the third quarter of 2013 an impairment charge of $7.0 million relating to the West Causeway licence as no further activity is planned for this licence prior to its expiry.

Contender Licence

P201 Block 211/22a Contender Area, Antrim 8.4%

On January 14, 2013, Antrim announced that first oil production had been achieved from the Cormorant East Field 85 days after discovery of the field. Production is processed through the North Cormorant platform before being exported to the Sullom Voe terminal. The Cormorant East Field is initially being produced under primary depletion with a single production well (the "Contender well"), with the potential to run an electrical submersible pump and to install a water injection scheme and/or additional production wells at a later date. A future drilling location has been identified and is scheduled to be drilled mid 2014.

Under the terms of the farm-out agreement with the Operator, 100% of the drilling, completion and tie in costs of the Contender Well were funded by the Operator. Antrim will receive its share of production after Antrim's working interest share of the completion and tie in costs plus 10% are recovered from production revenue.

Production from the Cormorant East Field has been constrained for mechanical reasons and averaged 290 gross bopd in the third quarter of 2013 compared to nil in 2012. Production from the Cormorant East Field averaged 508 gross bopd for the nine months ended September 30, 2013 compared to nil in 2012. During the nine months ended September 30, 2013 pressure problems experienced in the well resulted in shut-ins and reduced production volumes and production was interrupted for 5.5 weeks due to interruptions associated with shut down of North Cormorant and Cormorant Alpha platforms. On October 16, 2013 production resumed from the Cormorant East Field.

Ireland

Frontier Exploration Licence 1-13, Antrim 25%

Antrim acquired a Licensing Option in the 2011 Atlantic Margin Licensing Round which included Blocks 44/4, 44/5 (part), 44/9, 44/10, 44/14 and 44/15 covering an area of 1,409 km^2 (the "Skellig Block"). Antrim licensed, reprocessed and interpreted 2D seismic data over the blocks and identified a Cretaceous deep sea fan complex similar in seismic character to many of the recent Cretaceous discoveries offshore West Africa.

In April 2013, the Company farmed out a 75% interest in, and operatorship, of the Licensing Option to Kosmos Energy Ltd. ("Kosmos") in exchange for Kosmos carrying the full costs of a planned 3D seismic program within the licence area and re-imbursement to Antrim of a portion of the exploration costs incurred on the blocks to date. Antrim retained a 25% interest. The transaction was approved by the Department of Communications, Energy and Natural Resources of Ireland ("DCENR").

On July 15, 2013, DCENR approved the conversion of the Licensing Option to a Frontier Exploration Licence ("FEL"). FEL 1-13 has a 15 year term, with an initial three-year term followed by three four-year terms, following a mandatory 25% relinquishment of the Licensing Option area. The remaining licence area is 1,051.75 km^2.

The approved work programme for the initial three year term of the FEL involves acquisition of 3D seismic over the FEL area followed by seismic processing, interpretation and geological studies. Seismic acquisition commenced on July 10, 2013, and was completed by the end of September 2013.

Tanzania

Production Sharing Agreement - Pemba and Zanzibar

In July 2013, the Company sold its option to acquire up to a 30% interest in the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania. Cash consideration paid to the Company was $7.5 million. There were no wells, production, reserves or resources associated with the transaction.

Fyne Licence

P077 Block 21/28a – Fyne and Crinan, Antrim 100%

In late March 2013 the Company announced that it would not proceed with development of the Fyne Field with an FPSO following a significant escalation of expected future development costs. The Company subsequently signed a joint development agreement with Enegi Oil Plc ("Enegi") and Advanced Buoy Technology ("ABTechnology") to undertake engineering studies and preparation of a FDP using buoy technology. The terms of the agreement include that there will be no costs to the Company prior to FDP approval. Upon approval of the FDP by DECC, Enegi-ABTechnology will earn the right to acquire 50% working interest in the licence. The Company will remain Operator.

On July 2, 2013, the Company announced that DECC agreed to amend the terms of the Fyne Licence to allow for a revised Field Development Plan ("FDP") for the Fyne Field to be submitted no later than January 31, 2014. DECC's consent to this amendment includes conditions, amongst other things, that the FDP submission is in its final form, the environmental statement is cleared, the Company is approved as a production operator, there is satisfactory evidence of project financing, and first production is achieved prior to November 25, 2016.

In July 2013, the Company relinquished the Crinan Prospective Area. The Crinan Prospective Area had been assigned proved plus probable reserves of 1.89 million barrels of oil (net to Antrim), as estimated by McDaniel & Associates Consultants Ltd. effective as of December 31, 2012. The costs associated with the Crinan Prospective area were written off in March 2012.

Corporate

In June 2013, the Company announced that it had taken steps to significantly reduce its ongoing G&A expenses, including a reduction of head office personnel costs by approximately 50%.

Financial Discussion of Continuing Operations (unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	**2012**	**2013**	**2012**
Financial Results ($000's except per share amounts)				
Cash flow from (used in) operations (1)	1,358	(472)	9,119	(5,251)
Cash flow from (used in) operations per share (1)	0.01	(0.00)	0.05	(0.03)
Net income (loss) – continuing operations	(16,067)	(5,240)	(17,990)	(67,704)
Net income (loss)	(16,067)	(5,396)	(17,990)	(67,389)
Net income (loss) per share – basic, continuing operations	(0.09)	(0.03)	(0.10)	(0.37)
Total assets	101,144	148,338	101,144	148,338
Working capital (deficiency)	(14,383)	21,013	(14,383)	21,013
Capital expenditures – continuing operations	1,687	21,526	19,017	36,263
Common shares outstanding (000's)				
End of period	184,731	184,731	184,731	184,731
Weighted average – basic	184,731	184,433	184,731	184,273
Weighted average – diluted	184,731	185,450	184,787	185,519

(1) Cash flow from operations and cash flow from operations per share are Non-IFRS Measures. Refer to "Non-IFRS Measures" in Management's Discussion and Analysis.

Revenue

The Company recorded revenue of $5.5 million in the third quarter of 2013 (2012 – nil) and $22.5 million for the nine months ended September 30, 2013 (2012 – nil). Revenue is recognized when title and risk transfer to the purchaser, which occurs at the time of lifting into a tanker at the Sullom Voe terminal. Under the contract with the sole UK purchaser, Antrim invoices and receives payment for its oil in the month after production; however, the purchaser retains certain rights impacting the timing of liftings which may result in no sales in a particular month resulting in deferred revenue.

Antrim's oil sales prices, before adjusting for Antrim's oil price commodity swaps, averaged $107.02 and $108.90 per barrel for the three and nine month periods ended September 30, 2013 compared to $nil and $nil for the same periods in 2012, respectively. The sales price for Causeway oil is calculated based on the monthly average price for Brent Ninian Blend, in the month subsequent to the month of production.

Production

The following table provides oil production and sales from the Causeway Field for the three and nine month periods ended September 30, 2013 and 2012.

	Three Months Ended September 30		Nine Months Ended September 30	
(barrels)	**2013**	**2012**	**2013**	**2012**
Opening inventory (1)	66,687	-	74,000	-
Net production (2)	38,712	-	186,410	-
Net sales	(51,000)	-	(203,970)	-
Processing and shrinkage	1,090	-	(951)	-
Ending inventory (1)	55,489	-	55,489	-

(1) Included in inventory is linefill and deadstock of 31,050 barrels
(2) Per the DLA, Antrim's share of oil produced is reduced to 29.25% until a cumulative value of $8.9 million after tax is received by Valiant

Daily oil production from the Causeway Field averaged gross 1,439 bopd (Antrim net 421 bopd) in the third quarter of 2013, compared to nil production for the same period in 2012. Oil production decreased from average gross production of 2,793 bopd (Antrim net 817 bopd) in the first half of 2013 due to natural decline and scheduled maintenance of the North Cormorant platform.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three and nine month periods ended September 30, 2013 and 2012:

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	**2012**	**2013**	**2012**
$/bbl				
Sales price	107.02	-	108.90	-
Financial derivative	(5.10)	-	(3.84)	-
Direct production and operating expenses	(32.78)	-	(22.20)	-
Netback	69.13	-	82.86	-

Direct production and operating expenses consist of operator, production platform and export terminal costs. Direct production and operating expenses increased to $4.0 million (2012 - $nil) primarily due to the commencement of production from the Causeway Field. Direct production and operating expenses was $1.7 million for the three month period ended September 30, 2013 compared to $1.0 million for the three month period ended June 30, 2013. Direct production and operating expenses increased to $32.78 per barrel for the three month period ended September 30, 2013 from $21.78 per barrel for the three month period ended June 30, 2013 due primarily to adjustments relating to 2012 Brent system costs.

General and Administrative

General and administrative ("G&A") costs decreased to $3.6 million for the nine month period ended September 30, 2013 compared to $4.3 million for the same period in 2012. The decrease in G&A is primarily due to reduced employee compensation. In the nine month period ended September 30, 2013, Antrim capitalized $0.3 million (2012 – $0.5 million) of G&A costs.

G&A costs remained constant at $1.2 million for the three month period ended September 30, 2013 compared to $1.2 million for the same period in 2012. A decrease in 2013 in employee compensation was offset by higher insurance and legal costs in the period.

Depletion and Depreciation

Depletion and depreciation expense was $12.0 million for the nine month period ended September 30, 2013 compared to $70 thousand for the same period in 2012 due to the recognition of depletion as a result of production from Causeway. The depletion rate for the nine months ended September 30, 2013 was $55.22 per barrel compared to $nil in 2012.

Depletion and depreciation expense was $2.3 million for the three month period ended September 30, 2013 compared to $24 thousand for 2012. The depletion rate for the three month period ended September 30, 2013 was $44.77 per barrel compared to $nil in 2012.

Exploration & Evaluation Expenditures

Exploration and evaluation ("E&E") expenditures increased to $2.1 million for the nine month period ended September 30, 2013 compared to $1.3 million for the same period in 2012. The increase in E&E expenditures is primarily related to work on the development plan for the Fyne Licence.

E&E expenditures decreased to $156 thousand for the three months ended September 30, 2013 compared to $1.2 million for the same period in 2012.

Impairment

Further delays in completing the Causeway ESP and water injection facilities together with additional significant capital cost overruns on the project caused the Company to record a $12.1 million impairment charge in the third quarter of 2013.

The Company also recognized in the third quarter of 2013 an impairment charge of $7.0 million relating to the West Causeway licence as no further activity is planned for this licence prior to its expiry.

Financial Derivative

The following table summarizes the commodity hedge entered into during the nine month period ended September 30, 2013.

Derivative	Term	Volume bbl	Fixed price $/bbl
Oil Swaps	February 2013 – December 2015	657,350	$89.37

The Company recorded a $2.3 million and a $0.4 million loss on the financial derivative for the three and nine month periods ended September 30, 2013 (2012 - $nil and $nil). The loss for the nine month period ended September 30, 2013 was predominantly due to a $0.7 million realized loss on the oil swap. At September 30, 2013 528,652 bbls remained outstanding under the commodity hedge.

Finance Costs

Finance costs were $5.6 million for the nine month period ended September 30, 2013 compared to $0.2 million for the same period in 2012. The increase in finance costs is primarily related to interest expense of $3.6 million and non-recurring costs of $1.2 million relating to the debt financing.

Finance costs were $1.4 million for the three month period ended September 30, 2013 compared to $40 thousand for the same period in 2012. The increase in finance costs is primarily related to interest expense.

Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company did not pay or recover any taxes during the three and nine month periods ended September 30, 2013 (2012 – nil).

The Company follows the liability method of accounting for income taxes. As at September 30, 2013, no deferred income tax assets were recorded due to uncertainty with respect to the ability of Antrim to generate sufficient taxable income to utilize the unrecognized losses.

Cash Flow and Net Loss

In the nine month period ended September 30, 2013, Antrim generated cash flow from operations of $9.1 million ($0.05 per share) compared to a cash deficiency from operations of $5.3 million ($0.03 per share) in the same period in 2012. Cash flow from operations increased due to the recognition of revenue from Causeway production.

In the three month period ended September 30, 2013, Antrim generated cash flow from operations of $1.4 million ($0.01 per share) compared to a cash deficiency from operations of $0.5 million ($0.00 per share) in the same period in 2012. Cash flow from operations increased due to the recognition of revenue from Causeway production.

In the nine month period ended September 30, 2013 Antrim had a net loss from continuing operations of $18.0 million compared to a net loss from continuing operations of $67.7 million in the same period in 2012. The net loss decreased primarily due to the recognition of revenue from Causeway production and a gain of $7.5 million on the disposal of the Tanzania option, higher impairment costs recorded in 2012 and a reduction in 2012 in the fair value of financial assets partially offset by a gain on disposal of the Company's Argentina operations.

In the third quarter of 2013, Antrim had a net loss from continuing operations of $16.1 million compared to a net loss from continuing operations of $5.2 million in 2012. Net loss increased due to Causeway and West Causeway impairment charges recorded in 2013 partially offset by the recognition of revenue from Causeway production and a gain of $7.5 million on the disposal of the Tanzania option.

Capital Expenditures

Antrim incurred capital expenditures of $19.0 million and $36.3 million for the nine month periods ended September 30, 2013 and 2012, respectively. Capital expenditures in 2013 primarily relate to ongoing development costs of the Causeway Licence of $18.7 million. See Contractual Obligations, Commitments and Contingencies for anticipated additional capital expenditures.

Foreign Exchange and Comprehensive Income

The measurement currency of the Company is the Canadian dollar, while its reporting currency is the US dollar. A significant portion of the Company's activities are transacted in or referenced to US dollars, Canadian dollars or British pounds sterling. The Company's operating costs and certain of the Company's payments in order to maintain property interests are made in the local currency of the jurisdiction where the applicable property is located. As a result of these factors, fluctuations in the Canadian dollar, British pounds sterling and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss of $0.7 million for the nine month period ended September 30, 2013, compared to a loss of $0.4 million in the same period in 2012.

The Company recognized other comprehensive income of $83 thousand for the nine month period ended September 30, 2013, compared to other comprehensive income of $10.5 million in the same period in 2012 related to foreign currency translation adjustments.

Financial Resources, Liquidity and Going Concern

There are a number of material uncertainties that raise significant doubts as to the Company's ability to continue as a going concern, including compliance with debt covenants, the performance of producing wells and related infrastructure, oil prices, ability to finish the planned development program for Causeway within budget, ability to secure additional financing, relinquishment of commitments on certain licences and settlement of contingencies. See Going Concern on page 1 of Management's Discussion and Analysis for additional information.

As at September 30, 2013, Antrim had a working capital deficiency including debt of $14.4 million compared to a working capital deficiency of $10.7 million as at December 31, 2012. Accounts payable and accrued liabilities were $6.1 million at September 30, 2013 primarily related to costs for the development of the Causeway Field, compared to $18.2 million as at December 31, 2012.

Antrim's planned capital program for the remainder of 2013 is primarily costs associated with the ongoing development of the Causeway Field and the Cormorant East Field.

Contractual Obligations, Commitments and Contingencies

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at September 30, 2013 as follows:

($000's)	2013	2014	2015	2016	2017	Thereafter
United Kingdom						
Causeway (1)	4,515	1,303	26	29	31	31
Cormorant East	183	1,600	7	7	7	7
Fyne and Crinan (2)	33	33	33	33	-	-
Cyclone-Typhoon (3)	-	12	-	-	-	-
Erne	-	12	-	-	-	-
Office leases	89	357	370	370	349	9
Total	4,820	3,317	436	439	387	47

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

(2) In March 2013, the Company decided not to proceed with development of the Fyne Field using an FPSO. The Company continues to hold the licence pending further evaluation using buoy technology. The Crinan Field was relinquished in July 2013.

(3) DECC has agreed to waive the remaining drilling obligation on this licence. Contingent on completion of formal documentation, there are no remaining obligations for the initial term of the licence.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot well (21/29d-11) and the Erne sidetrack well (21/29d-11Z). The drilling of these two wells took place over a period of 58 days. Subsequent to releasing the rig, the Company received an invoice from the drilling management services contractor charging the Company for approximately $5 million in additional costs as the contractor claims all conditions of the contract had not yet been satisfied. In July 2012, the drilling management services contractor filed a claim against the Company in the High Court of England and Wales for the additional invoice costs plus interest and lost management time. In August 2012, the Company filed a defence against this claim. The Company is disputing the additional costs and believes it is more likely than not that it will not have to pay. As a result, a contingent liability has not been recorded.

Outlook

Antrim expects to see increased production from the Causeway Field following deployment of the ESP in early 2014. A water injection scheme is scheduled to commence operation in Q3 2014.

Following the discovery of the Cormorant East Field by the Contender Well, Antrim anticipates drilling at least one appraisal well in 2014, downdip of the discovery well and a plan to explore the adjacent fault compartments.

Recent seismic studies on the Skellig block in the Porcupine Basin offshore Southwest Ireland have high graded the Dunree Prospect. Antrim and Kosmos anticipate completing processing of 3D seismic data acquired within the area by Q1 2014.

In addition to ongoing discussions between the Company and its lender to mitigate the impact of restrictions on cash balances and existing loan terms requiring further cash reserves, the Company is reviewing its options, including possible further divestments including a possible divestment of all or a part of its Causeway asset, and has engaged Carlingford, a division of GFI Brokers Limited to advise and assist the Company with this process. There can be no assurance, however, that additional capital funding in the form of additional equity, debt, sale and/or farm-out arrangements will be available to the Company.

Summary of Quarterly Results

($000, except per share amounts)	Oil, Natural Gas and NGL Revenue, Net of Royalties	Cash Flow from (used in) Operations	Net Income (Loss)	Net Income (Loss) Per Share - Basic
2013				
Third quarter	5,458	1,358	(16,067)	(0.09)
Second quarter	5,060	1,149	930	0.01
First quarter	11,991	6,613	(2,853)	(0.02)
	22,509	9,119	(17,990)	(0.10)
2012				
Fourth quarter	-	(8,138)	(67,155)	(0.37)
Third quarter	-	(472)	(5,240)	(0.03)
Second quarter [1]	-	(3,177)	(6,373)	(0.03)
First quarter [1]	-	(1,601)	(56,091)	(0.30)
	-	(13,388)	(134,859)	(0.73)
2011				
Fourth quarter [1]	-	(833)	(15,362)	(0.10)
Third quarter [1]	-	(894)	(36,800)	(0.20)
Second quarter [1]	-	(1,215)	(1,503)	(0.01)
First quarter [1]	-	(805)	(1,445)	(0.01)
	-	(3,747)	(55,110)	(0.32)

1. Quarterly results reflect continuing operations only

Key factors relating to the comparison of net income (loss) for the third quarter of 2013 to previous quarters are as follows:

- In the fourth quarter of 2012, the Company recognized a $50.4 million impairment charge related to the decision not to participate in further development of its 35.5% working interest in the Fionn Field, a $5.9 million impairment charge related to the abandonment of the Cyclone well 21/7b-4 and a $1.8 million impairment charge related to the West Teal Licence;
- In the third quarter of 2012, the Company recognized a $2.3 million impairment charge related to the planned relinquishment of Carra Licence P1563 Blocks 21/28b & 21/29c;
- The second quarter 2012 net loss was impacted by a $10 million reduction in the fair value of the Crown Point shares partially offset by a $5.9 million gain on the disposal of the Argentina assets;
- During the first quarter of 2012, net loss included $54.7 million in impairment costs related to the Fyne Licence, the Erne discovery well and the Erne sidetrack well;
- In the fourth quarter of 2011, the Company recognized an impairment charge of $10.3 million related to the Erne discovery well 21/29d-11 and Erne sidetrack well 21/29d-11Z;
- During the third quarter of 2011, the Company recognized an impairment charge of $35.6 million due to the sale of the 30% interest in the Causeway Licences.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with IFRS. The Company tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2012. During this evaluation the Corporation identified a weakness due to the limited number of finance and accounting personnel at the Corporation dealing with complex and non-routine accounting transactions that may arise.

There were no changes in the Company's internal controls over financial reporting that occurred during the first nine months of 2013 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.

Risks and Uncertainties

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

Substantial Capital Requirements

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

In January 2013, Antrim entered into a payment swap for $30 million and a forward sale of 657,350 barrels of Brent crude oil. The Company's anticipated revenue for 2013, as well as the Company's ability to repay the payment swap, is dependent upon the future production rates from the Causeway and Cormorant East Fields as well as oil prices. See also "Financial Resources, Liquidity and Going Concern."

Foreign Operations

A number of risks are associated with conducting foreign operations over which the Company has no control, including currency instability, potential and actual civil disturbances, restriction of funds movement outside of these countries, the ability of joint venture partners to fund their obligations, changes of laws affecting foreign ownership and existing contracts, environmental requirements, crude oil and natural gas price and production regulation, royalty rates, OPEC quotas, potential expropriation of property without fair compensation, retroactive tax changes and possible interruption of oil deliveries.

Further discussions regarding the Company's risks and uncertainties, can be found in the Company's Annual Information Form dated March 26, 2013 which is filed on SEDAR at www.sedar.com.

Forward-Looking and Cautionary Statements

This MD&A and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on Antrim's internal reasonable expectations, estimates, projections, assumptions and beliefs as at the date of such statements or information. Forward-looking statements often, but not always, are identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “targeting”, “forecast”, “achieve” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. Antrim believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information included in this MD&A and any documents incorporated by reference herein should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this MD&A or the particular document incorporated by reference herein and Antrim does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

In particular, this MD&A and any documents incorporated by reference herein, contain specific forward-looking statements and information pertaining to the quantity of and future net revenues from Antrim's reserves of oil, natural gas liquids (“NGL”) and natural gas production levels. This MD&A may also contain specific forward-looking statements and information pertaining to Antrim’s plans for exploring and developing its licences, including exploration of the Skellig block, future development plans with respect to Causeway and Cormorant East properties, factors affecting production processed at the North Cormorant platform, commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGLs and natural gas, expectations regarding Antrim's ability to raise capital, to continually add to reserves through acquisitions and development, the schedules and timing of certain projects, Antrim's strategy for growth, Antrim's future operating and financial results, treatment under governmental and other regulatory regimes and tax, environmental and other laws.

With respect to forward-looking statements contained in this MD&A and any documents incorporated by reference herein, Antrim has made assumptions regarding Antrim's ability to obtain additional drilling rigs and other equipment in a timely manner, obtain regulatory approvals, future oil and natural gas production levels from Antrim's properties and the price obtained from the sales of such production, the level of future capital expenditure required to exploit and develop reserves, the ability of Antrim’s partners to meet their commitments as they relate to the Company and Antrim’s reliance on industry partners for the development of some of its properties, Antrim’s ability to meet its obligations under the payment swap and the forward sale of Brent oil crude, the general stability of the economic and political environment in which Antrim operates and the future of oil and natural gas pricing. In respect to these assumptions, the reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

Antrim's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks, including risks associated with the exploration for and development of oil and natural gas reserves such as the risk that drilling operations may not be successful, unanticipated delays with respect to the development of Antrim's properties, platform shutdowns affecting production levels, operational risks and liabilities that are not covered by insurance, volatility in market prices for oil, NGLs and natural gas, changes or fluctuations in oil, NGLs and natural gas production levels, changes in foreign currency exchange rates and interest rates, the ability of Antrim to fund its substantial capital requirements and operations and to repay its obligations under the payment swap and Brent oil commodity swap, Antrim's reliance on industry partners for the development of some of its properties, risks associated with ensuring title to the Company's properties, liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing problems, the risk of adverse results from litigation, the accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim's exploration and development drilling and estimated decline rates, in particular the future production rates at the Causeway and Cormorant East Fields in the UK North Sea. Additional risks include the ability to effectively compete for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, Antrim's success at acquisition, exploitation and development of reserves, changes in general economic, market and business conditions in Canada, North America, the United Kingdom, Europe and worldwide, actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws, royalty rates and incentive programs relating to the oil and gas industry and more specifically, changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws, adverse regulatory rulings, order and decisions and risks associated with the nature of the Common Shares.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout this MD&A and in Antrim's Annual Information Form for the year ended December 31, 2012. Readers are specifically referred to the risk factors described in this MD&A under "Risk Factors" and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The calculation of barrels of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas ("mcf") to one barrel of crude oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Vice President, Operations for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A. Mr. Fulton has over 30 years operating experience in the upstream oil and gas industry.

Antrim Energy Inc.

Consolidated Balance Sheet
As at September 30, 2013 (unaudited)
(Amounts in US$ thousands)

	Note	September 30 2013	December 31 2012
Assets			
Current assets			
Cash and cash equivalents		**5,972**	1,503
Restricted cash	3	**9,969**	808
Accounts receivable		**32**	332
Inventory and prepaid expenses	4	**5,317**	5,877
		21,290	8,520
Property, plant and equipment	5	**78,754**	81,069
Exploration and evaluation assets	6	**1,100**	6,931
		101,144	96,520
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**6,144**	18,165
Current debt	7	**23,834**	-
Current portion of financial derivative	15	**3,043**	-
Deferred revenue		**2,652**	1,089
		35,673	19,254
Financial derivative	15	**1,965**	-
Decommissioning obligations	8	**13,684**	10,270
		51,322	29,524
Going concern	1		
Commitments and contingencies	14		
Subsequent event	16		
Shareholders' equity			
Share capital		**361,922**	361,922
Contributed surplus		**21,359**	20,626
Accumulated other comprehensive income		**4,739**	4,656
Deficit		**(338,198)**	(320,208)
		49,822	66,996
Total Liabilities and Shareholders' Equity		**101,144**	96,520

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

Antrim Energy Inc.

Consolidated Statement of Comprehensive Income (Loss)

For the three and nine months ended September 30, 2013 and 2012 (unaudited)

(Amounts in US$ thousands, except per share data)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2013	**2012**	**2013**	**2012**
Revenue		**5,458**	-	**22,509**	-
Expenses					
Direct production and operating expenditures		**1,673**	-	**3,981**	-
General and administrative		**1,209**	1,225	**3,588**	4,250
Depletion and depreciation	5	**2,306**	24	**11,985**	70
Share-based compensation	9	**20**	430	**550**	613
Exploration and evaluation		**156**	1,185	**2,090**	1,312
Impairment		**19,101**	2,304	**19,101**	57,004
Reduction in the fair value of financial assets		**-**	-	**-**	10,040
Gain on disposal of assets	10	**(7,499)**	-	**(7,499)**	(5,894)
Finance income		**-**	(94)	**(2)**	(302)
Finance costs	12	**1,390**	40	**5,579**	182
Loss on financial derivative		**2,309**	-	**377**	-
Foreign exchange loss		**860**	126	**749**	429
Income (loss) from continuing operations before income taxes		**(16,067)**	(5,240)	**(17,990)**	(67,704)
Income tax expense		**-**	-	**-**	-
Income (loss) from continuing operations after income taxes		**(16,067)**	(5,240)	**(17,990)**	(67,704)
Income (loss) from discontinued operations		**-**	(156)	**-**	315
Net loss for the period		**(16,067)**	(5,396)	**(17,990)**	(67,389)
Other comprehensive income (loss)					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation adjustment		**387**	5,193	**83**	7,257
Items reclassified to profit or loss:					
Foreign currency translation adjustment - disposal		**-**	-	**-**	3,213
Other comprehensive income (loss) for the period		**387**	5,193	**83**	10,470
Comprehensive loss for the period		**(15,680)**	(203)	**(17,907)**	(56,919)
Net loss per common share					
Basic & diluted- continuing operations	11	**(0.09)**	(0.03)	**(0.10)**	(0.37)
Basic & diluted - discontinued operations	11	**-**	-	**-**	-

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

Antrim Energy Inc.
Consolidated Statement of Cash Flows
For the three and nine months ended September 30, 2013 and 2012 (unaudited)
(Amounts in US$ thousands)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2013	**2012**	**2013**	**2012**
Operating Activities					
Loss from continuing operations after income taxes		**(16,067)**	(5,240)	**(17,990)**	(67,704)
Items not involving cash:					
Depletion and depreciation	5	**2,306**	24	**11,985**	70
Share-based compensation	9	**20**	430	**550**	613
Interest from long-term debt facility	7	**1,009**	-	**3,649**	-
Accretion of decommissioning obligations	8	**47**	22	**144**	96
Amortization of transaction costs	7	**332**	-	**569**	-
Change in financial derivative	15	**1,374**	-	**(2,125)**	-
Foreign exchange loss (gain)		**735**	1,988	**735**	524
Impairment		**19,101**	2,304	**19,101**	57,004
Reduction in the fair value of financial assets		-	-	-	10,040
Gain on disposal of assets		**(7,499)**	-	**(7,499)**	(5,894)
Changes in non-cash working capital items - continuing operations	13	**(326)**	(1,140)	**(10,733)**	(6,916)
Cash provided by (used in) operating activities - continuing operations		**1,032**	(1,612)	**(1,614)**	(12,167)
Change in non-cash working capital items - discontinued operations		-	(156)	-	(365)
Cash used in operating acitivities		**1,032**	(1,768)	**(1,614)**	(12,532)
Financing Activities					
Issue of common shares		-	116	-	186
Proceeds from long-term debt facility	7	-	-	**30,000**	-
Issuance costs on long-term debt facility		-	-	**(1,423)**	-
Payments on long-term debt facility	7	**(1,828)**	-	**(1,828)**	-
Cash used in financing acitivities		**(1,828)**	116	**26,749**	186
Investing Activities					
Capital expenditures		**(1,687)**	(21,526)	**(19,017)**	(36,263)
Change in restricted cash		**(806)**	(404)	**(9,161)**	16,845
Cash proceeds from disposal of assets		**7,499**	-	**7,499**	9,976
Cash (used in) provided by investing activities - continuing operations		**5,006**	(21,930)	**(20,679)**	(9,442)
Cash (used in) provided by investing activities - discontinued operations		-	-	-	(1,121)
Cash (used in) provided by investing acitivities		**5,006**	(21,930)	**(20,679)**	(10,563)
Effects of foreign exchange on cash and cash equivalents		**155**	1,380	**13**	1,176
Net increase (decrease) in cash and cash equivalents		**4,365**	(22,202)	**4,469**	(21,733)
Cash and cash equivalents - beginning of period		**1,607**	47,574	**1,503**	47,105
Cash and cash equivalents - end of period	13	**5,972**	25,372	**5,972**	25,372

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

Antrim Energy Inc.
Consolidated Statement of Changes in Equity
For the three and nine months ended September 30, 2013 and 2012 (unaudited)
(Amounts in US$ thousands)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2011		184,116,078	361,587	19,579	(5,971)	(168,007)	**207,188**
Net loss for the period			-	-	-	(67,389)	**(67,389)**
Capital distribution			-	-	-	(17,657)	**(17,657)**
Other comprehensive income			-	-	10,470	-	**10,470**
Share-based compensation	9		-	727	-	-	**727**
Stock options exercised		614,998	335	(149)	-	-	**186**
Balance, September 30, 2012		**184,731,076**	**361,922**	**20,157**	**4,499**	**(253,053)**	**133,525**
Balance, December 31, 2012		**184,731,076**	**361,922**	**20,626**	**4,656**	**(320,208)**	**66,996**
Net loss for the period		**-**	**-**	**-**	**-**	**(17,990)**	**(17,990)**
Other comprehensive income		**-**	**-**	**-**	**83**	**-**	**83**
Share-based compensation	9	**-**	**-**	**733**	**-**	**-**	**733**
Stock options exercised			**-**	**-**	**-**	**-**	**-**
Balance, September 30, 2013		**184,731,076**	**361,922**	**21,359**	**4,739**	**(338,198)**	**49,822**

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

1) Nature of operations

Antrim Energy Inc. ("Antrim" or the "Company") is a Calgary based oil and natural gas company. Through subsidiaries, the Company conducts exploration activities in the United Kingdom ("UK") and Ireland. Antrim Energy Inc. is incorporated and domiciled in Canada. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the London Alternative Investment Market ("AIM") under the symbols "AEN" and "AEY", respectively. The address of its registered office is 1600, 333 – 7th Avenue S.W, Calgary, Alberta, Canada.

Going Concern

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

There are a number of material uncertainties that raise significant doubts as to the Company's ability to continue as a going concern, including compliance with debt covenants, the performance of producing wells and related infrastructure, oil prices, ability to finish the planned development program for Causeway within budget, ability to secure additional financing, relinquishment of commitments on certain licences and settlement of contingencies. If the assumption in respect to the ability of the Company to continue as a going concern is not appropriate, adjustments to the carrying amounts of assets and liabilities, revenues and expenses and the statement of financial position classifications used may be necessary. Such adjustments could be material.

In January 2013, the Company entered into a $30 million payment swap transaction which is subject to a number of financial and operating covenants as well as restrictions on various cash balances. The Company is or expects to be in breach of certain covenants and had insufficient cumulative production to remove restrictions related to the use of proceeds from oil sales. In addition, based on recent information from the operator the Company now anticipates higher than expected capital costs to complete the Causeway development for which the Company is subject to requirements to place additional funds into a reserve account with the lender. Failure to fund capital costs could result in the loss of the asset.

The Company is in discussions with its lender to, amongst other things, relax certain requirements relating to the Company's ability to access restricted funds, to quantify any additional funding requirements and to reassess terms currently based on the original production profile which contemplated both the ESP and water injection facilities to be operational in 2013 and now forecast to be operational in early 2014 and mid 2014, respectively. There is no certainty that any changes will be made to the existing debt facility which may cast further doubt on the Company's ability to fund future capital expenditures, continue to make scheduled interest and principal payments and continue as a going concern. The recent climate for additional equity financing by junior oil and gas exploration companies has also not been favorable and restrictions on availability of credit remain which may limit Antrim's ability to access debt or equity financing for its exploration and development projects. The Company is reviewing its options, including possible further divestments including a possible divestment of all or a part of its Causeway asset, and has engaged Carlingford, a division of GFI Brokers Limited to advise and assist the Company with this process. There can be no assurance that additional capital funding in the form of additional equity, debt, sale and/or farm-out arrangements will be available to the Company.

2) Basis of presentation

a) Statement of compliance

These interim consolidated financial statements for the three and nine months ended September 30, 2013 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, and have been prepared following the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2012, except as discussed in note 2(d). The interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), except for as a result of changes in the composition of revenue and costs, management has determined that the functional currency of the Company's UK operations is more closely linked to the United States ("US") dollar. Accordingly, effective January 1, 2013, this operation has been accounted for as a US functional currency entity. As a result, foreign currency translation adjustments remain in accumulated other comprehensive income until the Company has reduced its ownership in its UK subsidiary.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as at November 13, 2013, the date the Board of Directors approved the interim consolidated financial statements.

b) Presentation currency

In these interim consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in US dollars. Antrim's functional currency is Canadian dollars; however, the Company has adopted the US dollar as its presentation currency to facilitate a more direct comparison to North American oil and gas companies with international operations.

c) Critical accounting judgments and key sources of estimation uncertainty

The timely preparation of financial statements requires that management make estimates and assumptions and use judgment regarding assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

Significant estimates and judgments used in the preparation of the financial statements are described in the Company's consolidated annual financial statements for the year ended December 31, 2012.

(Amounts in US$ thousands, except as otherwise noted)

For these interim consolidated financial statements for the three and nine months ended September 30, 2013 management also applied the following significant estimate and judgement.

The fair value of the financial derivative is estimated based upon market and third party inputs. These estimates are subject to changes with fluctuations in commodity prices. See Note 15.

d) Change in accounting policies

In May 2011, the International Accounting Standards Board ("IASB") issued the following standards: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 11, Joint Arrangements ("IFRS 11"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), IAS 27, Separate Financial Statements ("IAS 27"), IFRS 13, Fair Value Measurements ("IFRS 13") and amended IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013. There has been no material impact from the adoption of the new and amended standards on the Company's financial statements.

3) Restricted cash

	September 30 2013	December 31 2012
Amount for permitted encumbrances	1,587	-
Capital reserve account	5,699	-
Debt service reserve account	1,875	-
Operating costs standby letter of credit	808	808
Restricted cash	9,969	808

Cash of $1,587 (2012 - $nil) is restricted for permitted items and for corporate and other project costs as approved by the counterparty to the payment swap transaction (see Note 1).

Cash of $5,699 (2012 - $nil) is restricted in use for the Company's development program and $1,875 (2012 - $nil) is restricted for future debt payments.

Restricted cash of $808 at September 30, 2013 (December 31, 2012 - $808) relates to a British pounds sterling standby letter of credit issued to the Sullom Voe terminal.

4) Inventory and prepaid expenses

	September 30 2013	December 31 2012
Crude oil inventory	4,241	4,498
Prepaids	1,076	1,379
	5,317	5,877

Inventory with a carrying amount of $4,241 (December 31, 2012 – $4,498) represents linefill and oil stocks available for sale as at September 30, 2013. Included within this balance is depletion of $2,219 (December 31, 2012 - $3,372).

(Amounts in US$ thousands, except as otherwise noted)

5) Property, plant and equipment

	September 30 2013	December 31 2012
Opening balance	81,069	15,207
Additions	18,819	58,250
Depletion and depreciation	(11,099)	(3,466)
Impairment	(12,100)	-
Changes in decommissioning estimate	2,050	158
Transferred from exploration and evaluation assets	-	9,347
Foreign currency translation	15	1,573
Closing balance	78,754	81,069

The Company recognized in the third quarter of 2013 an impairment charge of $12.1 million related to Causeway following further delays in completing the Causeway electric submersible pump and water injection facilities together with additional significant capital cost overruns on the project.

The Causeway CGU was written down to the estimated recoverable amount based on fair value less cost to sell. The estimated fair value was determined using future cash flows adjusted for risks specific to the asset and discounted using an after tax discount rate of 15%. A 1% increase in the discount rate would increase impairment by $1.1 million and a 5% decrease in oil price would increase impairment by $4.5 million. The following forward commodity price estimates were used in the impairment calculation at September 30, 2013;

Year	Brent ($US/bbl)
2013 rem.	107.5
2014	102.5
2015	102.1
2016	98.8
2017	98.2
2018	100.1
2019	102.2
2020	104.2
2021	106.3
2022	108.3
2023	110.6

During the period, the Company capitalized $144 (2012 - $64) of general and administrative costs and $118 (2012 - $20) of share-based compensation related to development activity.

(Amounts in US$ thousands, except as otherwise noted)

6) Exploration and evaluation assets

	September 30 2013	December 31 2012
Opening balance	6,931	122,431
Additions	1,430	9,219
Changes in decommissioning estimate	(285)	1,850
Impairment	(7,006)	(122,698)
Transferred to property, plant and equipment	-	(9,347)
Foreign currency translation	30	5,476
Closing balance	1,100	6,931

The Company recognized in the third quarter of 2013 an impairment charge of $7.0 million relating to the West Causeway licence as no further activity is planned for this licence prior to its expiry.

During the period, the Company capitalized $147 (2012 - $391) of general and administrative costs and $65 (2012 - $94) of share-based compensation related to exploration and evaluation activity.

7) Current debt

	September 30 2013	December 31 2012
Opening balance	-	-
Additions	21,444	-
Payments	(1,828)	-
Interest on long-term debt	3,649	-
Amortization of transaction costs	569	-
Closing balance	23,834	-

In January 2013, the Company entered into a $30 million payment swap transaction with a major financial institution. Under the terms of the transaction, $30 million is repayable in 29 instalments commencing September 2013 and concluding January 2016. To enable the Company to pay amounts under the payment swap the Company also entered into a Brent Oil Price Commodity Swap to forward sell 657,350 barrels of Brent crude oil at a fixed price of $89.37 covering the period from February 2013 to December 2015 (see Note 15). The estimated fair value of the credit-adjusted financial derivative on inception was $7,133. The payment swap was measured based on the present value of the cash received offset by the fair value of the financial derivative. The payment swap will be accreted to its face value through a charge to earnings using the effective interest method at a discount rate of 24.3%. Transaction costs of $1,423 are amortized over the term of the contract.

The Company is subject to financial and operating covenants related to the payment swap. The Company is or expects to be in breach of certain covenants and had insufficient cumulative production to remove restrictions related to the use of proceeds from oil sales. In addition, the Company now anticipates higher than expected capital costs to complete the Causeway development for which the Company is subject to requirements to place additional funds into a reserve account with the lender. Failure to meet the terms of one or more of these covenants may potentially result in accelerated repayment of the debt obligations and accordingly the full amount of the outstanding debt has been classified as current. Security provided against the loan is in the form of intercompany guarantees and a floating charge over the Company's UK assets.

(Amounts in US$ thousands, except as otherwise noted)

8) Decommissioning obligations

	September 30 2013	December 31 2012
Opening balance	10,270	3,595
Additions	759	4,259
Accretion	144	145
Change in estimate	1,765	3,370
Dispositions	-	(1,362)
Foreign currency translation	746	263
Closing balance	13,684	10,270

At September 30, 2013, the estimated undiscounted asset retirement obligations are $14,042 (December 31, 2012 - $11,218). The Company expects the undiscounted obligations to be payable between 2016 and 2020. The present value of the asset retirement obligations has been calculated using a risk-free interest rate of 1.5% (December 31, 2012 – 1.6%) and an inflation rate of 2.0% (December 31, 2012 – 2.0%).

9) Share-based compensation

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

The following table illustrates the number and weighted average exercise prices of and movements in share options under the option program during the period.

	2013		2012	
	# of Options	Weighted average exercise price Cdn $	# of Options	Weighted average exercise price Cdn $
Outstanding at January 1	12,350,065	0.98	9,168,063	2.12
Granted	500,000	0.20	6,985,000	0.60
Exercised	-	-	(614,998)	0.30
Cancelled	(730,067)	1.32	(983,338)	2.58
Forfeited	(1,531,665)	0.64	(421,662)	1.01
Expired	(1,275,000)	3.43	(1,333,000)	4.24
Outstanding at September 30	9,313,333	0.64	12,800,065	1.14

(Amounts in US$ thousands, except as otherwise noted)

Share-based compensation for the nine months ended September 30, 2013 was $733 (2012 – $727) of which $550 (2012 – $613) was expensed and $183 (2012 – $114) was capitalized.

10) Gain on disposal of assets

In July 2013, the Company sold its option to acquire up to a 30% interest in the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania. Cash consideration paid to the Company was $7.5 million. There were no wells, production, reserves or resources associated with the transaction and the Company recorded a gain of $7.5 million associated with the transaction.

11) Earnings per share

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Loss from continuing operations	(16,067)	(5,240)	(17,990)	(67,704)
Income (loss) from discontinued operations	-	(156)	-	315
Loss for the period	(16,067)	(5,396)	(17,990)	(67,389)
Basic earnings per share was calculated as follows:				
Weighted average number of common shares:				
Issued common shares	184,731,076	184,316,078	184,731,076	184,116,078
Effect of share options exercised	-	116,579	-	156,932
Weighted average number of common shares – basic	184,731,076	184,432,657	184,731,076	184,273,010
Diluted earnings per share was calculated as follows:				
Weighted average number of common shares:				
Weighted average number of common shares – basic	184,731,076	184,432,657	184,731,076	184,273,010
Effect of outstanding options	-	1,017,834	55,525	1,246,434
Weighted average number of common shares – diluted	184,731,076	185,450,491	184,786,601	185,519,444
Basic & diluted earnings (loss) per common share				
From continuing operations	(0.09)	(0.03)	(0.10)	(0.37)
From discontinued operations	-	(0.00)	-	0.00
Total basic & diluted loss per share	(0.09)	(0.03)	(0.10)	(0.37)

Under the current stock option plan, options can be exchanged for common shares of the Company. As a result, they are considered potentially dilutive and are included in the calculation of diluted net earnings per share. Diluted per share amounts are not calculated when there is a net loss. The average market value of the Company's shares for the purposes of calculating the dilutive effect of options was based on quoted market prices for the period that the options were outstanding.

(Amounts in US$ thousands, except as otherwise noted)

12) Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Debt financing	46	-	1,206	-
Interest expense	959	20	3,649	70
Amortization of transaction costs	332	-	569	-
Accretion of decommissioning obligation	47	22	144	96
Bank charges	6	(2)	11	16
	1,390	40	5,579	182

13) Supplemental cash flow information

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
(Increase)/decrease of assets:				
Trade and other receivables	139	397	297	4,869
Inventory and prepaid expenses	52	(193)	(565)	(850)
(Increase)/decrease of liabilities:				
Trade and other payables	(517)	(1,344)	(10,465)	(10,935)
	(326)	(1,140)	(10,733)	(6,916)
Cash and cash equivalents are comprised of:				
Cash in bank	5,972	6,546	5,972	6,546
Short-term deposits	-	18,826	-	18,826
	5,972	25,372	5,972	25,372

(Amounts in US$ thousands, except as otherwise noted)

14) Commitments and contingencies

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

	2013	2014	2015	2016	2017	Thereafter
United Kingdom						
Causeway [(1)]	4,515	1,303	26	29	31	31
Cormorant East	183	1,600	7	7	7	7
Fyne and Crinan [(2)]	33	33	33	33	-	-
Cyclone-Typhoon [(3)]	-	12	-	-	-	-
Erne	-	12	-	-	-	-
Office leases	89	357	370	370	349	9
Total	4,820	3,317	436	439	387	47

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

(2) In March 2013, the Company decided not to proceed with development of the Fyne Field using an FPSO. The Company continues to hold the licence pending further evaluation using buoy technology. The Crinan Field was relinquished in July 2013.

(3) DECC has agreed to waive the remaining drilling obligation on this licence. Contingent on completion of formal documentation, there are no remaining obligations for the initial term of the licence.

In 2011, the Company entered into a variation to an existing contract for drilling management services in the UK North Sea which required the drilling of two wells, estimated to take 50 days in a letter of intent preceding the contract variation. The Company contends that it met its contractual obligations under this variation through the drilling of the Erne pilot well (21/29d-11) and the Erne sidetrack well (21/29d-11Z). The drilling of these two wells took place over a period of 58 days. Subsequent to releasing the rig, the Company received an invoice from the drilling management services contractor charging the Company for approximately $5 million in additional costs as the contractor claims all conditions of the contract had not yet been satisfied. In July 2012, the drilling management services contractor filed a claim against the Company in the High Court of England and Wales for the additional invoice costs plus interest and lost management time. In August 2012, the Company filed a defence against this claim. The Company is disputing the additional costs and believes it is more likely than not that it will not have to pay. As a result, a contingent liability has not been recorded.

15) Financial instruments

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

The Company's financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, financial derivatives and debt. Cash and cash equivalents, restricted cash, and accounts receivable are classified as loans and receivables and are accounted for at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities and are accounted for at amortized cost. Except for the debt described in Note 7, the fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of the instruments and the mark to market value recorded for the financial instrument.

Financial risks

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

(a) Credit risk

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

Cash and cash equivalents and restricted cash are on deposit with reputable Canadian and international banks, and therefore the Company does not believe these financial instruments are subject to material credit risk. The Company sells all of its production to one oil and natural gas marketer and therefore is subject to concentration risk. Management does not believe that this concentration of credit risk will result in any loss to the Company based on past payment experience and its purchaser grade credit rating as established by independent credit rating agencies.

Factors included in the assessment of accounts receivable for impairment are the relationship between the purchaser and the Company and the age of the receivable. As at September 30, 2013, the Company provided for an allowance for doubtful accounts of $108 related to overhead recovery (December 31, 2012 - $nil).

(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 will 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.

(Amounts in US$ thousands, except as otherwise noted)

As at September 30, 2013 the Company was in breach of its Debt Service Cover Ratio covenant and had insufficient cumulative production to remove restrictions related to the use of proceeds from oil sales. In addition, the Company now anticipates higher than expected capital costs to complete the Causeway development for which the Company is subject to requirements to place additional funds into a reserve account with the lender. Failure to meet the terms of one or more of these covenants may potentially result in accelerated repayment of the debt obligations and accordingly the full amount of the outstanding debt has been classified as current.

At September 30, 2013, the Company had a working capital deficiency of $14,383, including restricted cash of $9,969, compared to a working capital deficiency of $10,734, including restricted cash of $808, at December 31, 2012.

The following table shows the timing of cash outflows relating to accounts payable and accrued liabilities, current debt and the financial derivative liability as at September 30, 2013.

	Within 1 year	**1 to 5 years**
Accounts payable and accrued liabilities	6,144	-
Current debt	23,834	-
Financial derivative	3,043	1,965

(c) Market risk

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

Commodity price risk

Currently all of the Company's production revenue is from one property in the UK. Commodity price risk related to crude oil production represents a significant market risk exposure. Crude oil prices and quality differentials can be influenced by global supply and demand factors as well as political events, quotas imposed on members of the Organization of Petroleum Exporting Countries (OPEC) and weather.

At September 30, 2013, the Company had the following financial derivative contract:

Derivative	**Term**	**Undelivered Volumes Bbl**	**Fixed price $/bbl**	**Fair value $**
Oil Swaps	October 2013 – December 2015	528,652	$89.37	5,008

(Amounts in US$ thousands, except as otherwise noted)

For the nine month period ended September 30, 2013 the financial derivative liability movements were:

	September 30 2013	December 31 2012
Opening balance	-	-
Additions	7,133	-
Settlements	(1,773)	-
Unrealized gain on financial derivative	(352)	-
Closing balance	5,008	-

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 and British pounds sterling ("£"). As a result, fluctuations in the United States dollar and British pounds sterling 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.

Capital management

The Company's objective when managing its capital is to safeguard the Company's ability to continue as a going concern, maintain adequate levels of funding to support its exploration and development program, and provide flexibility in the future development of its business. The ability of the Company to successfully carry out its business plan is dependent upon the continued support of its shareholders, attracting joint venture partners, the discovery of economically recoverable reserves and the ability of the Company to obtain financing to develop reserves. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity and/or debt, selling assets, and controlling capital expenditure programs. The Company intends to fund its planned capital program through existing cash resources, debt and through cash generated from production at Causeway.

The Company's capital structure at September 30, 2013 consisted of cash and cash equivalents and shareholders' equity. Shareholders' equity includes shareholders' capital, contributed surplus, and accumulated other comprehensive loss and deficit.

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 projects its future expenditures on a quarterly and, where applicable, monthly basis to enable the Company to better adapt to changing market conditions.

Methods employed to adjust the Company's capital structure could include any, all or a combination of the following activities:

(i) Issue new shares through a public offering or private placement;
(ii) Issue equity linked or convertible debt;
(iii) Raise fixed or floating rate debt;
(iv) Sell or farmout existing exploration, development and producing assets.

DIRECTORS

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

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

Dr. Gerry Orbell (1) (3) (4) (5)
Chairman,
Antrim Energy Inc.

Erik Mielke
Independent Director

Jim Perry (1) (3) (4) (5)
President,
Alternative Fuel Systems business unit
IMPCO Technologies Canada, Inc.

Jim Smith (1) (2) (5)
Independent Director

Jay Zammit (2) (5)
Partner,
Burstall Winger LLP

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Reserves Committee
(4) Member of the Exploration Committee
(5) Member of the Corporate Governance Committee

OFFICERS

Stephen Greer
President and Chief Executive Officer

Anthony Potter
Chief Financial Officer

Kerry Fulton
Vice President, Operations

Terry Lederhouse
Vice President, Commercial

Adrian Harvey
Corporate Secretary

STOCK EXCHANGE LISTINGS

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

HEAD OFFICE

610, 301 8th Avenue SW
Calgary, Alberta
Canada T2P 1C5
Main: +1 403 264 5111
Fax: + 1 403 264 5113
info@antrimenergy.com
www.antrimenergy.com

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

LONDON OFFICE

Ashbourne House, The Guildway
Old Portsmouth Road, Artington
Guildford, Surrey
United Kingdom GU3 1LR
Main: +44 (0) 1483-307 530
Fax: +44 (0) 1483-307 531

INTERNATIONAL SUBSIDIARIES

Antrim Energy Ltd.
Antrim Exploration (Ireland) Limited
Antrim Resources (N.I.) Limited

LEGAL COUNSEL

Burstall Winger LLP
Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be direct to:

CIBC Mellon Trust Company
Calgary, Alberta
inquiries@cantstockta.com