Antrim Energy Inc.

Management's Discussion and Analysis

December 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following MD&A provides a detailed explanation of Antrim's operating results for the quarter and year ended December 31, 2009 compared to the quarter and year ended December 31, 2008 and should be read in conjunction with the consolidated financial statements of Antrim. This MD&A has been prepared using information available up to March 23, 2010.

Non-GAAP Measures

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

Cash flow from operations is defined as cash flow from operating activities before changes in working capital. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted-average number of outstanding shares. Reconciliation of cash flow from operations to its nearest measure prescribed by GAAP is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended December 31		Year Ended December 31	
	2009	**2008**	**2009**	**2008**
$				
Cash flow from (used in) operating activities	96,454	(247,695)	(1,082,261)	778,847
Increase (decrease) in non-cash working capital	(1,474,670)	(784,441)	15,088	(472,130)
Cash flow (deficiency) from operations	(1,378,216)	(1,032,136)	(1,067,173)	306,717

Overview

Oil and gas revenue increased to $13.0 million for the year ended December 31, 2009 compared to $12.0 million for the same period in 2008. Revenue increased as a result of higher gas production and gas prices received offset by lower oil production and oil prices received. Antrim incurred a cash flow from operations deficiency of $1.1 million in 2009 compared to cash flow of $0.3 million in 2008. Cash flow decreased due to higher operating costs and lower interest and other income offset by higher revenue and lower general and administrative costs. Production in Argentina increased to 1,840 barrels of oil equivalent per day ("boepd") from 1,411 boepd in 2008.

In the United Kingdom, total proved plus probable reserves increased 5.7% from 26.2 million barrels of oil equivalent ("boe") in 2008 to 27.7 boe (net to Antrim) as at December 31, 2009. Fyne and Dandy total proved plus probable reserves increased to 17.5 million boe as at December 31, 2009 compared to 16.0 million boe in 2008 due to seismic re-interpretation. The Fyne and Dandy fields now represent 47.1% of the Company's total proved plus probable reserves as at December 31, 2009. Causeway total proved plus probable reserves remained unchanged at 10.2 million boe (net to Antrim).

On March 4, 2010, Antrim announced the signing of a Conditional Letter Agreement ("CLA") with Valiant Petroleum plc ("Valiant") to sell a 30% interest in Causeway. Antrim will receive up to a $21.75 million carried contribution towards the development costs of bringing the field to production start-up. The UK reserves previously described do not reflect the impact of this sale.

In Argentina, the total proved plus probable reserves decreased by 4.4% to 9.4 million boe as at December 31, 2009 compared to 9.9 million boe in 2008 (net to Antrim). This reduction was primarily due to 2009 production.

United Kingdom

Fyne Field

The divestiture of an interest in Causeway in March 2010 allows Antrim to concentrate on the development of its core UK asset, the Fyne Area located in the central North Sea in block 21/28a. In addition to the 17.5 million barrels of proved plus probable reserves in the Fyne licence, Antrim holds 100% interest in three adjacent licences (total of four blocks) comprising the Greater Fyne Area. Antrim's strategy in this core area is to accelerate its development by working closely with industry partners. Antrim is in discussions with several potential industry partners to accelerate the development of the Fyne and Greater Fyne areas.

Antrim is currently in discussion with floating production storage and offloading ("FPSO") providers as well as local existing infrastructure owners to select the most efficient production export route for the Fyne Field. An FPSO pre-qualification process has been conducted and engineering studies are being undertaken for an alternative subsea tieback scheme to nearby third party infrastructure. The production system is being engineered to handle up to 20,000 barrels of oil per day ("bopd") directly from the Fyne Field, with potential capacity add-ons to handle additional volume from the satellite fields.

Antrim intends to select the optimum development scheme and produce a Field Development Plan ("FDP") for submission in late 2010.

In addition to the Fyne development, Antrim is maturing drilling prospects on its surrounding licences (the 'Greater Fyne Area', Antrim 100%) with a view to drilling in 2011. These licences hold a best estimate of 54.9 million barrels recoverable prospective resources with a range of 29.7 million barrels (low estimate) to 105.5 million barrels (high estimate). These prospective resources have been risked for chance of discovery but not for chance of development. If a discovery is made, there is no certainty that it will be developed, or if it is developed, there is no certainty as to the timing of such development. The prospective resources referenced herein were estimated by Mr. Terry Lederhouse, P. Eng., Vice President, Commercial of the Company. Mr. Lederhouse is a qualified reserves evaluator within the meaning of NI 51-101, but he is not independent in respect of the Company within the meaning of NI 51-101. The estimates were prepared in accordance with the procedures contained in the Canadian Oil and Gas Evaluation Handbook.

Causeway Field

Antrim has signed a Conditional Letter Agreement with Valiant Petroleum plc to sell a 30% interest in Causeway. In return, Antrim will receive up to $21.75 million contributed to the development costs of bringing the field to production startup. Completion of the transaction is subject to several conditions, including sanction of the FDP and the consent of the UK Department of Energy and Climate Change ("DECC"). As part of the transaction, Antrim will transfer related tax losses and operatorship of the field. Valiant will endeavor to finalize a revised FDP with respect to the development of the Causeway Field for submission to DECC during 2010. Following completion of the transaction, Antrim will retain a 35.5% working interest in the Causeway Field.

Argentina

Antrim's interest in Argentina has shifted with a greater focus on its core assets in Tierra del Fuego (Antrim 25.78%). An eight well drilling program in Tierra del Fuego, designed to increase gas and NGL production from the Los Flamencos gas field, commenced in late February 2010. The first well has been drilled and cased as a potential gas well with 50 feet of gross pay.

The Company has applied for "Gas Plus" pricing incentives for new gas that will be produced from the wells to be drilled in 2010. If approved by the federal authorities, this will permit Antrim to sell its gas in the higher-priced industrial market on the mainland.

Additional export capacity from the Tierra del Fuego area is anticipated later this year with the completion of a 600 million cubic feet per day capacity gas pipeline across the Straits of Magellan that will tie into the national gas network accessing the high demand Buenos Aires Province. Antrim, as part of a larger Tierra del Fuego consortium of companies, has contributed to the construction of the new pipeline through the purchase of interest bearing bonds.

As announced on March 4, 2010, Antrim has sold its non-operated 40% working interest in Puesto Guardian effective January 1, 2010, for consideration in the form of a $1.4 million non-interest bearing promissory note. The Puesto Guardian Field was reaching the end of its economic life and the purchaser will retain responsibility of all abandonment and environmental remediation work on the concession.

Effective February 25, 2010, Antrim relinquished its non-operated 70% working interest in Medianera and its non-operated 70% working interest in Tres Nidos Sur. Medianera production, as previously reported, was shut-in in February 2009. Well abandonment and seismic and drilling obligations on the properties have been assumed by the operator of both concessions.

Financial and Operating Results

All amounts reported in this MD&A related to the three month periods ended December 31, 2009 and 2008 are unaudited.

	Three Months Ended December 31		Year Ended December 31	
	2009	**2008**	**2009**	**2008**
Financial Results ($000's except per share amounts)				
Revenue	3,371	2,651	12,953	12,034
Cash flow (used in) from operations	(1,378)	(1,032)	(1,067)	307
Cash flow (used in) from operations per share	(0.01)	(0.01)	(0.01)	0.00
Net (loss)	(6,071)	(7,152)	(12,560)	(13,031)
Net (loss) per share – basic	(0.04)	(0.05)	(0.09)	(0.10)
Total assets	285,119	271,361	285,119	271,361
Working capital	31,960	35,267	31,960	35,267
Expenditures on petroleum and natural gas properties	(548)	5,970	4,782	91,161
Debt	-	-	-	-
Common Shares Outstanding (000's)				
End of period	135,349	135,322	135,349	135,322
Weighted average – basic	135,291	135,054	135,284	125,775
Weighted average – diluted	136,041	135,054	136,034	125,775
Production				
Oil, natural gas and NGL production (boe per day) [1]	1,990	1,391	1,840	1,411

[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.

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue from the sale of oil, natural gas and NGL for the three month periods and year ended December 31, 2009 and 2008 consisted of the following:

	Three Months Ended December 31		Year Ended December 31	
	2009	**2008**	**2009**	**2008**
($000's)				
Oil	1,888	1,834	8,007	9,074
Natural gas	1,353	800	4,572	2,137
NGL's	130	17	374	823
Total Oil, Natural Gas and NGL Revenue	3,371	2,651	12,953	12,034

Revenue increased in the fourth quarter of 2009, as compared to the same period in 2008, due to the sale of oil inventory from the third quarter, higher gas prices and gas production partially offset by lower oil production. In the year ended December 31, 2009, as compared to the same period in 2008, revenue increased because of higher gas production and prices received offset by lower oil and NGL production and prices.

The sale of crude oil from Tierra del Fuego can be impacted by intermittent shipments. Oil production from Tierra del Fuego is stored and periodically transported by ship to a refinery on the mainland. As at December 31, 2009, Antrim held 19,000 (2008 – 28,500) barrels of oil in inventory, the majority of which related to Tierra del Fuego.

Net revenue after royalties and export taxes increased to $11.1 million for the year ended December 31, 2009 compared to $10.3 million for the same period in 2008. For the three months ended December 31, 2009, net revenue after royalties and export taxes was $2.8 million, compared to $2.3 million for the same period in 2008.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three periods and year ended December 31, 2009 and 2008.

	Three Months Ended December 31		Year Ended December 31	
	2009	2008	2009	2008
Oil (bbl/day)	512	563	530	603
Natural gas (mmcf/day)	8,480	4,822	7,542	4,535
NGL (bbl/day)	65	24	53	52
Total Production (boe/day)	1,990	1,391	1,840	1,411

Gas production increased in the three month period and year ended December 31, 2009, as compared to the same periods in 2008, due to the 2008 successful drilling program in Tierra del Fuego and well tie-ins into the San Martin pipeline. For both the three and twelve months ended December 31, 2009, the decrease in oil production was due to the shut-in of Medianera production in February 2009 combined with natural decline of the Puesto Guardian and Tierra del Fuego oil wells.

Oil prices averaged $39.89 per barrel in the year ended December 31, 2009 compared to $43.44 per barrel in 2008. For the fourth quarter 2009, oil prices averaged $44.46 per barrel compared to $44.02 for the same period in 2008.

Oil production from both the Puesto Guardian and Tierra del Fuego concessions is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales are subject to a mandated discount which increases as the price of the WTI crude oil increases. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. The application of the mandated discount on domestic oil sales results in a similar ceiling, after quality adjustments, in the domestic market.

Antrim's gas sales prices in Argentina averaged $1.63 and $1.53 per mcf in the three and twelve month periods ended December 31, 2009 compared to $1.66 and $1.10 per mcf for the same periods in 2008. The commissioning of the San Martin tie-in pipeline in September 2008 allowed Antrim to sell a higher proportion of its gas production to higher priced industrial markets on the mainland instead of the Tierra del Fuego residential market with its fixed price of $0.36 per mcf.

NGL prices, before export taxes, averaged $22.97 per barrel in the year ended December 31, 2009 compared to $42.89 per barrel for the comparable period in 2008. NGL prices decreased in 2009 as compared to 2008 due to lower spot market prices for the first nine months of 2009 combined with restrictions on exports to Chile. For the fourth quarter 2009, NGL prices averaged $13.22 per barrel compared to $7.54 for the same period in 2008. NGL prices rose in the fourth quarter 2009 due to an increase in the NGL reference price combined with a larger portion of NGL being exported to higher priced markets in Chile.

Royalties and Export Tax

The following table provides a comparative analysis of royalty and export tax expenses for the three month periods and years ended December 31, 2009 and 2008.

	Three Months Ended December 31		Year Ended December 31	
	2009	**2008**	**2009**	**2009**
($000's)				
Royalties	540	337	1,777	1,499
Percentage of Total revenue	16.0	12.7	13.7	12.5
Export tax	36	-	108	261
Percentage of NGL revenue	27.6	-	29.0	31.8

Royalty expenses, as a percentage of total revenue, increased in 2009 compared to 2008 as government mandated royalty rates increased in Tierra del Fuego combined with a royalty adjustment related to the relinquishment of Medianera which was recorded in the fourth quarter. Export taxes, as a percentage of NGL revenue, decreased in 2009 compared to 2008 as exports to Chile were curtailed for much of 2009 due to restrictions in obtaining export permits.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three month periods and years ended December 31, 2009 and 2008.

	Three Months Ended December 31		Year Ended December 31	
	2009	**2008**	**2009**	**2008**
$/boe				
Wellhead price	18.49	22.51	19.17	23.85
Royalties	(2.96)	(2.87)	(2.63)	(2.97)
Export tax	(0.20)	(0.00)	(0.16)	(0.52)
Operating expenses	(11.58)	(13.64)	(10.46)	(10.13)
Netback	3.75	6.00	5.92	10.23
Oil, Natural gas and NGL sales (boe)	182,319	117,784	675,767	504,655
Oil, Natural gas and NGL sales (boepd)	1,982	1,280	1,851	1,379

The decrease in netbacks for the three month period and year ended December 31, 2009, compared to the corresponding periods in 2008 is primarily due to lower oil and NGL prices, lower royalty and export taxes and higher operating expenses partially offset by higher gas prices.

For the year ended December 31, 2009 operating costs on a boe basis increased to $10.46 compared to $10.13 for 2008. In 2009, Antrim changed the classification of administrative costs charged from field operators with $1.0 million ($1.48 per boe) being recorded as operating expenses. For the comparable period in 2008, $1.1 million was recorded as general administrative expense. In addition, 2009 operating costs included drilling rig tolling charges of $1.0 million or ($1.48 per boe) due to the decision in late 2008 to stop the drilling program in Tierra del Fuego.

While 2009 benefited from the reduction in export taxes, the export tax reduction was more than offset by lower wellhead prices and increased operating costs attributed to drilling rig tolling charges and lower Medianera costs due to this field being shut-in in February 2009.

General and Administrative

General and administrative ("G&A") costs decreased in the 2009 to $7.1 million compared to $8.1 million for the comparable period in 2008. The reduction in G&A is a result of the reclassification of Argentina administrative costs charged from field operators to operating expenses. In 2009 $1.0 million of these Argentina administrative costs was recorded as operating expenses, while in 2008 $1.1 million was recorded as general and administrative expense. During 2009, Antrim capitalized $2.9 million (2008 - $3.1 million) of G&A costs related to exploration and development activity in Argentina and United Kingdom.

Depletion and Depreciation

Depletion and depreciation expense was $5.7 million for 2009 compared to $4.8 million in 2008. The consolidated per unit charge for 2009 was $8.67 per boe compared to $8.84 per boe in the same period of 2008. The per unit charge decreased in 2009, as compared to 2008, due to the change in functional currency in Argentina and the associated weakening of the Argentine peso relative to the Canadian dollar. No depletion was recorded with respect to the $223 million of United Kingdom assets as they are classified as unproven properties. Depletion of these assets will commence with production.

Income Taxes

The following table provides a comparative analysis of income tax expenses for the three month periods and years ended December 31, 2009 and 2008.

	Three Months Ended December 31		**Year Ended December 31**	
	2009	**2008**	**2009**	**2008**
($000's)				
Current income taxes	3	1	84	41
Future income taxes	509	1,105	321	260
Total	512	1,106	405	301

Current income taxes relate to minimum expected income taxes which are based on the book value of assets in Argentina.

Future income taxes arise from differences between accounting and the tax basis of assets and liabilities. Future income tax assets were written down in 2009 and 2008 to their estimated recoverable amounts. As of December 31, 2009, no future 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.

Foreign Exchange Loss and Comprehensive (Loss) Income

The measurement currency of the Company is the Canadian dollar, while its reporting currency is the US dollar. A significant portion of the Company's activities are transacted in or referenced to US dollars, Canadian dollars, British pounds sterling or Argentine pesos. The Company's operating costs and certain of the Company's payments in order to maintain property interest 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, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss of $0.2 million for the year ended December 31, 2009 compared to a gain of $0.4 million in the same period in 2008.

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

The exchange rate for the Canadian dollar relative to the United States dollar increased from US $0.82 at December 31, 2008 to US $0.95 at December 31, 2009 resulting in an unrealized gain on translation of the consolidated assets and liabilities of $44,748,590 million for the year ended December 31, 2009. The remaining $(12,459,220) million unrealized loss on translation resulted from the exchange rate for the Argentine peso relative to the Canadian dollar weakening from Cdn $0.35 at December 31, 2008 to Cdn $0.27 at December 31, 2009.

Cash Flow and Net Loss

In the three month periods ended December 31, 2009 and 2008, Antrim incurred cash flow from operations deficiencies of $1.4 million ($(0.01) per share) and $1.0 million ($(0.01) per share) respectively. A cash flow from operations deficiency of $1.1 million ($(0.01) per share) was incurred for the 2009 year compared to cash flow of $0.3 million ($0.00 per share) for the same period in 2008. Cash flow decreased in 2009, as compared to 2008, primarily due higher operating costs, lower interest and other income offset by higher revenue and lower general and administrative costs.

In the fourth quarter of 2009 and 2008, Antrim incurred net losses of $6.1 million and $7.2 million respectively. For the year ended December 31, 2009, the Company incurred a net loss of $12.6 million compared to $13.0 million in the same period in 2008.

Capital Expenditures

Antrim incurred capital expenditures related to petroleum and natural gas properties of ($0.5 million) and $6.0 million for the fourth quarter of 2009 and 2008, respectively. For the year ended December 31, 2009 and 2008, capital expenditures were $4.8 million and $91.2 million. Capital expenditures were significantly reduced in 2009, as compared to 2008, as the drilling programs in the UK and Argentina concluded in 2008.

Investments and other Non-Current Assets

Investments and other non-current assets for the year ended December 31, 2009 and 2008 consisted of the following:

	Year Ended December 31	
	2009	**2008**
($000's)		
VAT receivable	410	1,186
Interest bearing bonds	797	-
Long-term receivables	67	833
Total	1,274	2,019

The value added tax ("VAT") receivable pertains to operations in Argentina and was written down in 2009 by $0.8 million ($0.6 million – 2008) to its estimated recoverable amount.

The Argentina state owned natural gas transportation company commenced a project to increase capacity on the pipeline that crosses the Strait of Magellan to the mainland. Antrim and other gas producers were obligated by the government to invest in the project through the purchase of interest bearing bonds issued by a national trust created by the government. The bonds initially bear interest of 15% and will be repaid in thirty quarterly installments commencing in 2011.

Antrim had a loan receivable from its partner in Medianera of $0.7 million. As part of the relinquishment of Antrim's working interest, the loan was forgiven and written off in 2009.

Financial Resources and Liquidity

As at December 31, 2009, Antrim had working capital of $32.0 million and no debt. There were no restrictions on the use of cash and cash equivalents at December 31, 2009. Accounts payable and accrued liabilities decreased to $3.4 million at December 31, 2009 from $6.2 million as at December 31, 2008 primarily due to reduced capital activity.

Antrim invests cash not required for immediate operations needs in Canadian denominated short-term bankers' acceptances and money market instruments.

Although there have been improvements in the global economy and financial markets in recent months, there continue to be restrictions on availability of credit which may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process to enable Antrim to better adapt to changing market conditions. Although Antrim may need to raise additional funds from internal or external sources, if available, in order to develop both of its major UK properties, the Company maintains flexibility to manage its financial commitments.

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 was 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. No amounts were drawn on this bank facility and Antrim did not renew the facility when it matured on January 18, 2010.

Antrim's planned capital program for 2010 includes ongoing development of Fyne, the 25th bid round licences, Causeway and drilling in Tierra del Fuego. Causeway will be funded by the carried interest obtained from the sale of the 30% interest to Valiant. The remaining capital expenditures will be funded by existing cash resources combined with operating cash flow. Although no commitments have been made, Antrim is considering the drilling of an additional well in East Fyne which would also be financed from existing cash on hand.

Contractual Obligations and Commitments

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

	2010	2011	2012	2013	2014	Thereafter
($000's)						
United Kingdom						
• Fyne and Dandy [(1)]	56	10,056	56	56	56	-
• Causeway [(2)]	46	72	96	122	148	-
• 25th Bid Round[(3)]	393	4,206	1,062	-	-	-
Argentina						
• Tierra del Fuego [(4)]	2,627	650	650	650	650	1,300
• Tres Nidos Sur [(5)]	1,032	-	-	-	-	-
Office Leases	299	296	259	113	113	367
Total	4,453	15,280	2,123	941	967	1,667

(1) On approval of a Field Development Plan, which is anticipated in 2011, Antrim has agreed to pay an additional $10 million as part of the acquisition of the block.

(2) Relates to Antrim's remaining 35.5% interest in Causeway after the sale of 30% interest to Valiant.

(3) Includes licence fees and seismic costs to drill or drop decision on 25th bid round licences.

(4) Includes drilling rig commitments of $2.0 million.

(5) Under the terms of the Tres Nidos Sur licence, Antrim agreed to acquire seismic and drill one exploration well by February 21, 2010 estimated at $1.0 million. Subsequent to the year-end, Antrim relinquished its interest in the licence and was released from these commitments.

Outlook

Antrim's strong financial position which includes unrestricted cash available of $31.2 million and no debt provides Antrim with financial and operational flexibility.

Antrim is currently in discussion with FPSO providers as well as local existing infrastructure owners to select the most efficient production export route for the Fyne Field. Antrim intends to select the optimum development scheme and produce a FDP for submission in late 2010. The Company's strategy in this core area is to accelerate its development by working closely with industry partners. Antrim is maturing drilling prospects on its surrounding licences in the greater Fyne Area with a view to drilling in 2011.

Antrim expects to be active in the recently announced 26th UK offshore licensing round, building on the success already established in the Greater Fyne Area.

With the expectation that Causeway will be funded to production and with the intention to acquire a development partner for Fyne, Antrim's other North Sea activity will be weighted towards adding value by exploring for new hydrocarbons and appraising existing discoveries.

In South America, the Company will also concentrate on the high value production assets in Tierra del Fuego with a view to increasing production in a rising price commodity market. The Antrim team intends to expand the Argentine operation primarily through new in-country exploration opportunities using the cash flow from existing Argentine operations. Antrim is also considering further development of its South American business and is in discussion on several growth opportunities.

Antrim views the bilateral strategy as central to its corporate development, balancing longer term and capital-intensive investments in the UK North Sea with shorter investment cycle on-shore exploration and production opportunities.

Antrim's daily production in Argentina is expected to average approximately 1,800 net boepd in 2010.

Summary of Quarterly Results

($000, except per share amounts)	**Oil, Natural Gas and NGL Revenue, Net of Royalties and Export Tax**	**Cash Flow from Operations (deficiency)**	**(Loss)**	**(Loss) Per Share – Basic**
2009				
Fourth quarter	2,796	(1,378)	(6,071)	(0.04)
Third quarter	3,590	744	(1,751)	(0.01)
Second quarter	1,821	(716)	(2,888)	(0.03)
First quarter	2,861	283	(1,850)	(0.01)
Total	11,068	(1,067)	(12,560)	(0.09)
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)

Antrim's net revenue and cash flow from operations has fluctuated over the quarters due to intermittent shipments of crude oil from Tierra del Fuego, increasing gas sales and lower oil production due to decline rates. Fourth quarter cash flow from operations and loss in 2009 and 2008 were negatively impacted by VAT valuation allowances. Fourth quarter losses in 2009 and 2008 also increased due to the write-down of investments and other non-current assets and future income tax assets.

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 10 to the consolidated financial statements.

Changes in Accounting Policy

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

New Accounting Standard

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

Conversion to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the mandatory changeover from existing Canadian GAAP to International Financial Reporting Standards ("IFRS") is to take effect for financial years beginning on or after January 1, 2011. The key elements of the Company's conversion plan include determining appropriate changes to accounting policies and disclosures, identifying and implementing associated changes to processes and information systems, ensuring compliance to internal controls and educating and training staff and other stakeholders. The Company has completed a diagnostic analysis of the differences between Canadian GAAP and IFRS and is analyzing accounting policy alternatives and systems changes for impact areas, including available first time adoption alternatives.

Possible significant accounting difference between Antrim's current accounting policies under Canadian GAAP and expected accounting policies under IFRS are as follows:

First-time adoption exemption – the International Accounting Standards Board has approved additional exemptions from the retrospective application of IFRS for first time adopters. Of most relevance to Antrim is an exemption that allows full cost oil and gas companies to elect, at the date of transition to IFRS, to measure exploration evaluation assets at the amount determined under Canadian GAAP and to measure oil and gas assets in the development or production phases by allocating the amount determined under Canadian GAAP to the underlying assets pro-rata using reserve volumes or reserve values as of that that date. The Company will consider if this exemption should be applied.

Re-classification of exploration and evaluation ("E&E") expenditures from property, plant and equipment ("PP&E") on the consolidated balance sheet – this will consist of the book value of Antrim's undeveloped land that relates primarily to its UK properties which are currently excluded from the depletion calculation and are assessed for impairment. E&E assets will not be depleted and must be assessed for impairment when indicators suggest the possibility of impairment.

Calculation of depletion expense for PP&E – upon transitioning to IFRS, Antrim has the option to calculate depletion using a reserve base of proved reserves or both proved and probable reserves, as compared to the Canadian GAAP method of calculating depletion using only proved reserves. Depletion will be calculated at the cash generating unit ("CGU") level.

Impairment of PP&E – under IFRS, impairment of PP&E must be calculated at a more detailed level than what is currently required under Canadian GAAP. Impairment calculations will be performed at the CGU level using either total proved or proved plus probable reserves.

Foreign currency translation methods and the functional currencies of each of Antrim's foreign operations – under IFRS, the functional currency emphasizes the currency that determines the pricing of the transaction that are undertaken, rather than focusing on the currency in which those transactions are denominated.

At this time, the impact on the Company's financial position and results of operations is not reasonably determinable for the accounting policy differences previously identified. Antrim's implementation plan includes the assessment of accounting policy alternatives and systems changes and the Company will commence the calculation of 2010 results under IFRS in the second half of 2010.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Antrim has established disclosure controls, procedures and corporate policies so that it's 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, 2009. 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.

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In 2009, Antrim incurred fees of $63,178 (2008 - $254,380) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. The Company had no off-balance sheet transactions in the year ended December 31, 2009.

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.

Further discussions regarding the Company's risks and uncertainties, can be found in the Company's Annual Information Form dated March 23, 2010 which is filed on SEADAR at www.sedar.com.

Forward-Looking Statements

This MD&A and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on Antrim's 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 quality of and future net revenues from Antrim's reserves of oil, natural gas liquids ("NGL") and natural gas production levels. This MD&A may also contain specific forward-looking statements and information pertaining to commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGL's 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 and the start up of production from the Causeway or Fyne fields in the UK North Sea.

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 finalize the sale of a portion of Causeway to Valiant, obtain access to sub-sea or floating facilities including transportation and production storage offloading providers in the UK North Sea for production from Fyne and Causeway, obtain additional drilling rigs and other equipment in a timely manner, obtain regulatory approvals, timing of completion of the pipeline across the Straits of Magellan, future oil and natural gas production levels from Antrim's properties and the price obtained from the sales of such production, the level of future capital expenditure required to exploit and develop reserves, the ability of Antrim's partners to meet their commitments as they relate to the Company and more specifically the ability of Valiant to honour its commitments are identified in the Conditional Letter Agreement. Antrim's ability to obtain financing on acceptable terms, 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, operational risks and liabilities that are not covered by insurance, volatility in market prices for oil, NGLs and natural gas, changes or fluctuations in oil, NGLs and natural gas production levels, changes in foreign currency exchange rates and interest rates, the ability of Antrim to fund its substantial capital requirements and operations, 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 accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim's exploration and development drilling and estimated decline rates, in particular the future production rates at the Causeway and Fyne fields in the UK North Sea and at the Tierra del Fuego properties in Argentina. 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, Argentina, South America, the United Kingdom, Europe and worldwide, actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws, royalty rates and incentive programs relating to the oil and gas industry and more specifically, changes to the capped market price in Argentina, 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.

Statements relating to "resources" and are deemed to be forward-looking statements. The estimates of remaining recoverable prospective resources 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.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout the MD&A and in Antrim's management discussion and analysis for the year ended December 31, 2009. Readers are specifically referred to the risk factors described in this MD&A under "Risk Factors" and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

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

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