

Q3/01



Nine Months Ending September 30, 2001



ANTRIM
ENERGY INC.

TSE: AEN

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MESSAGE TO SHAREHOLDERS

HIGHLIGHTS OF THE FIRST NINE MONTHS

- Successful \$5.9 million equity financing in August
- Argentina – successful development oil well at Puesto Guardian placed on production subsequent to end of third quarter
- New Zealand – confirmation of shallow oil discovery at Kauri A-2
- Argentina – award of new 2 million acre concession (100% WI and Operator) surrounding existing oil production

OVERVIEW OF ACTIVITIES

Antrim is pleased to report that during the third quarter of 2001, the Company was successful in raising \$5.9 million by means of a private placement. These funds will be directed primarily to development activities in Argentina and New Zealand with the aim of increasing production and cash flow and to fund planned exploration activities in Tunisia, Argentina and Australia. Operations continued with the drilling and completion of the Kauri A-2 oil discovery and the current drilling of the Rimu B-3 well in New Zealand. A successful development well in the Puesto Guardian oil field in Argentina was also drilled in the third quarter of 2001.

Argentina

Oil production from the Puesto Guardian Field (Antrim 40% working interest) in the third quarter of 2001 continued at the net rate of 319 bopd in comparison to 349 bopd in the third quarter of 2000. Subsequent to quarter end, the Puesto Guardian #1001 development well was completed and commenced gross production at 370 bopd. Net oil production from Argentina is expected to increase significantly over the coming months.

Antrim received official notification from the Secretary of Energy and Mining of the award of the 2 million acre Yacimiento Norte 1/B Block (the "Capricorn Permit") immediately adjacent to Antrim's producing oil field at Puesto Guardian. The permit contains extensions to known oil trends and has several large prospective leads.

New Zealand

The Company continued its successful drilling program in New Zealand with the Kauri A-2 well testing the shallow oil accumulation found by Kauri A-1. On preliminary evaluation of various pumping designs, the Kauri A-2 well produced at rates up to 133 boepd gross of 16-degree API gravity oil. Higher production rates are likely once gravel-pack completions are done to minimize sand migration into the wellbore. Operations on the Kauri A-1 well have been suspended following initial testing of the Upper Tariki sand and two zones in the Kauri sands. The Upper Tariki flowed at rates up to 109 barrels of 34-degree API gravity oil per day and 223 Mcfpd of natural gas with minimal amounts of water. Tests of the lowermost two zones in the Kauri sands yielded water with minor amounts of oil.

The Rimu B-3 well that commenced drilling in mid-August did not encounter the objective reservoirs due to structural complexities and has been plugged back. The well trajectory is now directed at evaluating the Lower Tariki and Lower Rimu Limestone south west of the Rimu "B" pad.

Production testing of the Rimu "A" and "B" pad wells continued during the quarter. All wells are presently shut-in, pending completion of the Rimu production facilities, with completion now expected in the first quarter of 2002.

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Tunisia

The deepening of the Chott Fejaj #3 well continues to wait on the availability of suitable drilling equipment but may proceed early in 2002. The Chott Fejaj #3 well was originally drilled, cased and suspended in December 1998 at a depth of 3,532 metres, which is 700 metres above the primary Paleozoic reservoir objectives. The Paleozoic reservoirs targeted by Chott Fejaj #3 are among the most prolific hydrocarbon-bearing reservoirs in North Africa.

Corporate

With the successful financing in August, the Company as at September 30, 2001 had working capital of approximately \$5.1 million and no debt.



Stephen Greer
Chairman and CEO

November 12, 2001

MANAGEMENT'S DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Financial Position

On August 16, 2001 the Company closed a private placement financing whereby 4,715,000 Special Warrants were issued at a price of \$1.25 per Special Warrant for gross proceeds of \$5.9 million. The net proceeds of this financing have provided the Company with a strengthened working capital position as at September 30, 2001 in the approximate amount of \$5.1 million. Prior to the financing, an expanded drilling and completion program in New Zealand in conjunction with the August 2001 spudding of the Puesto Guardian #1001 well in Argentina had reduced significantly the fiscal 2000 year-end working capital position of \$4.0 million.

Results of Operations

Cash flow from operations for the nine months ended September 30, 2001 was \$256,091 as compared to \$878,192 for the comparable period in fiscal 2000. The Company had a net loss of \$450,445 compared to net earnings of \$119,495 for the nine month period ended September 30, 2001 and September 30, 2000 respectively. Reductions in cash flow and earnings are primarily a result of increases to operating costs and current income taxes in Argentina. Operating cost increases occurred due to mechanical well problems in the Czech Republic and sole risk efforts in Argentina. On a consolidated basis, the Company experiences relatively high rates of income tax due to the inability to offset income from Argentina with costs incurred in other jurisdictions. Expenditures incurred in the drilling, completion and equipping of the Puesto Guardian #1001 well coupled with anticipated Q4 seismic costs on the Capricorn Concession will provide some relief to this taxable situation.

The Company produced an average of 340 boepd for the nine month period ended September 30, 2001 resulting in revenue of \$3.5 million. Anticipated oil production increases from the successful Puesto Guardian #1001 well should result in increased revenue during the last quarter of fiscal 2001. Antrim has a Put Option contract that expires on December 31, 2001 and provides a floor price of US\$21.00 per barrel on a volume of 300 bopd.

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CONSOLIDATED BALANCE SHEETS

	September 30 2001 <u>(Unaudited)</u>	December 31 2000 <u>(Audited)</u>
Assets		
Current assets		
Cash and short-term deposits	\$ 6,322,621	\$ 4,169,007
Accounts receivable	1,142,157	1,523,187
Inventories and other	<u>349,487</u>	<u>184,138</u>
	7,814,265	5,876,332
 Petroleum and natural gas properties	 16,696,233	 12,998,824
 Office equipment	 <u>125,876</u>	 <u>134,262</u>
	 <u>\$ 24,636,374</u>	 <u>\$ 19,009,418</u>
 Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 2,675,972</u>	<u>\$ 1,881,369</u>
 Future income taxes	 <u>2,426,528</u>	 <u>2,473,353</u>
 Site restoration liability	 <u>82,752</u>	 <u>36,826</u>
 Shareholders' Equity		
Capital Stock	25,517,877	20,234,180
 Deficit	 <u>(6,066,755)</u>	 <u>(5,616,310)</u>
	<u>19,451,122</u>	<u>14,617,870</u>
	 <u>\$ 24,636,374</u>	 <u>\$ 19,009,418</u>

See accompanying notes to the financial statements.

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CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND DEFICIT

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2001	2000	2001	2000
Revenue				
Oil and gas	\$ 1,100,725	\$ 1,358,663	\$ 3,528,880	\$ 3,952,243
Royalties	(140,113)	(150,925)	(448,866)	(452,479)
	<u>960,612</u>	<u>1,207,738</u>	<u>3,080,014</u>	<u>3,499,764</u>
Interest and other income	<u>7,124</u>	<u>(5,573)</u>	<u>110,792</u>	<u>41,395</u>
	<u>967,736</u>	<u>1,202,165</u>	<u>3,190,806</u>	<u>3,541,159</u>
Expenses				
Operating	284,282	360,753	988,899	912,180
General and administrative	419,516	355,516	1,366,503	1,264,973
Depletion and depreciation	234,845	323,538	753,361	795,950
Foreign exchange losses (gains)	71,741	-	32,361	-
	<u>1,010,384</u>	<u>1,039,807</u>	<u>3,141,124</u>	<u>2,973,103</u>
Earnings (loss) for the period before income taxes	<u>(42,648)</u>	<u>162,358</u>	<u>49,682</u>	<u>568,056</u>
Income taxes				
Current	159,458	124,480	546,952	485,814
Future (recovery)	(14,198)	(8,448)	(46,825)	(37,253)
	<u>145,260</u>	<u>116,032</u>	<u>500,127</u>	<u>448,561</u>
Earnings (loss) for the period	<u>(187,908)</u>	<u>46,326</u>	<u>(450,445)</u>	<u>119,495</u>
Deficit - beginning of period	<u>5,878,847</u>	<u>5,460,988</u>	<u>5,616,310</u>	<u>5,534,157</u>
Deficit - end of period	<u>\$ 6,066,755</u>	<u>\$ 5,414,662</u>	<u>\$ 6,066,755</u>	<u>\$ 5,414,662</u>
Earnings (loss) per common share	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>	<u>\$ 0.01</u>

See accompanying notes to the financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2001	2000	2001	2000
Cash flows from operating activities				
Earnings (loss) for the period	\$ (187,908)	\$ 46,326	\$ (450,445)	\$ 119,495
Items not involving cash				
Depletion and depreciation	234,845	323,538	753,361	795,950
Future income taxes	(14,198)	(8,448)	(46,825)	(37,253)
	32,739	361,416	256,091	878,192
Changes in non-cash working capital	1,342,310	313,472	1,010,284	(82,825)
	1,375,049	674,888	1,266,375	795,367
Cash flows from financing activities				
Issue of common shares	5,278,297	3,100	5,483,697	17,500
Loan receivable	-	-	(200,000)	-
	5,278,297	3,100	5,283,697	17,500
Cash flows from investing activities				
Office equipment	(1,264)	(4,768)	(22,708)	(35,433)
Petroleum and natural gas properties	(2,135,000)	(1,162,888)	(4,419,801)	(1,909,262)
Proceeds from sale of petroleum and natural gas properties	-	-	46,051	965,000
	(2,136,264)	(1,167,656)	(4,396,458)	(979,695)
Increase (decrease) in cash and short-term deposits for the period	4,517,082	(489,668)	2,153,614	(166,828)
Cash and short-term deposits - beginning of period	1,805,539	2,702,922	4,169,007	2,380,082
Cash and short-term deposits - end of period	\$ 6,322,621	\$ 2,213,254	\$ 6,322,621	\$ 2,213,254

See accompanying notes to the financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) Basis of presentation

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are consistent with those used in the audited financial statements as at and for the year ended December 31, 2000, except as outlined in note (2). The unaudited interim financial statements should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2000.

(2) Changes in accounting policies

The Company has adopted the CICA Handbook Section 3500 recommendations that require the application of the treasury stock method for calculation of earnings per share. The application of these new recommendations has no significant impact on comparative earnings per share.

(3) Capital stock

Authorized

Unlimited number of Common Shares and Preferred Shares.

<i>Common Shares Issued</i>	<u>Number</u>	<u>Amount</u>
Balance December 31, 2000	14,972,700	\$ 20,234,180
Issued pursuant to employee purchase	222,222	200,000
Employee share purchase loan receivable	-	(200,000)
Issued pursuant to stock options	7,500	5,400
Reserved pursuant to Special Warrants	4,715,000	5,893,750
Special Warrants issuance costs	-	(615,453)
	<u>19,917,422</u>	<u>\$25,517,877</u>

Options

Pursuant to the Company's stock option plan as at September 30, 2001 there were 1,281,000 options outstanding to purchase Common Shares at prices ranging from \$0.72 to \$1.30 per share.

Warrants

Pursuant to the Company's December 1, 2000 rights issue as at June 30, 2001 there are 1,069,476 share purchase warrants outstanding. Each share purchase warrant expires on November 30, 2001 and entitles the holder thereof to purchase one Common Share at a price of \$1.50 per share.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Unaudited)

Special Warrants

On August 16, 2001 the Company issued 4,715,000 Special Warrants at a price of \$1.25 per Special Warrant for gross proceeds of \$5,893,750. Each Special Warrant entitles the holder thereof to acquire for no additional consideration one Common Share and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant expires on August 16, 2002 and entitles the holder thereof to acquire one Common Share at a price of \$1.50 per Common Share. On August 16, 2001 the Company also issued 471,500 Compensation Warrants. Each Compensation Warrant entitles the holder thereof to acquire for no additional consideration one Compensation Option. Each Compensation Option expires on August 16, 2002 and is exercisable upon payment of \$1.25 which will entitle the holder thereof to acquire one Common Share and one-half of one Warrant. On October 23, 2001 the Special Warrants were exercised and exchanged for 4,715,000 Common Shares.

(4) Segmented information

	Argentina	New Zealand	Other	Total
<i>Revenue</i>				
Three months ended Sept. 30, 2001	\$ 1,100,725	\$ -	-	\$ 1,100,725
Three months ended Sept. 30, 2000	\$ 1,200,660	\$ -	\$ 158,003	\$ 1,358,663
Nine months ended Sept. 30, 2001	\$ 3,407,887	\$ -	\$ 120,993	\$ 3,528,880
Nine months ended Sept. 30, 2000	\$ 3,427,384	\$ -	\$ 524,859	\$ 3,952,243
<i>Identifiable Assets</i>				
At September 30, 2001	\$ 7,639,532	\$ 4,655,904	\$ 12,340,938	\$ 24,636,374
At December 31, 2000	\$ 6,774,107	\$ 2,929,872	\$ 9,305,439	\$ 19,009,418

CORPORATE INFORMATION

DIRECTORS

John Brussa 1

Partner, Burnet, Duckworth & Palmer

Stephen Greer 2

Chairman and Chief Executive Officer,
Antrim Energy Inc.

V. Neill Martin 2,3

Principal, D&S International Consultants Ltd.

Murray Nunns 1,2,3

Executive Vice President and Chief Operating Officer,
Rio Alto Exploration Ltd.

Dick Walls 1,3

Advisor, Duke Energy Field Services Canada Ltd.

(1) *Member of the Audit Committee*

(2) *Member of the Compensation Committee*

(3) *Member of the Reserves Committee*

OFFICERS

Stephen Greer, M.Sc. (Geology)

Chief Executive Officer

Keith Skipper, M.Sc. (Geology)

Executive Vice President

Randal J. Matkaluk, C.A.

Chief Financial Officer

Dwayne Warkentin

Vice President, Operations

CORPORATE HEADQUARTERS

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INTERNATIONAL SUBSIDIARIES

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Antrim Resources (N.I.)

Antrim Oil and Gas Limited

Antrim Resources (Tanzania) Limited

Beheer-en Beleggingsmaatschappij Beklazo b.v.

Unimaster s.r.o

Netherfield Corporation

Netherfield Resources Limited

Antrim Energy Australia Pty Limited

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AUDITORS

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Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

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

CIBC Mellon Trust Company

Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: "aen"