



Annual Report

2014

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 fourth quarter and year ended December 31, 2014 compared to the same periods ended December 31, 2013 and should be read in conjunction with the audited consolidated financial statements of Antrim. This MD&A has been prepared using information available up to April 24, 2015. The audited 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 ("US") dollars.

Non-IFRS Measures

Cash flow used in operations and cash flow used in operations per share do not have standard meanings under IFRS and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations 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 used in operations is defined as cash flow used in operating activities before changes in working capital. Cash flow used in operations per share is calculated as cash flow used in operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow used in operations to its nearest measure prescribed by IFRS is provided below.

(\$000's)	Three Months Ended		Year Ended	
	December 31		December 31	
	2014	2013	2014	2013
Cash flow used in operating activities	(724)	(1,761)	(4,726)	(8,174)
Less: change in non-cash working capital	91	75	(113)	352
Cash flow used in operations	(815)	(1,836)	(4,613)	(8,526)

Highlights

- Significant resource potential assigned to leads within the Skellig Licence (Antrim 25%), offshore Ireland
- Prospect inventory prepared by Kosmos (operator of the Skellig Licence) in December 2014 includes several leads and highlights three prospects including two tilted, Jurassic fault blocks and a Cretaceous submarine fan
- Completion of sale of UK subsidiary for US \$53 million and repayment of outstanding bank loan and oil hedge obligations
- Strong working capital balance (US \$15.1 million) at December 31, 2014
- Continue to evaluate new opportunities for transformative upside potential

Corporate

On February 7, 2014 the Company announced that it entered into an agreement to sell, subject to shareholder and regulatory approval, its Causeway, Kerloch and Cormorant East assets, structured as a sale of all of the issued and outstanding shares in the capital of Antrim Resources (N.I.) Limited (“ARNIL”) for \$53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

On May 20, 2014, the Company moved the listing of its common shares from the Toronto Stock Exchange to the TSX Venture Exchange (symbol AEN). The Company’s listing on the London Stock Exchange’s AIM market (symbol AEY) remains unchanged.

Overview of Continuing Operations

Ireland

Frontier Exploration Licence 1-13, Antrim 25%

Antrim acquired a Licensing Option in the 2011 Atlantic Margin Licensing Round covering an area of 1,409 km² (the “Skellig Block”). Antrim licensed, reprocessed and interpreted 2-D seismic data over the blocks and identified a Cretaceous deep sea fan complex similar in seismic character to many of the recent Cretaceous oil 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 3-D seismic program within the licence area and re-imburement 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”).

The 3-D seismic was acquired in 2013 and results from the 3-D seismic programme reinforced the interpretation based on 2-D seismic and strongly indicated the presence of Lower Cretaceous slope fan and channel deposits similar in geometry and seismic character to many of the recent Cretaceous oil discoveries offshore West Africa.

On July 29, 2014 Antrim announced the results of an independent prospective resources report for the Skellig Block. These prospective resources were evaluated by McDaniel & Associates Consultants Ltd. (“McDaniel”) in accordance with National Instrument 51-101 in a report dated effective June 30, 2014. Prospective resources were assigned to 17 leads within the Skellig Block. See “Notes on Oil and Gas Disclosure” below.

The following table provides an aggregate summary of the Prospective Resources for the 17 independent leads evaluated within the entire property:

Prospective Resources ^{(1) (2) (3) (4) (5)} Table 1 - Total All Leads	Property	Antrim
	Risk	Risk
	Mean Estimate	Mean Estimate
Crude Oil (Mbbbl)	59,396	14,849
Natural Gas (MMcf)	992,865	248,216
Condensate (Mbbbl)	22,330	5,582
Cumulative Thousand Barrels of Oil Equivalent (Mboe)	247,203	61,800

The following table provides an aggregate risked mean estimate of the Prospective Resources for the two largest independent leads ("C" and "M-3") which represent 46.5% of the total risked mean property boe of Prospective Resources.

Prospective Resources ^{(1) (2) (3) (4) (5)} Table 2 - Lead C and M-3	Lead C and M-3	Antrim
	Risk	Risk
	Mean Estimate	Mean Estimate
Crude Oil (Mbbbl)	31,908	7,977
Natural Gas (MMcf)	439,970	109,993
Condensate (Mbbbl)	9,661	2,415
Cumulative Thousand Barrels of Oil Equivalent (Mboe)	114,896	28,724

Notes:

- (1) There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.
- (2) The columns marked as "Risked" have been risked for chance of discovery, but have not been risked 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. The chance of discovery assigned to each of the 17 leads ranged from 8% to 25% and averaged 12.56%.
- (3) The "Antrim Risked Mean Estimate" reflects Antrim's 25% working interest share of the gross prospective resource estimates shown in the "Property Risked Mean Estimate" column (Table 1); or the combined prospective resource estimates shown for the subsidiary "Lead C and M-3 Risked Mean Estimate" (Table 2).; All other columns in the above table reflect the gross 100% prospective resources of the Licence (of which Antrim's current working interest is 25%).
- (4) Gas was converted to barrels of oil equivalent ("boe") at a ratio of 6 Mcf to 1 bbl.
- (5) The total risked mean is equal to the aggregate sum of the unrisked mean (arithmetic average) estimate for each lead multiplied by the chance of discovery for the lead.

The prospect inventory prepared by Kosmos in December 2014 includes several leads previously identified and highlights three prospects including two tilted Jurassic fault blocks and a Cretaceous submarine fan. Two of the three prospects were included as leads in the prospective resources evaluated by McDaniel. A second Jurassic prospect identified by Kosmos has yet to be reviewed by McDaniel pending receipt of additional information. Sophisticated additional detailed seismic analysis is planned for 2015 to mitigate drilling risk among the top three identified prospects including trace inversion, AVO mapping and modeling, spectral decomposition and attribute extraction.

Fyne Licence

P077 Block 21/28a – Fyne, Antrim 100%

In late March 2013 the Company announced that it would not proceed with development of the Fyne Field using an FPSO. This followed a significant escalation of expected future development costs. The Company subsequently signed a joint development agreement (“JDA”) with Enegi Oil Plc (“Enegi”) and Advanced Buoy Technology (ABTechnology) Limited (“ABTechnology”) to undertake and fund at their sole expense the work associated with producing and submitting to DECC a Field Development Plan (“FDP”) using buoy technology.

Previous amendments to the terms of the Fyne Licence required a FDP for the Fyne Field to be submitted to DECC no later than August 31, 2014. DECC’s consent to the amendment included conditions, amongst other things, that the FDP submission be in its final form, the environmental statement be cleared, the Company be approved as a production operator, there be satisfactory evidence of project financing and first production be achieved prior to November 25, 2016. The required FDP was not prepared in time to meet the August 31, 2014 deadline and the Company is in discussion with DECC with respect to relinquishment and possible reapplication for the licence. The carrying value of the Fyne Licence at December 31, 2014 is \$nil (December 31, 2013 - \$nil).

The Fyne Licence includes three suspended wells and the Erne Licence one suspended well. The estimated decommissioning obligation for these wells at December 31, 2014 is based on a stand-alone abandonment program to be completed in 2016. The Company is currently evaluating options to abandon these wells as part of a 2015 or 2016 multi-client, multi-well abandonment program which the Company believes could reduce the Company’s net share of abandonment costs from \$4.9 million to \$2.8 million.

In November 2014 the Company was notified by DECC that it would be offered a licence for Block 21/28b (Antrim – 50%) as part of the UKCS 28th Seaward Licensing Round. As part of a strategic review of its UK licence interests the Company has advised Enegi, the proposed operator of the block, that it will not be accepting the licence award.

Erne Licence

P1875 Block 21/29d – Erne, Antrim 50%

The Erne Licence started in January 2011 and is a Promote Licence with a drill-or-drop commitment. The Erne wells drilled in late 2011 met all the commitments on the Licence. A discovery was made with the 21/29d-11 well and also in the up-dip side-track 21/29d-11z well. These discoveries are not commercial on their own, but may be economic to develop as tie-backs to an adjacent production facility if such a facility were available. The initial four year term of the Licence expired in January 2015 prior to which 50% of the Licence area was relinquished. The carrying value of the Erne Licence at December 31, 2014 is \$nil (December 31, 2013 - \$nil).

Financial Discussion of Continuing Operations

(\$000's except per share amounts)	Three Months Ended		Year Ended	
	December 31		December 31	
	2014	2013	2014	2013
<u>Financial Results</u>				
Cash flow used in operations ⁽¹⁾	(815)	(1,836)	(4,613)	(8,526)
Cash flow used in operations per share ⁽¹⁾	(0.00)	(0.01)	(0.02)	(0.05)
Net loss – continuing operations	(755)	(2,377)	(6,497)	(9,445)
Net loss per share – basic, continuing operations	(0.00)	(0.01)	(0.04)	(0.05)
Net loss	(903)	(21,212)	(10,115)	(39,202)
Net loss per share - basic	(0.00)	(0.11)	(0.05)	(0.21)
Total assets	17,101	91,836	17,101	91,836
Working capital	15,064	788	15,064	788
Capital expenditures – continuing operations	47	239	320	616
<u>Common shares outstanding</u>				
End of period	184,731	184,731	184,731	184,731
Weighted average – basic	184,731	184,731	184,731	184,731
Weighted average – diluted	184,731	184,731	184,731	184,731

(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

With the classification of Causeway to discontinued operations, the Company did not have any revenue in 2014 or 2013.

General and Administrative

General and administrative (“G&A”) costs increased to \$5.4 million in 2014 compared to \$4.8 million in 2013. The increase in G&A is primarily due to \$1.5 million in severance costs included in wages and salaries partially offset by lower salary, occupancy, administrative and travel expenses. G&A costs increased to \$1.5 million for the three month period ended December 31, 2014 compared to \$1.2 million for the same period in 2013. The increase in G&A is due to severance costs in the period partially offset by lower administrative expenses.

A breakdown of G&A expense is as follows:

(\$000's)	Three Months Ended		Year Ended	
	December 31		December 31	
	2014	2013	2014	2013
Wages and salaries	978	256	3,157	2,307
Occupancy	103	33	404	551
Administrative	374	1,020	1,750	2,309
Travel	7	45	23	162
Overhead recovery	-	(157)	93	(544)
	1,462	1,197	5,427	4,785

Exploration & Evaluation Expenditures

Exploration and evaluation (“E&E”) expenditures decreased to \$1.1 million in 2014 compared to \$3.4 million in 2013. The decrease in E&E expenditures is primarily related to less work on the development plan for the Fyne Licence.

E&E expenditures were \$7 thousand for the three months ended December 31, 2014 compared to \$1.3 million for the same period in 2013. E&E expenditure in 2013 is related to an increase in estimated decommissioning obligations.

Finance Costs

Finance costs were \$58 thousand in 2014 compared to \$1.1 million in 2013. The decrease in finance costs is primarily related to fees incurred in 2013 related to sourcing debt financing.

Income Taxes

The Company follows the liability method of accounting for income taxes. As at December 31, 2014, 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 from Continuing Operations

In 2014, cash flow used in operations was \$4.6 million compared to cash flow used in operations of \$8.5 million in 2013. Cash flow used in operations decreased in 2014 due to lower E&E expenditures partially offset by higher general and administrative costs related to employee severance.

In 2014, Antrim had a net loss from continuing operations of \$6.5 million compared to a net loss from continuing operations of \$9.4 million in 2013. Net loss decreased due to lower E&E expenditures and finance costs partially offset by higher general and administrative costs related to employee severance.

Foreign Exchange and Other Comprehensive Income (Loss)

The reporting currency of the Company is the US dollar. From January 1, 2013 until its sale, ARNIL was accounted for as a US functional currency entity. The Company’s continuing UK activities are accounted for using British pounds sterling as the functional currency. 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 gain of \$0.5 million in 2014 compared to a gain of \$39 thousand in 2013.

The Company reported other comprehensive loss of \$7.5 million in 2014, compared to other comprehensive income of \$17 thousand in 2013. Other comprehensive loss increased following the reclassification to income (loss) from discontinued operations of foreign currency translation gains previously included in accumulated other comprehensive income.

Financial Discussion of Discontinued Operations

Discontinued operations relate to the sale of Antrim's Causeway, Kerloch and Cormorant East assets structured as the sale of all of the issued and outstanding shares in ARNIL. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements. Financial results for 2014 only reflect Antrim's ownership of ARNIL to April 24, 2014.

In 2014, Antrim had a net loss from discontinued operations of \$3.6 million compared to a net loss from discontinued operations of \$29.8 million in 2013. The net loss decreased primarily due to a \$26.5 million impairment charge recorded in 2013 and a gain on disposal of assets of \$4.9 million in 2014 with respect to the recognition in income of foreign currency translation adjustments previously included in accumulated other comprehensive income, partially offset by lower production and production revenue in 2014.

Financial Resources and Liquidity

Antrim had a working capital surplus at December 31, 2014 of \$15.1 million compared to a working capital surplus of \$0.8 million as at December 31, 2013. Working capital increased as a result of the sale of ARNIL in April 2014 and the repayment and settlement of all outstanding obligations under the Company's bank debt and financial derivative (the Payment and Oil Swap agreements).

Contractual Obligations, Commitments and Contingencies

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases, including operating costs, as at December 31, 2014 as follows:

(\$000's)	2015	2016	2017	2018	Thereafter
Office Leases	391	391	365	6	-
Ireland	432	-	-	-	-
United Kingdom					
Fyne	10	10	-	-	-
Erne	13	-	-	-	-
Total	846	401	365	6	-

Outlook

The Company will continue to evaluate and de-risk the Irish Skellig Licence with a view to farming down or otherwise reducing its interest before a well is drilled. Sophisticated additional detailed seismic analysis is planned for 2015 to mitigate drilling risk among the top three identified prospects including trace inversion, AVO mapping and modeling, spectral decomposition and attribute extraction. When combined with prior structural and stratigraphic mapping, these analyses should provide significant insight and guidance with respect to any future drilling programme. In the context of low oil prices and inability to achieve first oil from the Fyne Licence prior to November 2016, the Company anticipates little capital spending in 2015 in the UKNS with the exception of well abandonment costs.

The Company intends to use its strong balance sheet and licence holding to acquire opportunities either asset specific or corporate where an acquisition or a corporate combination would enhance shareholder value. The Company has good access to international M&A opportunities and evaluated a number of opportunities in 2014. The Company plans to look for additional opportunities and assess those opportunities based on, amongst other criteria, strategic fit, focus on near term appraisal / development, use of funds, transformative potential with upside potential for Antrim shareholders and current or near term cash flow.

The board of Antrim views the Company's strong financial position as a competitive advantage in the current volatile oil price environment and the Company will continue to seek ways to reduce the Company's G&A costs to further protect its financial position. G&A costs in 2015 are budgeted to be approximately 50% of G&A in 2014.

Summary of Quarterly Results

(\$000's, except per share amounts)	Revenue, Net of Royalties (Note 1)	Cash Flow Used in Operations (Note 1)	Net Income (Loss)	Net Income (Loss) Per Share - Basic
2014				
Fourth quarter	-	(815)	(903)	(0.00)
Third quarter	-	(109)	(528)	(0.00)
Second quarter	-	(2,510)	(223)	(0.00)
First quarter	-	(1,179)	(8,461)	(0.05)
	-	(4,613)	(10,115)	(0.05)
2013				
Fourth quarter	-	(1,836)	(21,212)	(0.11)
Third quarter	-	(388)	(16,067)	(0.09)
Second quarter	-	(2,934)	930	0.01
First quarter	-	(3,368)	(2,853)	(0.02)
	-	(8,526)	(39,202)	(0.21)
2012				
Fourth quarter	-	(8,137)	(67,155)	(0.36)
Third quarter	-	(472)	(5,396)	(0.03)
Second quarter	-	(3,178)	(6,572)	(0.04)
First quarter	-	(1,601)	(55,421)	(0.30)
	-	(13,388)	(134,544)	(0.73)

Note 1: Continuing operations only

Key factors relating to the comparison of net loss for the fourth quarter of 2014 to previous quarters are as follows:

- In the fourth quarter of 2014, the Company incurred \$0.7 million in severance to an executive who exercised an option to voluntarily terminate employment upon closing of the ARNIL sale;
- In the second quarter of 2014, the Company recognized a \$5.2 million gain on disposal of assets primarily with respect to the recognition in income of foreign currency translation adjustments previously included in accumulated other comprehensive income;
- In the first quarter of 2014, the Company incurred \$7.6 million in finance costs and loss on financial derivative related to the Company's bank loan and oil hedge obligations;
- In the fourth quarter of 2013, the Company recognized a \$14.6 million impairment charge on assets held for sale;
- In the third quarter of 2013, the Company recognized a \$12.1 million impairment charge with respect to delays and cost overruns for the Causeway Field;
- 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.

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 establish 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. World financial market events and the resultant negative impact on economic conditions, particularly with respect to junior oil and gas companies, have increased the risk and uncertainty of the availability of equity or debt financing.

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 April 24, 2015 which is filed on SEDAR at www.sedar.com.

Notes on Oil and Gas Disclosure

Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories. The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or a probability distribution.

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.

The resource estimates contained herein are estimates only and the actual results may be greater than or less than the estimates provided herein. The estimates of resources for individual leads may not reflect the same confidence level as estimated resources for all leads, due to the effects of aggregation.

Positive aspects of exploration in the Skellig Block are: (i) similarity of basin geology to geology of the northern part of the Porcupine Basin and the Canadian North Atlantic basins on the conjugate margin where hydrocarbon discoveries have been made; and (ii) a working petroleum system with a proven Jurassic source and the possibility of mature Cretaceous shales. Potential concerns of exploration in the Skellig Block are: (i) the presence of significant quantities of reservoir quality sands at depths of 4,000 to 6,000 metres subsea; (ii) lateral seals in Cretaceous stratigraphic traps; and (iii) hydrocarbon migration into potential Cretaceous reservoirs.

Additionally, certain abbreviations are as follows:

Oil and Natural Gas Liquids

Bbls - barrels
Mbbbls - thousand barrels
Mboe - thousand barrels of oil equivalent

Natural Gas

Mcf - thousand cubic feet
MMcf - million cubic feet

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 Antrim's resources of oil, natural gas liquids (“NGL”) and natural gas. 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, 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, the consideration received in the ARNIL Sale will not change materially as a result of post-closing adjustments, 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, 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, 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 capital requirements, 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 that the consideration from the ARNIL Sale is reduced as a result of post-closing adjustments, the risk of adverse results from litigation and the accuracy of oil and gas resource estimates as they are affected by the Antrim's exploration and development drilling. 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, Ireland, 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, 2014. 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. Murray Chancellor, C. Eng., MICE and Managing Director, United Kingdom for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A. Mr. Chancellor has over 25 years operating experience in the upstream oil and gas industry.

Consolidated Financial Statements of

Antrim Energy Inc.

As at and for the years ended December 31, 2014 and 2013



April 24, 2015

Independent Auditor's Report

To the Shareholders of Antrim Energy Inc.

We have audited the accompanying consolidated financial statements of Antrim Energy Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Antrim Energy Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Antrim Energy Inc.
Consolidated Balance Sheets
As at December 31, 2014 and 2013
(Amounts in US\$ thousands)

	Note	December 31 2014	December 31 2013
Assets			
Current assets			
Cash and cash equivalents		15,420	1,082
Restricted cash	17	12	-
Accounts receivable		163	184
Prepaid expenses		205	539
		<u>15,800</u>	<u>1,805</u>
Assets held for sale	4	-	88,842
Property, plant and equipment	5	18	64
Exploration and evaluation assets	6	1,283	1,125
		<u>17,101</u>	<u>91,836</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		736	1,017
		<u>736</u>	<u>1,017</u>
Liabilities held for sale	4	-	57,977
Decommissioning obligations	8	4,913	4,130
		<u>5,649</u>	<u>63,124</u>
Shareholders' equity			
Share capital	9	361,922	361,922
Contributed surplus		21,892	21,527
Accumulated other comprehensive income (loss)		(2,837)	4,673
Deficit		(369,525)	(359,410)
		<u>11,452</u>	<u>28,712</u>
Total Liabilities and Shareholders' Equity		<u>17,101</u>	<u>91,836</u>
Commitments and contingencies	16		

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

Approved on behalf of the Board of Directors of Antrim Energy Inc.:

(signed) "Stephen Greer"

 Director

(signed) "Erik Mielke"

 Director

Antrim Energy Inc.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands, except per share data)

	Note	2014	2013
Revenue		-	-
Expenses			
General and administrative	12	5,427	4,785
Depletion and depreciation	5	42	93
Share-based compensation	10	365	693
Exploration and evaluation	6, 8	1,099	3,352
Impairment	6	-	7,006
Loss (gain) on disposal of assets	15	-	(7,506)
Finance income		(26)	(2)
Finance costs		58	1,063
Foreign exchange loss (gain)		(472)	(39)
Loss from continuing operations before income taxes		(6,493)	(9,445)
Income tax expense	14	(4)	-
Loss from continuing operations after income taxes		(6,497)	(9,445)
Loss from discontinued operations	4	(3,618)	(29,757)
Net loss for the year		(10,115)	(39,202)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		(604)	17
Items reclassified to profit or loss:			
Foreign currency translation adjustment - disposal		(6,906)	-
Other comprehensive income (loss) for the year		(7,510)	17
Comprehensive loss for the year		(17,625)	(39,185)
Net loss per common share			
Basic and diluted- continuing operations	11	(0.04)	(0.05)
Basic and diluted - discontinued operations	11	(0.02)	(0.16)

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

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

	Note	2014	2013
Operating Activities			
Loss from continuing operations after income taxes		(6,497)	(9,445)
Items not involving cash:			
Depletion and depreciation	5	42	93
Share-based compensation	10	365	693
Accretion of decommissioning obligations	8	49	60
Non-cash items included in exploration and evaluation expenditures		1,056	283
Foreign exchange loss		372	290
Impairment	6	-	7,006
Gain on disposal of assets	15	-	(7,506)
Changes in non-cash working capital items - continuing operations	13	(113)	352
Cash provided by (used in) operating activities - continuing operations		(4,726)	(8,174)
Cash provided by (used in) operating activities - discontinued operations		2,031	9,270
Cash provided by (used in) operating activities		(2,695)	1,096
Financing Activities			
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	(24,650)	(5,350)
Financial derivative settlements	17	(11,452)	(2,225)
Cash provided by (used in) financing activities - discontinued operations		(36,102)	21,002
Investing Activities			
Capital expenditures		(320)	(616)
Change in restricted cash		(11)	(5,879)
Cash proceeds from disposal of assets	4	57,293	7,506
Cash used in investing activities - continuing operations		56,962	1,011
Cash used in investing activities - discontinued operations		(2,981)	(23,443)
Cash provided by (used in) investing activities		53,981	(22,432)
Effects of foreign exchange on cash and cash equivalents		(846)	(87)
Net increase (decrease) in cash and cash equivalents		14,338	(421)
Cash and cash equivalents - beginning of year		1,082	1,503
Cash and cash equivalents - end of year	17	15,420	1,082

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

Antrim Energy Inc.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2012		361,922	20,626	4,656	(320,208)	66,996
Net loss for the year		-	-	-	(39,202)	(39,202)
Other comprehensive income		-	-	17	-	17
Share-based compensation	10	-	901	-	-	901
Balance, December 31, 2013		361,922	21,527	4,673	(359,410)	28,712
Balance, December 31, 2013		361,922	21,527	4,673	(359,410)	28,712
Net loss for the year		-	-	-	(10,115)	(10,115)
Other comprehensive loss		-	-	(7,510)	-	(7,510)
Share-based compensation	10	-	365	-	-	365
Balance, December 31, 2014		361,922	21,892	(2,837)	(369,525)	11,452

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

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

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 and Ireland. Antrim Energy Inc. is incorporated and domiciled in Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”) and the London AIM 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.

The Company entered into an agreement on February 7, 2014 to sell its UK subsidiary, Antrim Resources (N.I.) Limited (“ARNIL”) for \$53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements (see note 4).

2) Basis of Presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at April 24, 2015, the date the Board of Directors approved the annual consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except as explained in note 3, Summary of Significant Accounting Policies. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The accounting policies described in note 3 have been applied consistently to all periods presented in these financial statements.

b) Presentation currency

In these consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (“US”) dollars. 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.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

c) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the critical judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Estimation of reserve and resource quantities

Depletion, impairment and decommissioning charges are dependent on the Company's estimate of oil and gas reserves. The estimation of reserves is an inherently complex process and involves the exercise of professional judgment. Reserves and resources have been evaluated at the balance sheet date by an independent qualified reserve evaluator in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook.

Oil and gas reserve and resource estimates are based on a range of geological, technical and economic factors including projected future rates of production, estimated commodity prices, engineering data, reserve type and timing and amount of future expenditures, all of which are subject to uncertainty. Assumptions reflect market and regulatory conditions existing at the balance sheet date, which could differ significantly from other points in time throughout the year, or future periods. Changes in market and regulatory conditions and assumptions can materially impact the estimation of net reserves.

Recoverability of exploration and evaluation costs

Exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Fluctuations in future commodity prices, resource quantities, expected production techniques, drilling results, production costs and required capital expenditures are important factors when making this determination. If a judgment is made that extraction of the reserves is not viable, the exploration and evaluation costs will be written off to net earnings. See note 6.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

Decommissioning obligations

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration consistent with legal requirements, technological advances and the possible use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The actual timing of future decommissioning and restoration is not known and may change due to certain factors, including reserve life. Changes to assumptions made about future expected costs, discount rates, inflation and timing may have a material impact on the amounts presented. The Company has chosen to measure decommissioning obligations using a risk-free discount rate. See note 8.

Impairment of property, plant and equipment

The recoverable amounts of cash-generating units (“CGUs”) and individual assets have been determined based on greater of value-in-use or fair value less cost of disposal calculations. The key assumptions the Company uses in estimating future cash flows for purposes of calculating value-in-use or fair value less cost of disposal are future oil prices, expected production volumes, future development costs, operating costs and the discount rate applied to reflect the time value of money. Changes to these assumptions will affect the recoverable amounts of cash-generating units and individual assets and may then require a material adjustment to their related carrying value.

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality. See note 5.

Fair value of share-based compensation

The fair value of share-based compensation is calculated using a Black-Scholes option-pricing model. There are a number of estimates used in the calculation such as future forfeiture rate, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management’s best estimates based on historical information and future forecasts. See note 10.

Deferred income taxes

Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in the foreseeable future. To the extent that future taxable income and the application of existing tax laws in each jurisdiction differ significantly from the Company’s estimate, the ability of the Company to realize the deferred tax assets could be impacted.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

3) Summary of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial statements:

a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

b) Foreign currency translation

Items included in the financial statements of each of the Company's consolidated subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The consolidated financial statements are presented in US dollars ("the presentation currency").

In preparing the financial statements of the Company's subsidiaries, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the balance sheet date. Foreign exchange differences arising on translation are recognized in earnings. Non-monetary assets that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

The results and financial position of all the Company's consolidated subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each year are translated at average exchange rates ; and
- (iii) all resulting exchange differences are recognized in a separate component of equity called 'accumulated other comprehensive income'.

When a foreign operation is disposed of, a proportionate share of the cumulative exchange differences previously recognized in other comprehensive income is recognized in the statement of loss, as part of the gain or loss on sale where applicable.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

c) Jointly controlled operations and jointly controlled assets

A significant portion of the Company's operations are conducted with others and involve jointly controlled assets. The consolidated financial statements reflect only the Company's interest in such activities and assets or liabilities.

d) Oil and natural gas exploration and evaluation expenditures

Pre-licence costs

Costs incurred prior to obtaining the legal right to explore for hydrocarbon resources are expensed in the period in which they are incurred.

Exploration and evaluation costs

Exploration and evaluation assets are stated at cost, less accumulated impairment losses.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include licence costs, geological and geophysical costs, employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no reserves are found, the exploration asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. by drilling further wells), are likely to be developed commercially, the costs continue to be carried as exploration and evaluation assets while sufficient and continued progress is made in assessing the commerciality of the hydrocarbons. All such costs are subject to technical, commercial and management review as well as review for impairment indicators at each period end to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved and probable reserves of oil are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas properties after impairment is assessed and any resulting impairment loss is recognized.

e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligations and borrowing costs for qualifying assets. Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling and completion of development wells, including unsuccessful development or delineation wells, is capitalized within property, plant and equipment. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

Depletion and depreciation

Oil and gas assets within property, plant and equipment are depleted on a unit-of-production basis over the proved and probable reserves of the field concerned. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over its estimated useful lives, as follows:

Office equipment	5 years
Computer hardware and software	3 years

f) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

g) Financial assets

Financial assets are measured at fair value on the balance sheet upon initial recognition of the instrument. Subsequent measurement and changes in fair value will depend on initial classification, as follows:

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

- (i) fair value through profit or loss financial assets and liabilities, classified as held for trading or designated as fair value through profit or loss, are measured at fair value and subsequent changes in fair value are recognized in income;
- (ii) loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;
- (iii) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in equity until the instrument or a portion thereof is derecognized or impaired at which time the amounts would be recognized in income; and
- (iv) held to maturity financial assets and loans and receivables are initially measured at fair value with subsequent measurement at amortized cost using the effective interest rate method. The effective interest rate method calculates the amortized cost of a financial asset and allocates interest income or expense over the applicable period. The rate used discounts the estimated future cash flows over either the expected life of the financial asset or liability or a shorter time-frame if it's deemed appropriate.

Antrim's current classifications are as follows:

- (i) cash and cash equivalents are designated as loans and receivables;
- (ii) restricted cash is designated as loans and receivables; and
- (iii) accounts receivable are designated as loans and receivables.

h) Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") are classified as financial liabilities at fair value through profit or loss or as other financial liabilities at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Company's financial liabilities include accounts payables, debt and financial derivative and all are classified as other financial liabilities at amortized cost with the exception of the financial derivative which is a financial liability at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

j) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of crude oil is the cost to produce, including the appropriate proportion of depletion and depreciation and overheads, including all costs incurred in the normal course of business in bringing each product to its present location and condition, and is accounted on a weighted average basis. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

k) Assets held for sale

Non-current assets, or disposal groups consisting of assets and liabilities, are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in net earnings in the period measured.

Non-current assets and disposal groups held for sale are presented in current assets and liabilities within the consolidated balance sheet. Assets held for sale are not depreciated, depleted or amortized.

Income and expenses related to discontinued operations are classified as income (loss) from discontinued operations within the consolidated statements of comprehensive loss and the cash flows.

l) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(Amounts in US\$ thousands)

Decommissioning obligations

Decommissioning obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the relevant asset category to which they relate. The amount recognized is the estimated cost of decommissioning, discounted to its present value using a risk-free interest rate.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the relevant asset category. The unwinding of the discount on the decommissioning obligations is included as a finance cost.

m) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

The Company follows the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantially enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are only recognized to the extent it is more likely than not that sufficient future taxable income will be available to allow the future income tax asset to be realized.

n) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of the revenue can be measured reliably and collectability is reasonably assured. In particular, revenue from the production and sale of crude oil is recognized when the title has been transferred to customers, which is when risk and rewards pass to the customer. This occurs when product is physically transferred into a shipping vessel.

Deferred revenue is recognized when cash is received and no crude oil has been lifted from the terminal therefore title and risk has not been transferred to the buyer.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
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For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive loss.

o) Share-based compensation

Equity-settled share-based compensation to directors, employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a graded basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

p) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed in a similar way to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

q) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

r) Adoption of new accounting policies

International Financial Reporting Interpretation Committee (IFRIC) 21 *Levies* is effective for annual periods beginning on or after January 1, 2014 and clarified that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarified that no liability should be anticipated before the minimum threshold is reached. The adoption of this interpretation did not impact the Company's consolidated financial statements.

Antrim Energy Inc.
Notes to Consolidated Financial Statements
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Effective January 1, 2014, the Company adopted, as required, amendments to IAS 32 *Financial Instruments: Presentation* (“IAS 32”). The amendments clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. IAS 32 did not impact the Company’s consolidated financial statements.

New standards and interpretations not yet adopted

The following new standards are not yet effective and have not been applied in preparing these interim consolidated financial statements:

IFRS 9, *Financial Instruments*, which will replace IAS 39, *Financial Instruments: Recognition and Measurement*, will become mandatory effective for annual periods beginning on or after January 1, 2018. The complete standard was issued in July 2014, and the Company does not intend to early adopt the standard in its consolidated financial statements. IFRS 9 provides revised guidance on the classification and measurement of financial assets and introduces a new expected credit loss model for calculating impairment. IFRS 9 (2014) also incorporates the final general hedge accounting requirements originally published in IFRS 9 (2013). The impact of this standard on the Company has not been determined.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, provides a single, principles based five-step model to be applied to revenue recognition from all contracts with customers and applies to an annual reporting period beginning on or after 1 January 2017. The impact of this standard on the Company has not been determined.

4) Discontinued operations

The Company entered into an agreement on February 7, 2014 with First Oil Expro Limited (“FOE”) pursuant to which, subject to the terms and conditions of the Agreement, FOE agreed to purchase from the Company all of the issued and outstanding shares in the capital of Antrim’s UK subsidiary, Antrim Resources (N.I.) Limited (“ARNIL”) for \$53 million in cash, plus the assumption of certain liabilities and adjusted working capital, from which Antrim would settle on closing all outstanding obligations under its Payment and Oil Swap agreements. On April 24, 2014 the Company completed the sale of ARNIL.

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Details of the disposition are as follows:

	<u>2014</u>
Consideration received:	
Cash	57,293
Discontinued operations:	
Working capital	1,717
Property, plant and equipment	(75,691)
Asset retirement obligations	16,500
Transaction costs	(1,779)
Foreign currency translation adjustment relating to disposal	6,906
Gain on disposal of assets	<u>4,946</u>

The combined results of the discontinued operations which have been included in the consolidated statement of loss and comprehensive loss are as follows. The comparative period income and cash flows from discontinued operations have been reclassified to include those operations classified as discontinued in the current period. Discontinued financial and operating results for the year ended December 31, 2014 include only those results up to April 24, 2014 (the date of sale of ARNIL).

	<u>2014</u>	<u>2013</u>
Discontinued operations		
Revenue	2,465	25,199
Expenses		
Direct production and operating expenditures	1,692	4,745
Depletion and depreciation	844	12,734
Impairment	-	26,729
Finance and administrative costs	5,054	5,805
Loss on financial derivative	3,439	4,220
Foreign exchange loss	-	723
Gain on disposal of assets	(4,946)	-
Income (loss) from discontinued operations	<u>(3,618)</u>	<u>(29,757)</u>

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	2014	2013
Cash flow from discontinued operations		
Net cash flow provided by (used in) operating activities	2,031	9,270
Cash provided by (used in) financing activities	(36,102)	21,002
Cash used in investing activities	(2,981)	(23,443)
	<u>(37,052)</u>	<u>6,829</u>

The Company determined that it did not recognize certain selling costs when measuring assets held for sale at the lower of their carrying amount and fair value less cost of disposal as at December 31, 2013. Had the Company considered these costs in 2013 property, plant and equipment at December 31, 2013 and earnings from discontinued operations for the year ended December 31, 2013 would have been reduced by \$1,779. The Company has concluded the effect of this omission would not be material to users of the 2013 annual financial statements and has not restated those statements. Furthermore, the Company has determined that making an out of period adjustment for these costs in the current period would not materially misstate the current period financial statements.

5) Property, plant and equipment

	December 31 2014	December 31 2013
Opening balance	64	81,069
Additions	-	23,590
Depletion and depreciation	(42)	(13,612)
Impairment	-	(26,540)
Changes in decommissioning estimate	-	7,393
Transferred from exploration and evaluation assets	-	-
Foreign currency translation	(4)	(4)
Reclassified to assets held for sale	-	(71,832)
Closing balance	<u>18</u>	<u>64</u>

During the year, the Company capitalized \$nil (2013 - \$207) of general and administrative costs and \$nil (2013 - \$142) of share-based compensation related to development activity.

In 2013, the Company recognized an impairment charge of \$12,100 following further delays in completing the Causeway facilities. 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%. Also in 2013, the Company recognized an impairment charge of \$14,400 with respect to the sale of the Company's Causeway, Kerloch and Cormorant East assets to be structured as a sale of all of the issued and outstanding shares in ARNIL for \$53 million in cash, plus the assumption of certain liabilities. The recoverable amount was measured at fair value less costs of disposal rather than value in use.

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6) Exploration and evaluation assets

	December 31	December 31
	2014	2013
Opening balance	1,125	6,931
Additions	320	684
Changes in decommissioning estimate	-	475
Impairment	-	(7,006)
Transferred to property, plant and equipment	-	-
Foreign currency translation	(162)	41
Closing balance	<u>1,283</u>	<u>1,125</u>

Exploration and evaluation assets at December 31, 2014 and December 31, 2013 relate to the Company's Ireland Frontier Exploration Licence. During the year, the Company capitalized \$18 (2013 - \$226) of general and administrative costs and \$nil (2013 - \$66) of share-based compensation related to exploration and evaluation activity.

In the third quarter of 2013, the Company recognized an impairment charge of \$7,006 relating to the West Causeway licence as the licence was nearing the end of its exploration term.

7) Debt

	December 31	December 31
	2014	2013
Opening balance	20,159	-
Additions	-	21,444
Payments	(24,650)	(5,350)
Interest on long-term debt	3,802	3,332
Amortization of issue costs	689	733
Closing balance	<u>-</u>	<u>20,159</u>

In January 2013, the Company entered into a \$30 million payment swap transaction ("Payment Swap") with a major financial institution. Under the terms of the transaction, \$30 million was 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 ("Oil Swap") to forward sell 657,350 barrels of Brent crude oil at an initial fixed price of \$89.37 covering the period from February 2013 to December 2015. In December 2013 the fixed price was reduced to \$81.21 per barrel in exchange for amendments to the Payment and Oil Swap (see note 17).

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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 is 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 have been fully amortized as the contract has been extinguished.

On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

8) Decommissioning obligations

	December 31	December 31
	2014	2013
Opening balance	4,130	10,270
Additions	-	759
Accretion	49	220
Change in estimate	1,058	8,056
Dispositions	-	-
Foreign currency translation	(324)	1,023
Reclassified to liabilities held for sale	-	(16,198)
Closing balance	<u>4,913</u>	<u>4,130</u>

At December 31, 2014, the estimated undiscounted decommissioning obligations are \$4,937 (December 31, 2013 - \$4,269). The expenditures are expected to be incurred by 2016.

The change in estimate in 2014 is related to suspended non-producing wells and is recorded as E&E expense. The change in estimate in 2013 is primarily related to increased cost estimates for the reclamation of producing wells as well as water injection and suspended wells.

The present value of the decommissioning obligations has been calculated using a risk-free interest rate of 0.50% (2013 – 2.17%) and an inflation rate of 2.0% (2013 – 2.0%).

9) Share capital

Authorized

Unlimited number of common voting shares

Common shares issued	Number of	Amount
	Shares	\$
Balance, December 31, 2014 and December 31, 2013	<u>184,731,076</u>	<u>361,922</u>

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10) 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.

Share-based compensation for the year was \$365 (2013 – \$901) of which \$365 (2013 – \$693) was expensed and \$nil (2013 – \$208) was capitalized.

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

	2014		2013	
		Weighted average exercise price Cdn \$		Weighted average exercise price Cdn \$
Outstanding at beginning of period	7,575,000	0.67	12,350,065	0.98
Granted	-	0.00	500,000	0.20
Forfeited	(2,179,998)	0.73	(3,045,065)	0.83
Expired	(50,000)	0.35	(2,230,000)	2.08
Outstanding at December 31	5,345,002	0.65	7,575,000	0.67
Exercisable at December 31	3,886,674	0.70	3,571,680	0.82

The range of exercise prices of the outstanding options is as follows:

Options outstanding				Options exercisable		
Range of exercise prices Cdn \$	Weighted- average exercise price Cdn \$	Number outstanding at December 31, 2014	Weighted- average years remaining contractual life	Weighted- average exercise price Cdn \$	Number outstanding at December 31, 2014	Weighted- average years remaining contractual life
0.20 – 1.00	0.57	4,345,002	2.57	0.59	2,886,674	2.52
1.01 – 1.02	1.01	1,000,000	0.76	1.01	1,000,000	0.76
		<u>5,345,002</u>			<u>3,886,674</u>	

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No options were granted in 2014. The fair values of options granted in 2013 were calculated using a Black Scholes valuation model. The principal inputs to the option valuation model were:

	<u>2013</u>
Weighted average share price	0.20
Weighted average exercise price	0.20
Weighted average expected volatility	83.63%
Option life	4.5 years
Dividend yield	Nil
Weighted average risk-free interest rate	1.24%
Forfeiture rate	10%

Expected volatility was determined by calculating the historical volatility of the Company's share price over a period commensurate with the expected lifetime of the options.

11) Earnings per share

	<u>2014</u>	<u>2013</u>
Loss from continuing operations	(6,497)	(9,445)
Income (loss) from discontinued operations	(3,618)	(29,757)
Net loss for the period	<u>(10,115)</u>	<u>(39,202)</u>
Basic earnings per share:		
Issued common shares	184,731,076	184,731,076
Effect of share options exercised	-	-
Weighted average number of common shares – basic	<u>184,731,076</u>	<u>184,731,076</u>
Diluted earnings per share:		
Weighted average number of common shares – basic	184,731,076	184,731,076
Effect of outstanding options	-	-
Weighted average number of common shares – diluted	<u>184,731,076</u>	<u>184,731,076</u>
Basic and diluted income (loss) per common share:		
From continuing operations	(0.04)	(0.05)
From discontinued operations	(0.02)	(0.16)
Total basic and diluted loss per share	<u>(0.05)</u>	<u>(0.21)</u>

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

For the year ended December 31, 2014 and 2013, all stock options were anti-dilutive and were not included in the diluted common share calculation.

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12) General and administrative expenses

	2014	2013
Wages and salaries	3,157	2,307
Occupancy	404	551
Administrative	1,750	2,309
Travel	23	162
Overhead recovery	93	(544)
	<u>5,427</u>	<u>4,785</u>

Total employee benefits expenses, including share-based compensation for the year ended December 31, 2014 were \$3,522 (2013 - \$2,838).

13) Supplemental cash flow information

	2014	2013
(Increase)/decrease of assets:		
Trade and other receivables	(149)	39
Inventory and prepaid expenses	21	(35)
Increase/(decrease) of liabilities:		
Trade and other payables	15	348
	<u>(113)</u>	<u>352</u>
Cash and cash equivalents are comprised of:		
Cash in bank	920	1,082
Short-term deposits	14,500	-
	<u>15,420</u>	<u>1,082</u>

14) Income taxes

The differences between the expected income tax provision and the reported income tax provision are summarized as follows:

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	2014	2013
Loss from continuing operations before income taxes	6,493	9,445
Statutory income tax rate	25%	25%
Expected recovery	1,623	2,361
Increase (decrease) in taxes resulting from:		
Non-deductible expenses	(1,159)	(1,375)
Effect of different tax rates in foreign jurisdictions	164	(8,108)
Changes in statutory rate changes in the year	-	-
Benefit of tax losses recognized (not recognized)	(632)	7,122
	<u>(4)</u>	<u>-</u>

The statutory tax rate was 25% in 2014 (2013 – 25%).

There was no income tax expense in 2014 and 2013 relating to discontinued operations.

Deferred income tax

The deferred income tax assets are comprised of the following:

	December 31 2014	December 31 2013
Property, plant and equipment	730	961
Decommissioning obligations	983	1,239
Non-capital losses	8,060	9,256
Capital losses	3,444	3,444
Share issuance and financing costs	127	276
Other	282	321
Unrecognized deferred tax asset	(13,626)	(15,497)
	<u>-</u>	<u>-</u>

The Company has unused non-capital tax losses attributable to continuing operations of \$32,443 (2013 – \$37,038) to carry forward against future taxable income of subsidiaries in which the losses arose. At December 31, 2014, the Company had the following available tax loss carryforwards:

	Expiry Dates	\$
Loss carryforwards attributable to continuing operations:		
Canada	2015-2032	31,620
United Kingdom	No Expiry	695
Ireland	No Expiry	128
		<u>32,443</u>

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15) 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.

16) Commitments and contingencies

The Company has net commitments in respect of its petroleum and natural gas properties and operating leases, including operating costs, as at December 31, 2014 as follows:

(\$000's)	2015	2016	2017	2018	Thereafter
Office Leases	391	391	365	6	-
Ireland	432	-	-	-	-
United Kingdom					
Fyne	10	10	-	-	-
Erne	13	-	-	-	-
Total	846	401	365	6	-

17) 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, cash equivalents, restricted cash, accounts receivable, accounts payable, debt and financial derivative. Cash and cash equivalents, restricted cash, and accounts receivable 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 these financial instruments, fair values approximate carrying amounts. Debt was classified as other financial liabilities and accounted for at amortized cost. The financial derivative was classified as a financial liability at fair value through profit or loss.

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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's sales from discontinued operations in 2013 and 2014 were all to a single customer. 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.

The extent of the Company's credit risk exposure is identified in the following table:

	December 31	December 31
	2014	2013
Cash and cash equivalents	15,420	1,082
Restricted cash	12	-
Accounts receivable	163	184
	<u>15,595</u>	<u>1,266</u>

No accounts receivable are past due or considered impaired.

(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.

As at December 31, 2014 the Company's financial liabilities are due within one year.

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(c) Market risk

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

Commodity price risk

For the years ended December 31, 2014 and 2013 the financial derivative liability movements were as follows:

	December 31	December 31
	2014	2013
Opening balance	8,158	-
Additions	-	7,133
Settlements	(11,452)	(2,225)
Unrealized loss on financial derivative	3,294	3,250
Closing balance	-	8,158

On April 24, 2014 the Company completed the sale of ARNIL and settled its outstanding obligations under its Payment and Oil Swap agreements.

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, Canadian dollars and British pounds sterling. As a result, fluctuations in the United States dollar against the Canadian dollar and British pound sterling 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 United States dollars when not required in support of current operations. A 1% change in the Cdn\$/US\$ and £/US\$ exchange rate at December 31, 2014 would impact comprehensive loss by approximately \$1 and \$50, respectively.

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.

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The Company's capital structure at December 31, 2014 consisted of cash and cash equivalents and shareholders' equity. Shareholders' equity includes shareholders' capital, contributed surplus, and accumulated other comprehensive loss and deficit.

The capital structure of the Company consists of:

	December 31	December 31
	2014	2013
Cash and cash equivalents	15,420	1,082
Shareholders' equity	11,452	28,712

Current restrictions on the availability of credit may limit the Company's ability to access debt or equity financing for its 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. Although the Company may need to raise additional funds from outside sources, if available, in order to develop its oil and gas properties, the Company seeks to maintain flexibility to manage financial commitments on these assets.

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 farm-out existing exploration assets.

18) Related party transactions

The financial statements include the financial statements of Antrim and the subsidiaries listed in the following table:

Subsidiary	Country of Incorporation	Equity interest in % at December 31,	
		2014	2013
Antrim Energy Ltd.	Bahamas	100	100
Antrim Exploration (Ireland) Limited	Ireland	100	100
Antrim Resources (N.I.) Limited	United Kingdom	-	100
Antrim Energy (UK) Limited	United Kingdom	100	-
Antrim Energy (Ventures) Limited	United Kingdom	100	-

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Compensation of key management personnel of the Company

Key management personnel include directors and executives of the Company. The compensation paid or payable to key management personnel is as follows:

	2014	2013
Short-term employee benefits	2,229	1,304
Share-based compensation	235	788
Total compensation of key management personnel	<u>2,464</u>	<u>2,092</u>

Other 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 2014, the Company incurred fees of \$376 (2013 - \$328) payable to Burstall Winger Zammit LLP, a law firm in which a director of the Company is a partner.

DIRECTORS

Stephen Greer ^{(1) (3)}
Chairman

Erik Mielke ^{(1) (2) (3)}
Independent Director

Jim Perry ^{(1) (2) (3) (4)}
Independent Director

Anthony Potter
Director
Antrim Energy Inc.

Jay Zammit ^{(2) (4)}
Partner,
Burstall Winger Zammit LLP

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

OFFICERS

Anthony Potter
President, Chief Executive Officer and Chief Financial Officer

Adrian Harvey
Corporate Secretary

STOCK EXCHANGE LISTINGS

TSX Venture Exchange (TSXV): Trading Symbol
“AEN”

London Stock Exchange (AIM): Trading Symbol
“AEY”

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

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Antrim Energy (UK) Limited
Antrim Energy (Ventures) Limited

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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:

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