



ANTRIM ENERGY INC.

Moving Forward *A Winning Strategy*

2003 Quarterly Report

INTERIM FINANCIAL REPORT FIRST QUARTER 2003

Three Months Ended March 31, 2003

Highlights for the Quarter:

- **39% increase in oil and gas revenue**
- **95% increase in cash flow from operations**
- **Working capital at quarter end of \$9.3 million**
- **Seismic operations planned in Australia and Argentina**

The Company reports that for the first quarter 2003 revenue from oil and gas sales increased 39% to \$1,478,238 compared to \$1,060,908 reported for the comparable period in 2002. Higher commodity prices and lower operating costs combined to increase 2003 first quarter cash flow 95% to \$ 346,310 (\$0.02 per share) from \$177,542 (\$0.01 per share) for the same period in 2002. Netbacks per barrel over the first quarter increased 77% to \$30.32 compared to \$17.13 recorded over the same period in 2002. Despite participating in the deepening of a significant exploration well in Tunisia, Antrim maintained its strong working capital position, exiting the quarter with working capital of \$9.3 million.

Overview of Operations

Antrim's oil production in Argentina averaged 382 bopd, compared to 455 bopd over the equivalent period in 2002. Changes in production were the result of an increase in gas (CO₂) production and related mechanical difficulties. Workover operations designed to increase oil production commenced in April 2003. An independent engineering report indicates remaining

recoverable reserves at January 1, 2003 were 1.3 million barrels (proven plus risked (50%) probable) net to Antrim's interest.

Antrim's gas production from the Company's property in the Czech Republic averaged 175 mcf/d over the first quarter 2003 compared to an average of 93 mcf/d over the same period in 2002.

During the first quarter of 2003, the Company planned an extensive 3-D seismic program on the 100% owned Capricorn Permit, Argentina. Subsequent to the quarter-end, Antrim announced an agreement with an industry partner to fund the 40 km² 3-D seismic program in exchange for a 50% equity interest in the Permit.

In Tunisia, the Chott Fejaj #3A well deepening operations, which commenced on December 31, 2002, were completed on February 24th 2003. The well was drilled to a depth of 4,637 metres before being plugged and abandoned.

In Australia, plans for the acquisition of the North West Shelf seismic survey were finalized. Subsequent to the end of the quarter, the entire 1,040 km program of seismic was successfully acquired on Permits WA-306-P and WA-307-P. The additional new seismic data on the Galapagos prospect on WA-306-P will be integrated with a previous grid of closely spaced seismic data. Galapagos is a 4,000 acre structural closure at the primary reservoir level (Jurassic sandstone). Additional prospects, defined at Galapagos South and Shark (WA-307-P) are also the subject of this survey.

Subsequent to the end of the first quarter, Antrim announced an increase in its equity holding in the project to 50% from the 37.5% held previously. Antrim remains the operator of the property.

On the Pemba Zanzibar Production Sharing Agreement, Tanzania (Antrim 100% working interest), Antrim concluded regional mapping and trial reprocessing of key lines around its North Pemba prospect. The Company has commenced planning for the acquisition of new seismic before the end of the second year of the licence term (April 2004). The oil and gas industry is increasing its interest in this portion of the East African margin with major players now securing entry positions.

Management's Discussion and Analysis

The following management discussion and analysis ("MD&A") should be read in conjunction with Antrim's unaudited consolidated financial statements and accompanying notes for the three month period ended March 31, 2003 and Antrim's audited consolidated financial statements, accompanying notes and MD&A for the year ended December 31, 2002.

This MD&A contains forward looking statements. Forward looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Antrim assumes no obligation to update forward looking statements should circumstances or management's estimates change.

Financial and Operating Review

Oil and Gas Revenue

Oil and gas revenue increased 39% to \$1,478,238 in the three months ended March 31, 2003 compared to \$1,060,908 for the three months ended March 31, 2002. Oil and gas revenues increased despite a decrease in oil production to 382 barrels of oil per day compared to 455 barrels for the comparable period in 2002. Oil production declined due to an increase in gas (CO₂) production and related mechanical difficulties. Work has subsequently commenced on a water injection scheme to enhance reservoir pressure in the Puesto Guardian field and a workover program on several wells will be conducted over the next few months.

Both oil prices and gas production increased in the first quarter of 2003. Oil prices averaged \$40.44 per barrel compared to \$24.71 per barrel in the first

Netbacks

Higher commodity prices combined with lower per unit operating costs resulted in Antrim realizing a per unit netback of \$30.32/BOE in the first quarter of 2003 (2002 – \$17.13/BOE). The table below provides a comparative analysis of field netbacks for the three month periods ended March 31, 2003 and 2002.

\$/boe	2003	2002
Wellhead price	\$ 39.95	\$ 25.05
Royalties	(4.52)	(2.62)
Operating expenses	(5.11)	(5.30)
Netback	\$ 30.32	\$ 17.13
Production (BOE)	37,000	42,345

Royalties per barrel increased due to higher commodity prices in the first quarter of 2003.

Cash Flow and Net Income

Antrim generated cash flow from operations in the three month period ended March 31, 2003 of \$346,310 (\$0.02 per share) compared to \$177,542 (\$0.01 per share) in the comparable period in 2002. Net income (loss) in the first quarter of 2003 was a loss of \$1,105,217 (\$0.06 per share) compared to net income of \$2,621,712 (\$0.13 per share) in 2002. The primary cause of the reduction in net income was due

to a write-down in the first quarter of 2003 of Antrim's Tunisian assets following the deepening and subsequent abandonment of the Chott Fejaj #3A well in February 2003. Note that Antrim also recorded in 2002 a gain on disposition of petroleum and natural gas assets of \$2,769,484 related to the sale of Antrim's New Zealand properties.

Financial Resources and Liquidity

At March 31, 2003, Antrim had working capital of \$9,278,249 (December 31, 2002 – \$10,974,251) including cash of \$9,241,731 (December 31, 2002 – \$10,787,809) and no debt. The decrease in working capital in the period is primarily attributed to the deepening of the Chott Fejaj #3A well in Tunisia. Antrim continues to maintain a strong balance sheet and the ability to fund or accelerate its existing expenditure requirements for the remainder of 2003.

“Signed”
Stephen Greer
Chairman and C.E.O.

May 27, 2003

Consolidated Balance Sheets

As at March 31, 2003 and December 31, 2002 (Unaudited)

	March 31, 2003 \$	December 31, 2002 \$
Assets		
Current assets		
Cash and cash equivalents	9,241,731	10,787,809
Accounts receivable	1,152,917	716,211
Inventory and other	1,696,612	1,249,691
	12,091,260	12,753,711
Petroleum and natural gas properties (note 2)	7,589,464	7,662,418
Office equipment - net of accumulated amortization of \$276,939 (2002 - \$266,939)	120,649	96,575
	19,801,373	20,512,704
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,611,344	1,222,793
Income taxes payable	1,201,667	556,667
	2,813,011	1,779,460
Future income taxes	110,243	776,958
Site restoration provision	211,608	196,608
	3,134,862	2,753,026
Shareholders' equity		
Capital stock (note 3)	25,559,582	25,547,532
Deficit	(8,893,071)	(7,787,854)
	16,666,511	17,759,678
Total liabilities and stockholders' equity	19,801,373	20,512,704

Approved by the Board of Directors

“Signed: Dr. Gerry Orbell”

Director

“Signed: Neill Martin”

Director

Consolidated Statements of Income (Loss) and Deficit

For the three months ended March 31, 2003 and 2002 (Unaudited)

	2003	2002
	\$	\$
Revenue		
Oil and gas sales	1,478,238	1,060,908
Royalties	(167,255)	(111,158)
	1,310,983	949,750
Interest and other income	74,811	26,472
	1,385,794	976,222
Expenses		
Operating	189,143	224,268
General and administrative	293,188	339,231
Depletion and depreciation	228,000	325,314
Foreign exchange losses (gains)	8,489	175,681
Write off of impaired assets	1,890,242	-
	2,609,062	1,064,494
Income (loss) before below noted dispositions and income taxes	(1,223,268)	(88,272)
Gain on disposition of petroleum and natural gas properties	-	2,769,484
Income (loss) for the year before income taxes	(1,223,268)	2,681,212
Income taxes (recovery)		
Current	548,664	59,500
Future	(666,715)	-
	(118,051)	59,500
Net income (loss) for the period	(1,105,217)	2,621,712
Deficit - beginning of period	(7,787,854)	(8,854,840)
Deficit - end of period	(8,893,071)	(6,233,128)
Net income (loss) per common share:		
Basic	(0.06)	0.13
Diluted	(0.06)	0.13

Consolidated Statements of Cash Flows

For the three months ended March 31, 2003 and 2002 (Unaudited)

	2003	2002
	\$	\$
Operating activities		
Net income for the period	(1,105,217)	2,621,712
Items not involving cash		
Depletion and depreciation	228,000	325,314
Write off of impaired assets	1,890,242	-
Gain on disposition of petroleum and natural gas properties	-	(2,769,484)
Future income taxes	(666,715)	-
	346,310	177,542
Change in non-cash working capital items	189,893	(1,172,122)
	536,203	(994,580)
Financing activities		
Issue of common shares	6,026	9,350
Investing activities		
Office equipment	(34,074)	(2,157)
Petroleum and natural gas properties	(2,020,288)	(630,455)
Proceeds from the sale of petroleum and natural gas properties	-	822,844
Change in non-cash working capital items	(33,945)	-
	(2,088,307)	190,232
Net increase (decrease) in cash and cash equivalents	(1,546,078)	(794,998)
Cash and cash equivalents, beginning of period	10,787,809	4,876,086
Cash and cash equivalents, end of period	9,241,731	4,081,088

Notes to Interim Consolidated Financial Statements

For the three months ended March 31, 2003 (Unaudited)

1. Basis of presentation

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The unaudited interim financial statements should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2002.

2. Petroleum and natural gas properties

March 31, 2003			
	Cost \$	Accumulated Depletion and Depreciation \$	Net Book Value \$
Australia	549,594	–	549,594
Tanzania	1,066,126	–	1,066,126
Argentina	9,669,475	6,468,855	3,200,620
Tunisia	3,728,161	3,050,839	677,322
United Kingdom	1,775,118	761,561	1,013,557
Czech Republic	1,952,478	870,233	1,082,245
	18,740,952	11,151,488	7,589,464

December 31, 2002			
	Cost \$	Accumulated Depletion and Depreciation \$	Net Book Value \$
Australia	516,292	–	516,292
Tanzania	1,045,258	–	1,045,258
Argentina	9,520,739	6,313,855	3,206,884
Tunisia	1,837,919	1,160,597	677,322
United Kingdom	1,856,951	761,561	1,095,390
Czech Republic	1,943,505	822,233	1,121,272
	16,720,664	9,058,246	7,662,418

In the three months ended March 31, 2003, the Company included in accumulated depletion and depreciation asset impairment charges of \$1,890,242 with respect to costs in Tunisia related to a well drilled in the period and abandoned February 2003.

In the period, the Company capitalized \$168,993 (2002 – \$105,940) of general and administrative costs related to exploration and development activity.

3 Capital stock

a) Authorized

Unlimited number of common voting shares

Unlimited number of preferred shares

b) Common shares issued

	Number of shares	Amount \$
Balance – December 31, 2000	20,049,083	25,547,532
Employee share ownership plan	13,246	12,050
Balance – March 31, 2003	20,062,329	25,559,582

Options

Pursuant to the Company's stock option plan as at March 31, 2003 there were 1,580,000 options outstanding to purchase Common Shares at prices ranging from \$0.72 to \$1.30 per share.

Per Share Information

The weighted average number of common shares outstanding during the period was 20,049,230 (2002 – 19,965,573). The fully diluted weighted average number of common shares outstanding during the period was 20,514,230 (2002 – 19,965,573).

4 Segmented information

	March 31, 2003		
	Revenue \$	Earnings (Loss) \$	Identifiable Assets \$
Canada	–	(176,152)	6,073,438
Argentina	1,389,966	369,645	6,777,871
Australia	–	(11,346)	2,564,585
Czech Republic	88,272	(38,864)	1,576,777
New Zealand	–	(502)	20,715
Tanzania	–	(8,851)	1,066,901
Tunisia	–	(1,260,446)	706,455
United Kingdom	–	21,298	1,014,631
Total	1,478,238	(1,105,217)	19,801,373

March 31, 2002			
	Revenue \$	Earnings (Loss) \$	Identifiable Assets \$
Canada	-	(166,936)	10,387,787
Argentina	1,011,857	39,172	4,900,494
Australia	-	2,592	598,426
Czech Republic	49,051	(29,315)	2,062,558
New Zealand	-	2,820,153	36,918
Tanzania	-	(2,103)	949,730
Tunisia	-	(23,368)	1,589,730
United Kingdom	-	(18,483)	1,030,215
Total	1,060,908	2,621,712	21,555,858

Corporate Information

Directors

Stephen Greer²
Chairman and Chief Executive Officer,
Antrim Energy Inc.

V. Neill Martin^{1,2,3}
Senior Partner,
D&S International Consultants Ltd.

Gerry Orbell^{1,2,3}
Director,
MEO Ltd.

A. Murray Sinclair¹
President,
Quest Investment Corporation

¹ Member of the Audit Committee

² Member of the Compensation Committee

³ Member of Reserves Committee

Officers

Stephen Greer, M.Sc. (Geology)
Chief Executive Officer

Keith Skipper, M.Sc. (Geology)
Executive Vice President

Anthony J. Potter, C.A.
Chief Financial Officer

Dwayne Warkentin
Vice President, Operations

Corporate Headquarters

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Bankers

Toronto-Dominion Bank of Canada

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

Toronto Stock Exchange
Trading Symbol: "AEN"