Antrim Energy Inc.

Management's Discussion and Analysis

December 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward Looking Statements

This management discussion and analysis ("MD&A") and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on Antrim's current internal expectations, estimates, projections, assumptions and beliefs. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements or information. Antrim believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that 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 following:

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

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

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

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

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

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

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

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

Non-GAAP Measures

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

Overview

Oil and gas revenue decreased to $12.0 million for the year ended December 31, 2008 compared to $14.0 million for the same period in 2007. Revenues decreased as a result of lower oil and gas production and lower gas prices received. Cash flow from operations was $0.3 million in 2008 compared to $4.5 million in 2007. Production in Argentina declined to 1,411 barrels of oil equivalent per day ("boepd") from 1,553 boepd in 2007.

Antrim completed its 2008 drilling program in the UK North Sea successfully drilling the final well before first production on the East Causeway property, and successfully drilling two future production wells while appraising the Fyne property. In Argentina, a total of 17 wells were drilled resulting in five (1.29 net) oil wells, five (1.29 net) gas wells and five (2.0 net) wells waiting on completion. Two (0.52 net) wells were plugged and abandoned.

In Argentina, the successful drilling program helped to increase total proved plus probable reserves 11.2% to 9.9 million boe as at December 31, 2008 compared to 8.9 million boe in 2007 (net to Antrim).

In the United Kingdom, total proved plus probable reserves decreased 10.6% from 29.3 million boe in 2007 to 26.2 million boe (net to Antrim). Fyne and Dandy total proved plus probable reserves increased marginally to 16.0 million boe as at December 31, 2008 compared to 15.9 million boe in 2007. The Fyne and Dandy fields now represent 44% of the Company's total proved plus probable reserves. A revision in the geophysical interpretation of the Causeway structure based on reprocessing and reinterpretation of seismic data resulted in total proved plus probable reserves decreasing 23.9% from 13.4 million boe in 2007 to 10.2 million boe (net to Antrim).

United Kingdom

Antrim successfully drilled the final well before first production on the East Causeway property. The 211/23d-18 well was cased and will be used to provide pressure support to the 211/23d-17z discovery well.

In late December 2008, Antrim filed the Field Development Plan ("FDP") for Phase I of East Causeway with the UK regulatory authority, the Department of Energy and Climate Change. Phase I will involve the subsea completion and tie-in of one producer and one pressure maintenance well. The production and injection wells will be tied-in to the Dunlin processing facilities to allow crude oil delivery to the Sullom Voe Terminal through the Brent Pipeline System. The design includes provision for expansion for the further development phases.

Two successful Antrim operated wells were drilled in the Fyne Field in 2008. The 21/28a-9 well, including sidetracks in the central Fyne Field, encountered significant oil columns in each leg and 21/28a-9y was cased as a future production well. Appraisal drilling of the 21/28a-10z well, a programmed sidetrack to the 21/28a-10 well, in the western lobe of the Fyne Field encountered 60 feet of net oil pay in the Tay Sandstone. Geological and engineering work continues in support of a FDP for the Fyne Field.

Argentina

During 2008, 17 wells were drilled in Tierra del Fuego resulting in five (1.29 net) oil wells, five (1.29 net) gas wells and five (2.0 net) wells waiting on completion. Two (0.52 net) wells were plugged and abandoned. Commissioning of the pipeline linking the Company's gas producing fields in Tierra del Fuego with the San Martin gas sales line across the Straits of Magellan was completed in mid September 2008. This pipeline enables Antrim to deliver gas to the Argentina mainland where higher prices are available. The system is currently delivering 12.25 (net 3.2) million cubic feet per day ("mmcf/d") to mainland markets.

Financial and Operating Results

In 2008, Antrim changed its reporting currency from Canadian to US dollars. All comparative financial information has been translated and restated as if the US dollar had been used as the Company's reporting currency. All amounts reported in this MD&A related to three month periods ended December 31, 2008 and 2007 are unaudited.

	Three Months Ended December 31,		Year Ended December 31,	
	2008	**2007**	**2008**	**2007**
Financial Results ($000's except per share amounts)				
Revenue	2,651	3,288	12,034	13,979
Cash flow (used in) from operations	(1,032)	1,060	307	4,458
Cash flow (used in) from operations per share	(0.01)	0.01	0.00	0.04
Net (loss)	(7,152)	(1,754)	(13,031)	(8,428)
Net (loss) per share - basic	(0.05)	(0.02)	(0.10)	(0.08)
Total assets	271,361	307,395	271,361	307,395
Working capital	35,267	88,924	35,267	88,924
Expenditures on petroleum and natural gas properties	5,970	16,712	91,161	97,353
Debt	-	-	-	-
Common Shares Outstanding (000's)				
End of period	135,322	117,581	135,322	117,581
Weighted average - basic	135,054	112,733	125,775	102,831
Weighted average - diluted	135,054	114,795	125,775	102,831
Production				
Oil , natural gas and NGL production (boe per day)(1)	1,391	1,588	1,411	1,553

(1)The boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Oil, Gas and NGL Revenue

Oil, gas and NGL revenue decreased to $12.0 million in 2008 from $14.0 million in 2007. For the three months ended December 31, 2008 oil, gas and NGL revenue was $2.7 million compared to $3.3 million in 2007. Revenues decreased as a result of lower oil, natural gas and NGL production and lower gas prices received. The decrease in oil production was due to natural reservoir decline. Gas production declined and prices were depressed for much of the year due to construction and commissioning of a pipeline and associated facilities linking Antrim's gas production with the San Martin gas sales line and mainland industrial markets. The lack of access to higher priced markets until mid September 2008, resulted in gas production being sold to Tierra del Fuego consumers at an average price of $1.10 per thousand cubic feet (“mcf”) for 2008. NGL production declined in the fourth quarter 2009 due to an unscheduled two month shut down of a refrigeration unit at the San Luis gas plant in Tierra del Fuego.

Net revenues, after royalties and export taxes, decreased for the year ended December 31, 2008 to $10.3 million from $11.2 million in 2007. This decrease in net revenues is a result of lower production and lower sales prices offset by the elimination of export tax paid on oil sales. For the first nine months of 2007, all oil production from the Tierra del Fuego concessions was exported to Chile and subject to export tax. The Company now sells all oil from the Tierra del Fuego concessions to the domestic market. For the three months ended December 31, 2008, net revenues, after royalties and export taxes, were $2.3 million compared to $3.3 million for the three months ended December 31 2007.

Net production to Antrim in 2008 was 1,411 boepd compared to 1,553 boepd for 2007. For the three month periods ended December 31, 2008 and 2007, net production was 1,391 and 1,588 boepd respectively.

Average net oil production in the three and twelve month periods ended December 31, 2008 was 563 and 605 barrels of oil per day, respectively, compared to 680 and 656 barrels of oil per day respectively, for the same periods in 2007. Oil prices averaged $44.02 per barrel in the three month period ended December 31, 2008 compared to $37.52 per barrel in 2007. For the year ended December 31, 2008 oil prices averaged $43.44 compared to $44.63 per barrel in 2007.

Oil production from both the Puesto Guardian and Tierra del Fuego concessions is sold with reference to the price of West Texas Intermediate (“WTI”) crude oil less a quality discount. Domestic oil sales are subject to a mandated discount which increases as the price of WTI crude oil increases. For the first nine months of 2007, all oil production from the Tierra del Fuego concessions was exported via tanker truck to Chile. In January 2007, an export tax specifically including oil exports from Tierra del Fuego was passed into law. The export tax paid on crude oil exports at the time was 45% applied on the sales value after the tax. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. The application of the mandated discount on domestic oil sales results in a similar ceiling, after quality adjustments, within the domestic market. Since September 2007, all production from the Tierra del Fuego concessions has being accumulated and periodically transported by ship to a refinery on the mainland.

Net gas production in the year end December 31, 2008 was 4,535 mcf/d compared to 4,970 mcf/d in 2007. For the three month period ended December 31, 2008 net gas production was 4,822 mcf/d and 5,007 mcf/d in the same period in 2007. Sales gas prices in Argentina averaged $1.10 per mcf in 2008 compared to $1.24 per mcf in 2007. For the three months ended December 31, 2008 sales gas prices in Argentina averaged $1.66 per mcf compared to $1.06 per mcf for the corresponding period in 2007. Effective September 1, 2007, Antrim was required to sell at least 1.4 million cubic feet per day of gas into the Tierra del Fuego residential market at a fixed price of approximately $0.36 per mcf. The remaining gas was sold to Tierra del Fuego industrial consumers at an average price of $1.72 per mcf in 2008.

Average net NGL production in the three and twelve month periods ended December 31, 2008 was 24 and 52 barrels per day respectively, compared to 73 and 69 barrels per day for the comparable periods in 2007. NGL production declined in the fourth quarter of 2008 due to an unscheduled two month shut down of a refrigeration unit at the San Luis gas plant in Tierra del Fuego. NGL prices, before export taxes, averaged $42.89 per barrel in 2008 compared to $34.89 per barrel in 2007 NGL exports to Chile are subject to a 45% export tax applied on the sales value.

Netbacks

The following table provides a comparative analysis of field netbacks for the three months and years ended December 31, 2008 and 2007.

	Three Months Ended December 31,		**Year Ended December 31,**	
	2008	**2007**	**2008**	**2007**
$/boe				
Wellhead price	**22.51**	21.96	**23.85**	24.82
Royalties	**(2.87)**	(2.92)	**(2.97)**	(3.13)
Export tax	**(0.00)**	2.98	**(0.52)**	(1.90)
Operating expenses	**(13.64)**	(11.97)	**(10.13)**	(8.16)
Netback	**6.00**	10.05	**10.23**	11.63
Oil, natural gas and NGL sales (boe)	**117,784**	149,700	**504,655**	563,179
Oil , natural gas and NGL sales (boe per day)	**1,280**	1,627	**1,379**	1,543

The decrease in netbacks for the three month period ended December 31, 2008 compared to the same period in 2007 is primarily due to higher operating expenses offset by the elimination of export taxes paid on oil sales. The netback for the same three month period in 2007 increased due to a recovery of export taxes previously paid. While 2008 also benefited from the reduction in export tax, the export tax reduction was more than offset by lower wellhead prices and increased operating costs attributed to higher personnel and land rental costs.

General and Administrative

General and administrative (G&A) costs increased for the three months and year ended December 31, 2008 to $2.3 million and $8.1 million compared to $1.8 million and $5.4 million for the comparable periods in 2007. In addition, during 2008 Antrim capitalized $3.1 million (2007 - $2.5 million) of G&A costs related to exploration and development activity in Argentina and the United Kingdom. G&A costs increased in 2008 due to greater corporate activity, new UK office premises and increased personnel and related costs.

Depletion and Depreciation

Depletion and depreciation expense increased in 2008 to $4.8 million compared to $4.2 million in 2007. The consolidated per unit charge increased to $8.84 per boe from $ 7.45 per boe in 2007 due to capital expenditures for Tierra del Fuego facilities and pipelines and higher estimated future costs to complete. No depletion was recorded with respect to the $193.5 million of United Kingdom assets as they are classified as unproven properties. Depletion of these assets will commence with production.

Foreign Exchange Loss and Comprehensive (Loss) Income

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

The Company incurred a foreign exchange gain for the year ended December 31, 2008 of $0.4 million compared to a loss of $5.7 million in 2007. For the three months ended December 31, 2008 Antrim incurred a foreign exchange gain of $0.2 million and a loss of $1.0 million for the same period in 2007. The Canadian dollar, British pound sterling and Argentine peso exchange rates were relatively stable as compared to the US dollar for most of the first nine months of 2008 whereas the Canadian dollar and British pound sterling strengthened relative to the US dollar in 2007.

Effective January 1, 2008, the Company changed its reporting currency from Canadian dollars to United States dollars. The consolidated assets and liabilities are translated at the period end exchange rates and the results of changes in these rates are recorded as an unrealized gain (loss) in comprehensive income (loss). The exchange rate for the Canadian dollar relative to the United States dollar declined from Cdn $1.02 at December 31, 2007 to Cdn $0.82 at December 31, 2008 resulting in an unrealized loss on translation of the consolidated assets and liabilities of $61.2 million. Due to the strengthening of the Canadian dollar relative to the United States dollar in 2007 a $32.1 million unrealized gain occurred on translation at the 2007 year end.

Write-off of Investment, Non-current Assets and Petroleum and Natural Gas Properties

In 2008, Antrim expensed $2.0 million to reduce the carrying value of the investment in NOR Energy AS (NOR) to the estimated net realizable value of $1. In March 2009, NOR sold its major asset and based on the terms of this transaction and the significant uncertainty with respect to the value of NOR's remaining assets, the Company considers the net realizable value of its investment to be nominal.

The Company also expensed $0.6 million of value added tax receivable which was determined to not be recoverable out of future operations in Argentina. In 2007, the Company wrote-off costs of $0.6 million following the relinquishment of its interests in the United Kingdom Southern Gas Basin.

Income Taxes

Antrim recorded current income tax expense in 2008 of $41 thousand compared to $100 thousand in 2007. In the fourth quarter 2008, the Company reduced the carrying value of future income tax assets related to Antrim's Argentina operations by $1.1 million to their estimated net realizable value of $0.3 million. As a result, future income tax expense incurred in 2008 was $0.3 million compared to a future income tax recovery of $0.6 million in 2007. No corporate income tax is payable on net operating income from the Tierra del Fuego concessions.

Cash Flow and Net Income

Antrim generated cash flow from operations of $0.3 million for the year ended December 31, 2008 compared to $4.5 million in 2007. For the three month period ended December 31, 2008 the Company incurred a cash flow from operations deficiency of $1.0 million while in the same period of 2007 cash flow from operations was $1.1 million. Cash flow decreased from 2007 to 2008 due to lower production, lower gas prices received, higher operating costs and higher G&A expenses.

For the years ended December 31, 2008 and 2007, the Company incurred net losses of $13.0 million and $8.4 million, respectively. Antrim incurred a net loss in the three months ended December 31, 2008 of $7.2 million compared to a net loss of $1.8 million for the comparable period in 2007. The loss increased from 2007 to 2008 due to lower revenues, higher operating expenses, higher general and administrative costs, higher stock-based compensation, higher depletion and depreciation expenses combined with the write-down of the Company's investment in NOR, Argentina future income tax assets and the value added tax receivable.

Capital Expenditures

Expenditures on petroleum and natural gas properties in 2008 were $91.2 million compared to $97.4 million in 2007. The majority of capital expenditures were related to drilling of the Causeway well and two Fyne wells. Capital expenditures in Argentina were primarily expended on development drilling in the Tierra del Fuego concession.

Financial Resources and Liquidity

As at December 31, 2008, Antrim had working capital of $35.3 million including unrestricted cash of $35.3 million and no debt. There was no restricted cash at December 31, 2008. Accounts payable and accrued liabilities decreased to $6.2 million at December 31, 2008 from $22.5 million as of December 31, 2007 primarily due to the completion of the 2008 UK drilling program early in the third quarter of 2008.

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

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

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

Antrim has various commitments which are described more fully in Note 17 to the consolidated financial statements. During the third quarter, Antrim made a commitment of $902,300 related to the building and commissioning of a second gas sales pipeline across the Straits of Magellan linking gas production from the island of Tierra del Fuego with the mainland. Due to the recent deterioration of economic conditions, Antrim believes that the planned construction of this pipeline will be deferred.

2009 Outlook

Antrim is in a strong financial position with unrestricted cash available of $35.3 million and no debt as at December 31, 2008, providing Antrim with financial and operational flexibility during a period of uncertain economic conditions. The Company plans to minimize its cash utilization on its existing properties in 2009 by reducing capital expenditures, operating expenses and general and administrative costs. Antrim plans to use its financial strength and operating experience to make additional strategic acquisitions in its areas of operation.

Antrim maintains a high working interest and operational control of its two major UK properties. Antrim plans continued development of its Causeway and Fyne fields and will minimize further significant capital expenditures or financial commitments pending stabilization of commodity prices and the recovery of the financial markets. In the interim, the Company is reviewing the subsea tie-in plans for Causeway with the objective of reducing development costs. As a result, our target of obtaining first production from Causeway will be extended to 2011, subject to favourable commodity and financial market conditions.

Antrim will continue to work towards preparing an FDP for the Fyne field in 2009. The Company plans to phase-in these two UK developments. This approach will minimize the initial capital commitment required by Antrim and will provide funding for subsequent production phases from cash flow generated by previous phases. The Company will continue to assess market conditions to ensure that we execute our strategy in a fiscally prudent manner.

The Argentina drilling program in Tierra del Fuego was successful in adding reserves, future production potential and significant value; however, current economic conditions dictate a shift in strategy away from drilling and towards lower cost production increases. In December 2008, Antrim discontinued the drilling program and will focus in 2009 on increasing production through existing well tie-ins. In late 2008 and early 2009, Antrim negotiated contracts to sell increased volumes of Tierra del Fuego gas into the mainland industrial market. These contracts provide for increasing volumes and pricing over the next two to three years.

Total capital expenditures for 2009, before capitalized G&A, are planned to be $6 million, which will be funded out of existing working capital and cash flow from operations. As gas delivery rates increase in Tierra del Fuego, Antrim anticipates production in 2009 to average approximately 2,300 boepd.

Summary of Quarterly Results

($000's, except per share amounts)	**Oil, Gas and NGL Revenue, Net of Royalties**	**Cash Flow from Operations**	**(Loss)**	**(Loss) Per Share – Basic**
2008				
Fourth quarter	2,313	(1,032)	(7,152)	(0.05)
Third quarter	2,875	886	(1,507)	(0.01)
Second quarter	1,849	(986)	(3,564)	(0.03)
First quarter	3,236	1,439	(808)	(0.01)
Total	10,273	307	(13,031)	(0.10)
2007				
Fourth quarter	3,297	1,060	(1,754)	(0.01)
Third quarter	2,601	882	(2,260)	(0.02)
Second quarter	2,830	1,720	(3,330)	(0.04)
First quarter	2,422	795	(1,084)	(0.01)
Total	11,150	4,457	(8,428)	(0.08)

Critical Accounting Policies and Estimates

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

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

The fair value of the asset retirement obligations are estimated and recorded on a discounted basis over the expected life of the assets. Factors that may affect the fair value of these obligations include the expected costs to complete the retirement, the useful lives of the assets and the discount rate applied. Cost estimates may vary as the extent of work required changes either as a result of operational considerations or changes to environmental legislation.

The amount recorded as stock-based compensation expense is determined using the Black-Scholes option pricing model, which includes numerous estimates as described in Note 11 to the consolidated financial statements.

New Accounting Standards and Recent Accounting Pronouncements

Effective January 1, 2008, the Company adopted new accounting standards set out by the Canadian Institute of Chartered Accountants ("CICA") Section 1535 "Capital Disclosures, Section 3031 "Inventories", Section 3862 "Financial Instruments Disclosures", and Section 3863 "Financial Instruments Presentation". Where applicable, these standards have been adopted prospectively.

CICA Section 1535 "Capital Disclosures" requires companies to disclose their objectives, policies and procedures for managing capital, as well as whether externally imposed capital requirements have been complied with.

CICA Section 3031 "Inventories" provides revised guidance on the measurement and disclosure requirements for inventory, and also clarifies that major spare parts and standby equipment not in use should be included in property, plant and equipment.

CICA Section 3862 "Financial Instruments Disclosures" and Section 3863 "Financial Instruments Presentation" require the Company to provide additional disclosure to enable users to evaluate the significance of financial instruments to the Company's financial position, performance and cash flows and how those risks are managed.

Effective for fiscal years commencing on or after October 1, 2008, the Company will be required to adopt new CICA Section 3064. "Goodwill and Intangible Assets" clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. The Company does not expect the changes to have an effect on its consolidated financial statements.

Conversion to International Financial Reporting Standards

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

Commitments and Contingencies

The Company has several commitments in respect of its petroleum and natural gas properties and operating leases for office space which are described in Note 17 to the consolidated financial statements.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with Canadian GAAP. The Company tested and evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting as at December 31, 2008. As a result of this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded the Company's disclosure controls and procedures and internal controls over financial reporting have been designed and are operating effectively.

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

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

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In 2008 the Company incurred fees of $254,380 (2007 - $170,949) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner. The Company had no off-balance sheet transactions during 2008.

Risks and Uncertainties

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

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

The Company has significant investments in Argentina and the United Kingdom and its primary source of revenue is from two oil and gas properties in Argentina. 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.

For additional detail regarding the Company's risks and uncertainties, refer to the Company's most recent AIF filed on SEDAR at www.sedar.com.