ANTRIM ENERGY INC.

Moving Forward
A Winning Strategy

2003 Quarterly Report

INTERIM FINANCIAL REPORT SECOND QUARTER 2003

Six Months Ended June 30, 2003

Highlights for the first six months:

- **Acquired new seismic data offshore Australia**
- **Completed farm-out and acquisition of 3-D seismic on Argentina Capricorn permit**
- **Successfully listed on Alternative Investment Market (AIM) of London Stock Exchange**
- **Awarded two blocks in U.K. North Sea natural gas basin**
- **Ended quarter with working capital of $7.9 million**

Antrim continued to develop its exploration projects in the first half of 2003. In Australia, the Company acquired over 1,000 kilometres of seismic on Permits WA-306-P and WA-307-P. The Company also increased its equity holding in the project to 50% from the 37.5% held previously. Antrim remains the operator of the property.

In Argentina, the Company reached an agreement with an industry partner to fund a 40 square kilometer, 3-D seismic program on the Company's Capricorn Permit to earn a 50% equity interest in the Permit. This large 3-D seismic program was successfully acquired in June 2003.

Overview of Operations

Argentina

Antrim's oil production from the Puesto Guardian Field in the first six months of 2003 averaged 354 barrels of oil per day, compared to 438 barrels of oil per day over the equivalent period in 2002. Changes in production were the result of an increase in gas (CO_2) production and related mechanical difficulties. Remedial workover operations at the Puesto Guardian Field commenced in April 2003 and successfully increased production to approximately 415 barrels of oil per day in July 2003. A second workover program designed to further increase production from the field will be conducted over the next few months.

A 40 square kilometer, 3-D seismic program was acquired on Antrim's 2-million acre Capricorn Permit in June 2003. The data from this program is currently being evaluated. Early results indicate the potential for several new wells on this prolific oil trend.

Australia

In Australia, the Floreana Plazas Marine Seismic Survey on Permits WA-306-P and WA-307-P was completed. Results from the seismic survey are expected to be finalized in September 2003. The survey is designed to high-grade the additional leads and prospects on the 80 km Galapagos-Shark trend. Additional new data on the

Galapagos prospect on WA-306-P will be integrated with the previous grid of closely spaced seismic data. Galapagos is a 4,000 acre structural closure at the primary reservoir level (Jurassic sandstone) and is considered to be an early drilling candidate. Additional prospects, defined at Galapagos South and Shark (WA-307-P) are also the subject of this survey.

Czech Republic

Antrim's gas production from the Company's property in the Czech Republic averaged 142 mcf per day over the six months of 2003 compared to an average of 118 mcf per day over the same period in 2002.

Tanzania

On the Pemba-Zanzibar Production Sharing Agreement (Antrim 100% working interest), Antrim concluded regional mapping and trial reprocessing of key lines around its North Pemba prospect during the period and 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 multi-national players securing positions surrounding the Antrim concession.

Tunisia

In Tunisia, the Chott Fejaj #3a well deepening operations, which commenced December 31, 2002, were completed on February 24, 2003. The well was drilled to a depth of 4,637 metres before being plugged and abandoned. Future activities on this permit are presently under review.

United Kingdom

In the six month period the Company successfully participated in the U.K. North Sea 21st Offshore Licensing Round. This participation resulted in the Company gaining two blocks in the southern North Sea natural gas basin. Blocks 42/21 and 42/22 were offered as "promote" licences to Antrim and its U.K. partner. Under the terms of the awards, Antrim has two years in which to commit to the drilling of one well or drop the blocks. Antrim has a 20% initial interest in the blocks with an option, under agreement with its U.K. partner, to increase its equity up to 60% within one year of the date of the official licence award. The two blocks are situated 35 kilometres to the west-northwest of the prolific Ravenspurn North, Ravenspurn South and Cleeton gas fields in blocks 43/26a and 42/30, which had combined initial reserves of 2.0 tcf.

Antrim also entered into a farm-out agreement in the period which will allow an industry partner to earn up to a 50% interest in Antrim's South Larne Licence in exchange for contributing approximately $250,000 with respect to planned geophysical work.

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 six month period ended June 30, 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 was $2,487,893 in the six months ended June 30, 2003 compared to $2,601,123 for the six months ended June 30, 2002. Oil and gas revenues decreased due to a decrease in oil production to 354 barrels of oil per day compared to 438 barrels for the comparable period in 2002. Workover operations at the Puesto Guardian field designed to increase production commenced in April 2003. These operations were successful increasing production to approximately 415 barrels of oil per day in July 2003. A second workover program on several wells will be conducted over the next few months.

Oil prices averaged $36.50 per barrel compared to $31.30 per barrel in the first half of 2002. Gas production increased to 142 mcf per day in 2003 from 118 mcf per day in 2002.

Netbacks

Higher commodity prices partially offset by higher per unit operating costs resulted in Antrim realizing a higher per unit netback of $22.30 per boe in the first half of 2003 compared to a per unit netback of $20.95 per boe for the equivalent period in 2002. The table below provides a comparative analysis of field netbacks for the six month period ended June 30, 2003 and 2002.

$/boe	**2003**	2002
Wellhead price	**$ 36.41**	$ 31.41
Royalties	**(4.86)**	(3.78)
Operating expenses	**(9.25)**	(6.68)
Netback	**$ 22.30**	$ 20.95
Production (boe)	**68,338**	82,825

Royalties per barrel increased due to higher commodity prices in the first half of 2003. Operating expenses per barrel increased due to a decrease in oil production in the second quarter of 2003 and related workover expenses in the quarter.

Cash Flow and Net Income

Antrim had a net cash outflow from operations in the six month period ended June 30, 2003 of $121,456 ($0.01 per share) compared to a net cash outflow of $43,026 ($0.00 per share) in the comparable period in 2002. Net income (loss) in the first half of 2003 was a loss of $1,758,783 ($0.09 per share) compared to net income of $1,557,485 ($0.08 per share) in 2002. Net income declined primarily due to a write-down in the first quarter of 2003 of Antrim's Tunisian assets following the deepening and subsequent abandonment of Chott Fejaj #3 well in February 2003. Antrim also recorded in 2002 a gain on disposition of petroleum and natural gas assets of $2,230,255 related to the sale of Antrim's New Zealand properties.

Financial Resources and Liquidity

At June 30, 2003, Antrim had working capital of $7,886,240 (December 31, 2002 – $10,974,251) including cash of $7,205,356 (December 31, 2002 – $10,787,809) and no debt. The decrease in working capital in the period is primarily attributed to the continued focus of the Company on exploration activities including the deepening of the Chott Fejaj #3 well in Tunisia and the successful seismic program offshore Australia.

"Signed"

Stephen Greer
Chairman and C.E.O.

August 22, 2003

Consolidated Balance Sheets

As at June 30, 2003 and December 31, 2002 (Unaudited)

	June 30, 2003 $	December 31, 2002 $
Assets		
Current assets		
Cash and cash equivalents	**7,205,356**	10,787,809
Accounts receivable	**1,136,185**	716,211
Inventory and other	**446,564**	1,249,691
	8,788,105	12,753,711
Petroleum and natural gas properties (note 2)	**8,207,152**	7,662,418
Office equipment – net of accumulated amortization of $291,939 (2002 – $266,939)	**266,554**	96,575
Total Assets	**17,261,811**	20,512,704
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**802,739**	1,222,793
Income taxes payable	**99,126**	556,667
	901,865	1,779,460
Future income taxes	**106,043**	776,958
Site restoration provision	**223,608**	196,608
	1,231,516	2,753,026
Shareholders' Equity		
Capital stock (note 3)	**25,576,932**	25,547,532
Deficit	**(9,546,637)**	(7,787,854)
	16,030,295	17,759,678
Total Liabilities and Shareholders' Equity	**17,261,811**	20,512,704

Consolidated Statements of Income (Loss) and Deficit

For the periods ended June 30, 2003 and 2002 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	**2003**	2002
	$	$	**$**	$
Revenue				
Oil and gas sales	**1,009,655**	1,540,215	**2,487,893**	2,601,123
Royalties	**(165,060)**	(201,671)	**(332,315)**	(312,829)
	844,595	1,338,544	**2,155,578**	2,288,294
Interest and other income	**10,839**	30,789	**85,650**	57,261
	855,434	1,369,333	**2,241,228**	2,345,555
Expenses				
Operating	**443,222**	328,899	**632,366**	553,167
General and administrative	**465,802**	401,247	**758,990**	740,478
Depletion and depreciation	**190,000**	304,430	**418,000**	629,744
Foreign exchange losses (gains)	**324,675**	418,642	**333,163**	594,323
Write off of impaired assets	**–**	–	**1,890,242**	–
	1,423,699	1,453,218	**4,032,761**	2,517,712
Income (loss) before below noted dispositions and income taxes	**(568,265)**	(83,885)	**(1,791,533)**	(172,157)
Gain on disposition of petroleum and natural gas properties	**–**	(539,229)	**–**	2,230,255
Income (loss) for the year before income taxes	**(568,265)**	(623,114)	**(1,791,533)**	2,058,098
Income taxes (recovery)				
Current	**89,500**	441,113	**638,165**	500,613
Future	**(4,200)**	–	**(670,915)**	–
	85,300	441,113	**(32,750)**	500,613
Net income (loss) for the period	**(653,565)**	(1,064,227)	**(1,758,783)**	1,557,485
Deficit – beginning of period	**(7,787,854)**	(6,233,128)	**(7,787,854)**	(8,854,840)
Deficit – end of period	**(8,441,419)**	(7,297,355)	**(9,546,637)**	(7,297,355)
Net income (loss) per common share:				
Basic	**(0.03)**	(0.05)	**(0.09)**	0.08
Diluted	**(0.03)**	(0.05)	**(0.09)**	0.08

Consolidated Statements of Cash Flows

For the periods ended June 30, 2003 and 2002 (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	**2003**	2002
	$	$	**$**	$
Operating activities				
Net income for the period	**(653,565)**	(1,064,227)	**(1,758,783)**	1,557,485
Items not involving cash				
Depletion and depreciation	**190,000**	304,430	**418,000**	629,744
Write off of impaired assets	**–**	–	**1,890,242**	–
Gain on disposition of petroleum and natural gas properties	**–**	539,229	**–**	(2,230,255)
Future income taxes	**(4,200)**	–	**(670,915)**	–
	(467,765)	(220,568)	**(121,456)**	(43,026)
Change in non-cash working capital items	**(977,202)**	235,009	**(787,309)**	(937,113)
	(1,444,967)	14,441	**(908,765)**	(980,139)
Financing activities				
Issue of common shares	**8,675**	7,684	**14,701**	17,034
Investing activities				
Office equipment	**(160,906)**	(4,522)	**(194,979)**	(6,679)
Petroleum and natural gas properties	**(780,688)**	(278,294)	**(2,800,976)**	(908,749)
Proceeds from the sale of petroleum and natural gas properties	**–**	6,075,339	**–**	6,898,183
Change in non-cash working capital items	**341,511**	–	**307,566**	–
	(600,083)	5,792,523	**(2,688,389)**	5,982,755
Net increase (decrease) in cash and cash equivalents	**(2,036,375)**	5,814,648	**(3,582,453)**	5,019,650
Cash and cash equivalents, beginning of period	**9,241,731**	4,081,088	**10,787,809**	4,876,086
Cash and cash equivalents, end of period	**7,205,356**	9,895,736	**7,205,356**	9,895,736

For the six months ended June 30, 2003 and 2002 (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

			June, 2003
	Cost $	**Accumulated Depletion and Depreciation $**	**Net Book Value $**
Australia	**1,279,414**	**–**	**1,279,414**
Tanzania	**1,126,345**	**–**	**1,126,345**
Argentina	**9,613,876**	**6,602,855**	**3,011,021**
Tunisia	**3,741,412**	**3,050,839**	**690,573**
United Kingdom	**1,802,875**	**761,561**	**1,041,314**
Czech Republic	**1,957,718**	**899,233**	**1,058,485**
	19,521,640	**11,314,488**	**8,207,152**

			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 six months ended June 30, 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 $402,086 (2002 – $231,639) 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, 2002	20,049,089	25,547,532
Employee share ownership plan	35,027	29,400
Balance – June 30, 2003	**20,084,116**	**25,576,932**

Options

Pursuant to the Company's stock option plan as at June 30, 2003 there were 1,618,000 options outstanding to purchase Common Shares at prices ranging from $0.72 to $1.30 per share.

Stock-based Compensation Costs

The Company accounts for its stock-based compensation using the intrinsic value method and as a result, no compensation costs have been recorded in the financial statements for stock options granted or exercised. Had the Company adopted the fair value based method of accounting, the compensation costs, along with the pro forma net earnings attributable to common shareholders and pro forma net earnings attributable to common shareholders per common share of the Company would be as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	**2003**	2002
Years ended December 31,	**$**	$	**$**	$
Stock-based compensation costs	**28,947**	–	**53,812**	–
Net income (loss):				
As reported	**(653,565)**	(1,064,227)	**(1,758,783)**	1,557,485
Pro forma	**(682,512)**	(1,064,227)	**(1,812,595)**	1,557,485
Net income (loss) per common share:				
Basic and diluted				
As reported	**(0.03)**	(0.05)	**(0.09)**	0.08
Pro forma	**(0.03)**	(0.05)	**(0.09)**	0.08

The stock-based compensation are recognized over the vesting period of the stock options granted. The pro forma amounts shown above do not include the stock-based compensation costs associated with stock options granted prior to January 1, 2002.

The fair value of each stock option granted during the quarter is estimated on the date of grant using the Black-Scholes option pricing model based on the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	**2003**	2002
	$	$	**$**	$
Risk free interest rate	**4.5%**	5.0%	**4.5%**	5.0%
Expected life (years)	**5.00**	5.00	**5.00**	5.00
Expected volatility	**65.0%**	60.0%	**65.0%**	60.0%
Expected dividend yield	**–**	–	**–**	–

Per Share Information

The weighted average number of common shares outstanding during the period was 20,055,980 (2002 – 19,965,573). The fully diluted weighted average number of common shares outstanding during the period was 20,520,980 (2002 – 19,991,605).

4. Segmented information

			June 30, 2003
	Revenue $	**Earnings (Loss) $**	**Identifiable Assets $**
Canada	**–**	**(595,607)**	**5,744,786**
Argentina	**2,337,970**	**196,984**	**5,596,015**
Australia	**–**	**(4,095)**	**1,330,738**
Czech Republic	**149,923**	**(38,802)**	**1,530,535**
New Zealand	**–**	**(1,185)**	**20,034**
Tanzania	**–**	**(10,380)**	**1,127,055**
Tunisia	**–**	**(1,349,156)**	**863,046**
United Kingdom	**–**	**43,458**	**1,049,603**
Total	**2,487,893**	**(1,758,783)**	**17,261,811**

4. Segmented information *(continued)*

			June 30, 2002
	Revenue $	Earnings (Loss) $	Identifiable Assets $
Canada	–	(1,334,816)	8,772,194
Argentina	2,480,905	871,959	4,759,695
Australia	–	(5,881)	479,716
Czech Republic	120,218	14,034	2,206,366
New Zealand	–	2,003,676	26,853
Tanzania	–	(2,697)	969,116
Tunisia	–	(29,174)	1,647,263
United Kingdom	–	40,384	1,787,289
Total	2,601,123	1,557,485	20,648,492

Corporate Information

Directors

Stephen Greer [2]
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 Sinclair [1]
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

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Antrim Resources (Tanzania) 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

Toronto Stock Exchange
Trading Symbol: "AEN"

The London Stock Exchange – Alternative Investment Market (AIM)
Trading Symbol: "AEY"