



# Playing in the Big Leagues.



## A N T R I M E N E R G Y I N C .

INTERIM FINANCIAL REPORT THIRD QUARTER 2002

NINE MONTHS ENDING SEPTEMBER 30, 2002

### highlights of first nine months

- + third-quarter production of 484 boepd increased 52% over corresponding period 2001
- + \$10.6 million working capital
- + successful asset sale in New Zealand
- + cash flow from operations of \$728,272 on revenues of \$4.6 million
- + new directors appointed to the Antrim Board

### overview of activities

Antrim is pleased to report that production over the nine-month period ended September 30, 2002 averaged 466 boepd, an increase of 37% over the equivalent period in 2001. Third-quarter 2002 production averaged 484 boepd, a 52% increase over the corresponding period in 2001. Current production is approximately 473 boepd.

Antrim and partners will commence drilling in Tunisia in December 2002 and have awarded a seismic contract in Australia to provide support for a drilling location in 2003.

#### *Argentina*

Oil production from the Puesto Guardian oil field (Antrim 40% working interest) was 1,112 bopd in the nine months ended September 30, 2002, an increase of 35% over the comparable period in 2001. Production during the third quarter averaged 1,145 bopd (458 bopd net), the highest production rate since 1989 from this field and a 44% increase over the comparable quarter in 2001.

During the third quarter of 2002, Antrim achieved a pre-tax operating netback of \$29.29 per boe. Netbacks in Argentina have been positively impacted by reduced operating costs per barrel resulting from the devaluation of the Argentine currency and higher production levels.

#### *Tunisia*

Antrim and partners anticipate that drilling operations will start in December 2002 to deepen the Chott Fejaj #3 well (Antrim 34.286%). The Chott Fejaj #3 well, which was previously drilled, cased and suspended in December 1998 at a depth of 3,532 metres, will be deepened to approximately 4,250 metres to evaluate the Triassic and older reservoirs. The deeper well will test a very large structure located in the Melhrir Basin, part of the same geological province which contains giant oil and gas accumulations in southern Tunisia, Algeria and Libya. The Company has negotiated an option with a third party to potentially farm out a portion of Antrim's interest in this prospect and, in this regard, has received a \$175,000 non-refundable deposit to date, which is not included in working capital.

### ***Australia***

Antrim plans a 1,000 kilometre seismic program in early 2003 to detail additional prospects and leads within an 80-kilometre prospective trend on the Company's permits (WA-306-P and WA-307-P; Antrim 37.5% working interest and operator).

Galapagos is a drillable prospect on WA-306-P that is defined by a grid of closely spaced seismic data and forms a 4,000-acre structural closure at the primary reservoir level (Jurassic sandstone). Additional prospects with similar reservoir objectives have been defined at Galapagos South and Shark (WA-307-P).

### ***Tanzania***

Exploration activities commenced on the Pemba-Zanzibar Petroleum Sharing Agreement (PSA – Antrim 100% working interest) after force majeure was lifted effective April 19, 2002. The PSA is now in its first year of a four-year term. The original PSA was awarded to Antrim on the basis that the Company would acquire seismic and drill a well during the four-year exploration term.

The licence area covered by the Pemba-Zanzibar PSA includes Pemba Island where Antrim has identified an active oil seep, previously drilled oil shows and mapped structural leads and prospects. A major international exploration and production company is negotiating with the Tanzanian Petroleum Development Corporation to obtain four blocks offshore the eastern margin of Pemba Island, adjacent to Antrim's licence. Antrim has commenced reprocessing seismic data on the North Pemba prospect.

## **management's discussion and analysis**

### ***Financial Position***

As at September 30, 2002 the Company had working capital of \$10.6 million versus \$4.2 million at fiscal 2001 year-end. This \$6.4 million increase in working capital is primarily attributable to the March 18, 2002 disposition of the Company's entire interest in its New Zealand assets to Swift Energy Company, a public company listed on the New York Stock Exchange. Total consideration for the sale of approximately \$7.5 million was comprised of 220,000 common shares of Swift and a cash component of approximately \$820,000. This transaction, after including the second quarter 100% monetization of the Swift share position, resulted in a net gain to Antrim of approximately \$2.2 million.

Included in Antrim's working capital at September 30, 2002 is a cash balance totaling \$11.0 million that is situated primarily in Canada. The Company's cash management policy is to maintain only the required minimum cash balance in all foreign jurisdictions.

The profitable exit from New Zealand has considerably strengthened the financial position of the Company and provides increased financial flexibility to pursue Antrim's high impact international prospects in Tunisia, Australia, Tanzania and Argentina. Internally-generated cash flow from Antrim's existing production in Argentina should be sufficient to fund the ongoing exploitation of the Puesto Guardian oil field.

### ***Results of Operations***

Cash flow from operations for the nine months ended September 30, 2002 was \$728,272 compared to \$256,091 for the comparable period in fiscal 2001. The Company had net income of \$1,953,627 for the nine-month period ended September 30, 2002 versus a net loss of \$450,445 in the corresponding period in fiscal 2001. Net income in the nine months of 2002 included a first-quarter 2002 gain on disposition of petroleum and natural gas properties in the amount of \$2,769,484 and a second-quarter 2002 loss of \$539,229 on disposition of

marketable securities, which both related to Antrim's exit from New Zealand and resulted in a cumulative transaction gain of \$2,230,255. General and administrative costs in the first nine months of 2002 decreased by 19% to \$1,100,867, compared to costs of \$1,366,503 in the corresponding period in 2001.

The Company produced an average of 466 boepd for the nine-month period ended September 30, 2002 resulting in revenue of \$4.6 million. This compares to 340 boepd and \$3.5 million in the corresponding period in fiscal 2001. Antrim's third-quarter 2002 production averaged 484 boepd, which was a 52% increase over the 319 boepd produced in the equivalent period in 2001.

Oil production in Argentina in the first nine months of 2002 amounted to 445 bopd and resulted in revenue of \$4,354,416 (\$35.86 per barrel) versus the 2001 comparable period amount of 330 bopd and \$3,443,763 (\$38.21 per barrel). Natural gas production from a gas well in the Czech Republic in the first nine months of 2002 was 130 mcf and resulted in revenue of \$203,339 (\$5.74 per mcf) compared to 59 mcf and \$85,117 (\$5.28 per mcf) for the comparable 2001 period.

Operating costs for the nine-month period ended September 30, 2002 were \$841,004 (\$6.60 per boe) versus \$988,899 (\$10.65 per boe) for the same period in 2001. This 38% decrease in per boe operating costs is significant and was primarily caused by the devaluation of the Argentine currency. Antrim's pre-tax operating netback for the nine months ended September 30, 2002 was \$23.86 per boe compared to \$22.53 per boe in the corresponding period in fiscal 2001. During the 2002 third quarter, Antrim achieved a pre-tax operating netback of \$29.29 per boe.

## corporate

Effective October 15, 2002 Antrim welcomed two new members to the Board of Directors and received resignations from three board members. Joining the board are Dr. G. Orbell and Mr. M. Sinclair. Based in the United Kingdom, Dr. Orbell contributes a wealth of international experience to the Antrim Board. Mr. Sinclair is President of Quest Investment Corporation, a Vancouver-based merchant bank. Mr. Sinclair's appointment is expected to add significantly to the financial strength of the Antrim Board.

These changes reinforce the Company's commitment to high impact international oil and gas exploration and development.

**"Signed"**

**Stephen Greer**  
*Chairman and CEO*

November 25, 2002

## consolidated balance sheets

As at September 30, 2002 and December 31, 2001  
(Unaudited)

	September 30, 2002 \$	December 31, 2001 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and short-term deposits	10,978,683	4,876,086
Accounts receivable	686,970	1,471,769
Inventories and other	258,322	235,349
	11,923,975	6,583,204
<b>Petroleum and natural gas properties</b>	9,477,529	13,807,184
<b>Office equipment</b>	96,282	116,063
	21,497,786	20,506,451
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,323,890	2,401,949
<b>Future income taxes</b>	1,371,669	1,371,669
<b>Site restoration provision</b>	169,608	101,608
	2,865,167	3,875,226
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	25,533,832	25,486,065
Deficit	(6,901,213)	(8,854,840)
	18,632,619	16,631,225
	21,497,786	20,506,451

See accompanying notes to financial statements.

## consolidated statements of income and deficit

For the periods ended September 30, 2002 and 2001  
(Unaudited)

	Three months		Nine months	
	ended September 30,		ended September 30,	
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>Revenue</b>				
Oil and gas	1,956,632	1,100,725	4,557,755	3,528,880
Royalties	(365,565)	(140,113)	(678,394)	(448,866)
	1,591,067	960,612	3,879,361	3,080,014
<b>Interest and other income</b>	69,879	7,124	127,140	110,792
	1,660,946	967,736	4,006,501	3,190,806
<b>Expenses</b>				
Operating	287,837	284,282	841,004	988,899
General and administrative	360,389	419,516	1,100,867	1,366,503
Depletion and depreciation	375,156	234,845	1,004,900	753,361
Foreign exchange losses (gains)	26,348	71,741	620,671	32,361
	1,049,730	1,010,384	3,567,442	3,141,124
<b>Income (loss) before below noted dispositions and income taxes</b>	611,216	(42,648)	439,059	49,682
<b>Gain on disposition of petroleum and natural gas properties</b>	-	-	2,769,484	-
<b>Loss on disposition of marketable securities</b>	-	-	(539,229)	-
<b>Income (loss) for the period before income taxes</b>	611,216	(42,648)	2,669,314	49,682
<b>Income taxes</b>				
Current	215,074	159,458	715,687	546,952
Future (recovery)	-	(14,198)	-	(46,825)
	215,074	145,260	715,687	500,127
<b>Net income (loss)</b>				

## consolidated statements of cash flows

For the periods ended September 30, 2002 and 2001  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2002 \$	2001 \$	2002 \$	2001 \$
<b>Cash provided by (used in):</b>				
<b>Operating activities</b>				
Income (loss) for the period	396,142	(187,908)	1,953,627	(450,445)
Items not involving cash				
Depletion and depreciation	375,156	234,845	1,004,900	753,361
Future income taxes	-	(14,198)	-	(46,825)
Gain on disposition of petroleum and natural gas properties	-	-	(2,769,484)	-
Loss on disposition of marketable securities	-	-	539,229	-
	771,298	32,739	728,272	256,091
Change in non-cash working capital items	644,763	1,342,310	(292,350)	1,010,284
	1,416,061	1,375,049	435,922	1,266,375
<b>Financing activities</b>				
Issue of common shares	6,850	5,278,297	23,884	5,483,697
Loan receivable	-	-	-	(200,000)
	6,850	5,278,297	23,884	5,283,697
<b>Investing activities</b>				
Office equipment	(440)	(1,264)	(7,119)	(22,708)
Petroleum and natural gas properties	(339,524)	(2,135,000)	(1,248,273)	(4,419,801)
Proceeds from sale of properties	-	-	822,844	46,051
Proceeds from disposition of marketable securities	-	-	6,075,339	-
	(339,964)	(2,136,264)	5,642,791	(4,396,458)
<b>Increase (decrease) in cash and short-term deposits for the period</b>	<b>1,082,947</b>	<b>4,517,082</b>	<b>6,102,597</b>	<b>2,153,614</b>
<b>Cash and short-term deposits – beginning of period</b>	<b>9,895,736</b>	<b>1,805,539</b>	<b>4,876,086</b>	<b>4,169,007</b>
<b>Cash and short-term deposits – end of period</b>	<b>10,978,683</b>	<b>6,322,621</b>	<b>10,978,683</b>	<b>6,322,621</b>

See accompanying notes to financial statements.

# notes to interim consolidated financial statements

September 30, 2002  
(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, 2001. The unaudited interim financial statements should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2001.

## 2 Petroleum and natural gas properties

	September 30, 2002	December 31, 2001
	\$	\$
Australia	408,304	339,965
Tanzania	981,083	948,674
New Zealand	-	4,667,928
Argentina	9,874,606	8,995,217
Tunisia	1,699,681	1,550,846
United Kingdom	1,781,493	1,770,547
Czech Republic	1,950,011	1,841,656
	16,695,178	20,114,833
Accumulated depletion and depreciation	(7,217,649)	(6,307,649)
	9,477,529	13,807,184

## 3 Capital stock

### *Authorized*

Unlimited number of common shares and preferred shares

### *Common shares issued*

	Number of shares	Amount \$
Balance – December 31, 2001	19,965,283	25,486,065
Issued pursuant to employee share ownership plan	67,182	47,767
Balance – September 30, 2002	20,032,465	25,533,832

### *Options*

Pursuant to the Company's stock option plan as at September 30, 2002 there were 1,035,000 options outstanding to purchase common shares at prices ranging from \$0.72 to \$1.30 per share.

#### 4 Segmented information

	Argentina \$	Czech Republic \$	Other \$	Total \$
<b>Revenue</b>				
Three months ended Sept. 30, 2002	1,873,511	83,121	–	1,956,632
Three months ended Sept. 30, 2001	1,100,725	–	–	1,100,725
Nine months ended Sept. 30, 2002	4,354,416	203,339	–	4,557,755
Nine months ended Sept. 30, 2001	3,443,763	85,117	–	3,528,880
<b>Identifiable assets</b>				
At September 30, 2002	6,901,987	1,956,085	12,639,714	21,497,786
At December 31, 2001	5,253,249	1,969,753	13,283,449	20,506,451

#### 5 Gain on disposition of petroleum and natural gas properties

On March 18, 2002 the Company disposed of the entire interest in its New Zealand assets to Swift Energy Company ("Swift"), a public company listed on the New York Stock Exchange, for total consideration of approximately \$7.5 million comprised of 220,000 common shares of Swift and a cash component of approximately \$820,000. This resulted in a gain to the Company of approximately \$2.8 million.



