2006 QUARTERLY

Interim Financial Report Second Quarter 2006

SIX MONTHS ENDED JUNE 30, 2006

HIGHLIGHTS:

- Successful multi-well drilling program in Tierra del Fuego, Argentina
- Acquisition of Medianera Block, Neuquen Basin, Argentina
- Completed $28 million financing
- Completed sale of non-core assets
- Announced successful testing results from East Causeway Prospect (third quarter)

Antrim's Two Frontiers strategy was reinforced during the period with the continuation of the Company's drilling success in Argentina and successful drilling of the East Causeway prospect in the UK North Sea.

In Argentina, an already successful drilling program continues to deliver positive results in the form of new oil discoveries and early cash flow. Significant further activity is planned with an extensive 3-D seismic acquisition program over the Company's Puesto Guardian, Capricorn and Medianera properties already underway.

In the United Kingdom, the Company has successfully drilled and tested the East Causeway prospect along the Osprey Ridge Trend in the Northern North Sea. Successful development of this trend, in which Antrim is operator and has maintained a large working interest, has the potential to make a significant impact on the worth of the Company.

FINANCIAL AND OPERATING RESULTS (unaudited)

	Three Months Ended June 30,		*Six Months Ended June 30,*	
	2006	*2005*	***2006***	*2005*
Financial Results ($000's except per share amounts)				
Revenue	**2,767**	2,812	**5,608**	5,034
Cash flow from operations	**239**	564	**1,482**	787
Cash flow from operations per share	**0.00**	0.01	**0.03**	0.02
Net income (loss)	**910**	(597)	**1,456**	(947)
Net income (loss) per share - basic	**0.02**	(0.01)	**0.03**	(0.02)
Working capital	**35,025**	11,978	**35,025**	11,978
Capital expenditures	**20,463**	1,169	**23,928**	8,909
Debt	**–**	–	**–**	–
Common shares outstanding (000's)				
End of period	**69,995**	39,787	**69,995**	39,787
Weighted average - basic	**63,367**	39,619	**59,168**	39,553
Weighted average - fully diluted	**65,976**	40,612	**61,776**	40,546
Production				
Oil , natural gas and NGL production (BOE per day)[1]	**832**	1,038	**893**	902

[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.

ANTRIM ENERGY INC.

Overview of Operations

Argentina – NorthWest Basin

In June 2006, Antrim and its partners in the Puesto Guardian field and neighbouring Capricorn licence began an extensive 387 km2 3-D seismic acquisition program over the properties which could lead to the drilling of new wells to add further production and reserves from the region. Antrim has extended the Capricorn licence into a second term with the relinquishment of 50% of the acreage and the commitment to drill an exploration well on the licence in 2006-2007.

Net oil production from the Puesto Guardian field in Argentina's NorthWest Basin in the first half of 2006 was 328 barrels of oil per day compared to 438 barrels of oil per day in the first half of 2005. Oil production decreased due to natural field decline and limited workovers in the period.

Argentina – Tierra del Fuego

In the first half of 2006, significant gas, NGL (propane and butane) and condensate production from Antrim's successful multi-well drilling program remained behind pipe while additional compression, pipeline and other facilities were put into place. In late July 2006, Antrim began to deliver a portion of gas behind pipe to the San Luis gas plant through a newly completed 10 km high pressure gas pipeline. Gas and NGL production at the end of July 2006 was 3.9 million cubic feet per day and 51 barrels per day, respectively, compared to gas and NGL production in the first half of 2006 of 2.1 million cubic feet per day and 47 barrels per day, respectively. Gas and NGL production from February 14, 2005 to June 30, 2005 was 2.4 million cubic feet per day and 51 barrels per day, respectively.

The additional gas being delivered to the San Luis gas plant represents only a portion of the gas tested from Antrim's ongoing multi-well drilling program on the concessions. Wells tested to date have tested very high rates of gas, NGL's and condensate. Antrim and its partners have to date tested a cumulative 50.4 million cubic feet per day (Antrim net - 13.0 million cubic feet per day) wet gas from the drilling program. Due to the high rates encountered, additional compression, pipeline and processing facilities are being sourced to bring these wells onto production.

Net oil production from the Tierra del Fuego concessions in the first half of 2006 was 155 barrels of oil per day compared to 131 barrels of oil per day from February 14, 2005 to June 30, 2005.

In June 2006, Antrim announced that the tenth well in the drilling program had resulted in a new oil discovery and had been placed on production at a gross initial rate of 450 barrels of oil per day. Net oil production to Antrim from the concessions is currently 266 barrels per day and is being sold with reference to current world oil prices. Drilling on the concessions continues with a second potential oil well having been identified and the current drilling rig contract extended to October 31, 2006.

Argentina – Medianera

On February 24, 2006, Antrim completed the acquisition of a 70% working interest in the producing Medianera Block in Rio Negro Province, Neuquen Basin, Argentina. The cost of the acquisition was approximately US$1.2 million after closing adjustments. The Medianera field was discovered in 1961 and the licence covers an area of 53 km2 (13,000 acres). It is located in central Argentina in the Neuquen Basin, Argentina's most prolific oil and gas basin. Oil production net to Antrim from February 24, 2006 to June 30, 2006 was 19 barrels of oil per day.

Antrim believes the Medianera block has significant exploitation and exploration potential, both uphole and from deeper horizons. No deep wells have been drilled on the block to date. In July 2006, Antrim and its partner in the field began a 3-D seismic acquisition program over the property. The operator of Antrim's concessions in Tierra del Fuego, Argentina, has acquired the remaining 30% working interest in the block and is the operator of the block.

United Kingdom – Block 211/22a South East and Block 211/23d

Drilling operations on the Company's East Causeway prospect began in early June 2006. The Causeway prospect is on the prospective Osprey Ridge Trend which consists of a series of fault-bounded, staircase like structures extending northeast from Block 211/22 SE onto Block 211/23d. In July 2006, Antrim announced that the well, 211/23d-17z, was drilled as planned both at a high angle and horizontally through the prospective zones to a measured depth of 14,900 ft (4,542 m), representing a true maximum vertical depth of 10,370 ft (3,161 m). Electric log and other well data received to date indicate that the well intersected approximately 1,185 ft (361 m) of net oil-bearing sandstone representing 77 ft (23.5 m) net vertical thickness of potential reservoir. Prospective reservoirs included the Jurassic Ness and Tarbert Formations drilled in two fault compartments.

In August 2006, Antrim announced the results of tests of the Tarbert and Ness prospective reservoirs located in the westernmost of the two fault compartments. Combined test rates from these prospective reservoirs was 14,500 barrels of oil per day. Test results did not include the combined intervals tested at rates up to 8,100 barrels of oil per day in the previously drilled and now suspended well 211/23b-11. These previously tested intervals were also intersected and logged in the horizontal section of the current well 211/23d-17z. Based on the results of these tests, Antrim intends to follow up the discovery with a drilling program commencing in 2007.

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 for the six month period ended June 30, 2006 and Antrim's audited consolidated financial statements and MD&A for the year ended December 31, 2005. The calculations of barrels of oil equivalent ("BOE") are based on a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks, uncertainties and other factors which could cause actual events or results to differ materially from those reflected in the MD&A. Such risks, uncertainties and other factors include the uncertainties inherent in oil and gas exploration and development activities, the effect of actions by third parties, fluctuations in world oil prices and other risks detailed in the Company's Annual Report and Annual Information Form ("AIF"). Additional information relating to the Company including the Company's AIF is on SEDAR at www.sedar.com.

FINANCIAL AND OPERATING REVIEW

Oil, Gas and NGL Revenue

Oil, gas and NGL revenue increased to $5,607,508 in the six months ended June 30, 2006 compared to $5,033,818 for the six months ended June 30, 2005. Revenues increased following the acquisition effective February 14, 2005 of a 25.78% working interest in three producing exploitation concessions in Tierra del Fuego, Argentina. Average net oil production in the three and six month periods ended June 30, 2006 was 492 and 502 barrels of oil per day, respectively, compared to 555 and 536 barrels of oil per day respectively, for the comparable periods in 2005.

Oil prices averaged $53.42 per barrel compared to $44.94 per barrel for the comparable period in 2005. 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. With respect to Puesto Guardian oil production, a mandated discount on domestic oil sales increases as the price of WTI crude oil increases. This discount does not apply to oil production from Tierra del Fuego and no duties are charged on oil exported from the Tierra del Fuego concessions.

Average net gas production in Argentina in the three and six month periods ended June 30, 2006 was 1.9 and 2.1 million cubic feet per day, respectively, compared to 2.6 and 1.8 million cubic feet per day for the comparable periods in 2005. Gas production was negatively impacted in the second quarter of 2006 by facility repairs. Gas production from the Tierra del Fuego concessions is sold to domestic residential and industrial consumers under fixed price contracts. There are no specific volume delivery commitments under the contracts. As expected, the price of gas sold to industrial consumers increased in 2005 and is expected to increase further in 2006 from its present price of approximately US$1.12/Mcf to over US$1.32/Mcf in the second half of 2006. The price of gas sold to residential consumers is not anticipated to increase in 2006 above the current price of US$0.36/Mcf.

Antrim had no NGL (propane and butane) production prior to the Tierra del Fuego acquisition. Average net NGL production in the three and six month periods ended June 30, 2006 was 39 and 47 barrels per day, respectively, compared to 54 and 39 barrels per day, respectively, for the comparable periods in 2005. NGL prices averaged $41.39 per barrel for the six months ended June 30, 2006 compared to $36.89 per barrel for the comparable period in 2005. NGL production from the Tierra del Fuego concessions is both exported and sold domestically. No duties are charged on NGL exported from the concessions. The average price received for export and domestic NGL sales is calculated each month based on the posted Mont Belvieu, Texas butane and propane price less a market discount of approximately US$6.55 and US$3.85 per barrel, respectively.

Netbacks

An increase in the sales price of crude oil, gas and NGL resulted in Antrim realizing a higher per unit netback of $20.50/BOE in the six months ended June 30, 2006 compared to a per unit netback of $18.00/BOE for the comparable period in 2005. The table below provides a comparative analysis of field netbacks for the three and six months ended June 30, 2006 and 2005.

	Three Months Ended June 30,		*Six Months Ended June 30,*	
	2006	*2005*	***2006***	*2005*
Wellhead price ($/BOE)	**36.19**	29.78	**34.83**	30.85
Royalties ($/BOE)	**(4.87)**	(3.90)	**(4.52)**	(4.02)
Operating expenses ($/BOE)	**(12.65)**	(9.52)	**(9.81)**	(8.82)
Netback ($/BOE)	**18.67**	16.36	**20.50**	18.00
Oil, natural gas and NGL production (BOE)	**75,753**	94,422	**161,593**	163,195

Gain on Sale of Petroleum and Natural Gas Properties

In the second quarter of 2006, Antrim recorded a gain of $1,466,864 with respect to the sale of non-core assets in Tanzania, the Czech Republic and Australia. Proceeds from the sale of assets consisted of 1,175,000 common shares of Nor Energy AS, a private Norwegian company, and cash proceeds of $1,300,801. The effective date of the sale was March 31, 2006.

General and Administrative

General and administrative costs ("G&A") decreased in the six month period ended June 30, 2006 to $1,514,170 compared to $1,604,122 for the six months ended June 30, 2005. G&A decreased primarily due to certain non-recurring costs in 2005 with respect to corporate staff changes. During the period, Antrim capitalized $615,843 (2005 - $651,813) of general and administrative costs related to exploration and development activity primarily in Argentina and United Kingdom.

Foreign Exchange Loss

Foreign exchange loss increased in the six month period ended June 30, 2006 to $486,063 from $107,942 primarily as a result of fluctuations between the Canadian dollar and Pound Sterling on amounts due from partners with respect to the Causeway prospect and strengthening of the Canadian dollar versus the US dollar.

Cash Flow and Net Income

Antrim generated cash flow from operations in the six month period ended June 30, 2006 of $1,482,249 ($0.03 per share) compared to cash flow from operations of $787,205 ($0.02 per share) in the comparable period in 2005. Net income in the first six months of 2006 was $1,455,967 ($0.03 per share) compared to a net loss of $946,515 ($0.02 per share) in 2005. Net income increased due to higher revenues on increased oil, gas and NGL prices over the comparable period and gain on sale of non-core assets.

Financial Resources and Liquidity

At June 30, 2006, Antrim had working capital of $35,024,673 (December 31, 2005 - $29,969,247) including unrestricted cash of $31,345,093 (December 31, 2005 - $33,209,478) and no debt. The Company set aside and restricted at June 30, 2006 cash of $28,704,807 to support a letter of credit established for drilling the Causeway prospect. Working capital increased following the completion of a public offering in May 2006 of 14,750,000 Common Shares at a price of $1.95 per share for gross proceeds of $28.8 million.

Summary of Quarterly Results

($000's, except per share amounts)	*Oil, Gas and NGL Sales, Net of Royalties*	*Cash Flow from Operations**	*Net Income (Loss)*	*Net Income (Loss) Per Share – Basic*
2006				
Second quarter	2,398	239	910	0.02
First quarter	2,479	1,243	546	0.01
Total	4,877	1,482	1,456	0.03
2005				
Fourth quarter	2,427	851	(2,431)	(0.05)
Third quarter	2,611	892	188	0.00
Second quarter	2,444	564	(597)	(0.01)
First quarter	1,934	223	(350)	(0.01)
Total	9,416	2,530	(3,190)	(0.07)
2004				
Fourth quarter	1,604	(424)	(4,313)	(0.12)
Third quarter	1,513	170	(1,045)	(0.03)
Second quarter	1,410	215	(241)	(0.01)
First quarter	1,401	439	13	0.00
Total	5,928	400	(5,586)	(0.16)

* Cash flow from operations and cash flow from operations per share does not have a standard meaning under generally accepted accounting principles ("GAAP") and may not be comparable to that reported by other companies. Management believes that cash flow is a useful supplementary measure that may assist investors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparing financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates. There have been no material changes to the Company's accounting policies or estimates.

RELATED PARTY AND OFF-BALANCE SHEET TRANSACTIONS

In the six months ended June 30, 2006, the Company incurred fees of $170,364 payable to a law firm in which a director of the Company is a partner. The Company also incurred fees of $48,650 for geological services payable to a company in which a director during the period was a principal. The Company had no off-balance sheet transactions in the period.

Stephen Greer
President and Chief Executive Officer

August 10, 2006

Consolidated Balance Sheets

As at June 30, 2006 and December 31, 2005 (unaudited)

		2006	**2005**
ASSETS			
Current assets			
Cash and cash equivalents	$	**31,345,093**	$ 33,209,478
Restricted cash		**28,704,807**	–
Accounts receivable		**2,689,687**	2,208,801
Inventory and prepaid expenses		**520,445**	354,121
Other current assets *(note 2)*		**819,212**	1,209,615
		64,079,244	36,982,015
Petroleum and natural gas properties *(note 3)*		**45,612,061**	22,950,936
Office equipment		**88,740**	103,547
Future income taxes		**–**	14,537
Other non-current assets *(note 4)*		**2,677,806**	175,986
Total Assets		**112,457,851**	60,227,021
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**28,668,872**	6,981,538
Income taxes payable		**385,699**	31,230
		29,054,571	7,012,768
Future income taxes		**–**	30,508
Asset retirement obligation		**1,421,852**	554,603
		30,476,423	7,597,879
SHAREHOLDERS' EQUITY			
Share capital *(note 5)*		**96,443,901**	70,046,407
Contributed surplus		**3,616,180**	2,117,355
Deficit		**(18,078,653)**	(19,534,620)
		81,981,428	52,629,142
Total Liabilities and Shareholders' Equity	$	**112,457,851**	$ 60,227,021

Consolidated Statements of Income (Loss) and Deficit

For the periods ended June 30, 2006 and 2005 (unaudited)

	Three Months Ended June 30, **2006**	*2005*	*Six Months Ended June 30,* **2006**	*2005*
REVENUE				
Oil and gas sales	**$ 2,766,687**	$ 2,812,134	**$ 5,607,508**	$ 5,033,818
Royalties	**(369,017)**	(367,908)	**(730,868)**	(655,242)
	2,397,670	2,444,226	**4,876,640**	4,378,576
Interest and other income	**275,965**	103,230	**588,935**	172,486
Gain on sale of petroleum and natural gas properties	**1,466,864**	–	**1,466,864**	–
	4,140,499	2,547,456	**6,932,439**	4,551,062
EXPENSES				
Operating	**964,933**	898,539	**1,669,209**	1,439,306
General and administrative	**866,539**	817,367	**1,514,170**	1,604,122
Stock based compensation	**360,204**	105,820	**566,533**	239,030
Depletion and depreciation	**422,442**	460,960	**897,442**	885,606
Accretion of asset retirement obligations	**13,038**	15,300	**24,131**	30,422
Foreign exchange loss	**461,380**	95,784	**486,063**	107,942
Write-off of impaired assets	**–**	578,662	**–**	578,662
	3,088,536	2,972,432	**5,157,548**	4,885,090
Income (loss) for the period before income taxes	**1,051,963**	(424,976)	**1,774,891**	(334,028)
Income taxes				
Current	**141,987**	171,652	**313,884**	612,487
Future	**–**	–	**5,040**	–
	141,987	171,652	**318,924**	612,487
Net Income (Loss) for the Period	**909,976**	(596,628)	**1,455,967**	(946,515)
Deficit – Beginning of Period	**(18,988,629)**	(16,694,938)	**(19,534,620)**	(16,345,051)
Deficit – End of Period	**$ (18,078,653)**	$ (17,291,566)	**$ (18,078,653)**	$ (17,291,566)
Net Income (Loss) Per Common Share – Basic	**0.02**	(0.01)	**0.03**	(0.02)
Net Income (Loss) Per Common Share – Diluted	**0.01**	(0.01)	**0.02**	(0.02)

Consolidated Statements of Cash Flows

For the periods ended June 30, 2006 and 2005 (unaudited)

	Three Months Ended June 30, **2006**	2005	Six Months Ended June 30, **2006**	2005
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ 909,976**	$ (596,628)	**$ 1,455,967**	$ (946,515)
Items not involving cash				
Gain on sale of petroleum and natural gas properties	**(1,466,864)**	–	**(1,466,864)**	–
Depletion and depreciation	**422,442**	460,960	**897,442**	885,606
Write-off of impaired assets	**–**	578,662	**–**	578,662
Accretion of asset retirement obligations	**13,038**	15,300	**24,131**	30,422
Stock based compensation expense	**360,204**	105,820	**566,533**	239,030
Future income taxes	**–**	–	**5,040**	–
	238,796	564,114	**1,482,249**	787,205
Change in non-cash working capital items	**4,750,730**	(3,085,623)	**3,648,543**	(4,568,194)
	4,989,526	(2,521,509)	**5,130,792**	(3,780,989)
FINANCING ACTIVITIES				
Issue of common shares	**29,067,701**	280,034	**29,138,247**	490,538
Share issue expenses	**(1,845,759)**	–	**(1,845,759)**	–
	27,221,942	280,034	**27,292,488**	490,538
INVESTING ACTIVITIES				
Office equipment	**(19,471)**	(1,310)	**(45,345)**	(12,866)
Petroleum and natural gas properties	**(20,443,514)**	(1,167,372)	**(23,882,174)**	(8,896,543)
Proceeds on sale of petroleum and natural gas properties	**1,300,801**	–	**1,300,801**	–
Restricted cash	**(28,704,807)**	–	**(28,704,807)**	–
Other current assets	**179,865**	–	**390,403**	–
Other non-current assets	**(1,121,507)**	485,998	**(1,129,891)**	(737,113)
Change in non-cash working capital items	**19,960,650**	–	**17,783,348**	(64,352)
	(28,847,983)	(682,684)	**(34,287,665)**	(9,711,054)
Net increase (decrease) in cash and cash equivalents	**3,363,485**	(2,924,159)	**(1,864,386)**	(13,001,505)
Cash and Cash Equivalents – Beginning of Period	**27,981,608**	11,400,359	**33,209,478**	21,477,705
Cash and Cash Equivalents – End of Period	**$ 31,345,093**	$ 8,476,200	**$ 31,345,093**	$ 8,476,200
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	**251,610**	41,703	**550,427**	102,780
Taxes paid	**–**	904,286	**–**	1,022,503

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2006 (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, 2005.

(2) Other current assets

In 2005, the Company provided a US$1.5 million interest bearing loan to the operator of Tierra del Fuego concessions bearing interest at 5% per annum secured by and to be repaid from production from the concessions. Monthly loan repayments by the operator commenced in September 2005.

(3) Petroleum and natural gas properties

						June 30, 2006
		Cost		***Accumulated depletion and depreciation***		***Net book value***
Argentina	$	**27,912,625**	$	**10,577,617**	$	**17,335,008**
United Kingdom		**31,716,406**		**3,439,353**		**28,277,053**
	$	**59,629,031**	$	**14,016,970**	$	**45,612,061**

						December 31, 2005
		Cost		*Accumulated depletion and depreciation*		*Net book value*
Australia	$	4,123,306	$	3,665,586	$	457,720
Tanzania		1,203,999		1,203,999		–
Argentina		22,117,687		9,765,327		12,352,360
United Kingdom		12,773,522		3,439,353		9,334,169
Czech Republic		2,017,104		1,210,417		806,687
	$	42,235,618	$	19,284,682	$	22,950,936

In the period, the Company capitalized $615,843 (2005 - $651,813) of general and administrative costs related to exploration and development activity primarily in Argentina and United Kingdom.

(4) Other non-current assets

In the second quarter of 2006, the Company sold certain non-core assets in Tanzania, the Czech Republic and Australia to NOR Energy AS ("NOR'), a private Norwegian company, in return for a cash payment and common shares of NOR. At June 30, 2006, the Company held interests in 1,175,000 common shares of NOR representing less than 10% of the common shares of NOR outstanding. The Company also held at June 30, 2006 warrants to acquire 700,000 common shares of NOR at a price of US$1.00 per share exercisable for a period of three years from the date of issue.

(5) Capital stock

Authorized

Unlimited number of common voting shares
Unlimited number of preferred shares

Common Shares Issued

	Number of Shares	*Amount $*
Balance – December 31, 2005	54,886,488	66,988,824
Public offering	14,750,000	28,762,500
Employee share ownership plan	38,819	74,597
Exercise of stock options	319,998	493,559
Share cost issues	–	(2,188,760)
Balance – June 30, 2006	69,995,305	94,130,720

Common Share Purchase Warrants

	Weighted Average Price $	*Number of Warrants*	*Amount $*
Balance – December 31, 2005	2.76	9,782,848	3,057,583
Expired	2.10	(2,560,627)	(744,402)
Balance – June 30, 2006	3.00	7,222,221	2,313,181

Total Common Shares and Common Share Purchase Warrants – June 30, 2006	**96,443,901**

In September 2005, the Company completed a private placement of 6,111,111 Special Warrants at a price of $1.80 per Special Warrant. Each Special Warrant consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of $3.00 per common share until March 15, 2007. The Company also issued pursuant to the private placement 611,111 Broker Warrants. Each Broker Warrant entitles the holder thereof to acquire one Special Warrant at a price of $1.80 per Unit until September 15, 2006. As at June 30, 2006, none of the common share purchase warrants and Broker Warrants were exercised.

In September 2005, the Company completed a public offering of 8,333,333 Units at a price of $1.80 per Unit. Each Unit consisted of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of $3.00 per common share prior to March 29, 2007. The Company also issued pursuant to the public offering 833,333 Agents Warrants. Each Agent Warrant entitles the holder thereof to acquire one Unit at a price of $1.80 per Unit until September 29, 2006. As at June 30, 2006, none of the common share purchase warrants and Agents Warrants were exercised.

In May 2006, the Company completed a public offering of 14,750,000 Common Shares at a price of $1.95 per Common Share for gross proceeds of $28,762,500. The Company also issued pursuant to the public offering 737,500 Agents Options. Each Agents Option entitles the holder thereof to acquire one Common Share at a price of $2.24 per Common Share until May 8, 2007. As at June 30, 2006, none of the Agents Options were exercised.

Stock Options

Pursuant to the Company's stock option plan, as at June 30, 2006 there were 4,883,502 options outstanding to purchase Common Shares at prices ranging from $0.76 to $2.07 per share.

Stock-based Compensation Costs

The Company measures all stock-based compensation using the fair value method of accounting and recognizes the result as compensation expense in the financial statements. Stock-based compensation costs are recognized over the vesting period of the stock options granted. Stock-based compensation costs for the six months ended June 30, 2006 and 2005 was $566,533 and $239,030, respectively.

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,*	
	2006	*2005*	***2006***	*2005*
Risk free interest rate	**4.4%**	4.5%	**4.0%**	4.5%
Expected life (years)	**4.5**	4.75	**4.5**	5.0
Expected volatility	**60.0%**	60.0%	**60.0%**	60.0%
Expected dividend yield	**–**	–	**–**	–

Per Share Information

The weighted average number of common shares outstanding during the six months ended June 30, 2006 was 59,167,895 (2005 - 39,553,396). The fully diluted weighted average number of common shares outstanding during the period was 61,776,345 (2005 - 40,546,394).

(6) Segmented information

	Six Months Ended June 30, 2006		***As at June 30, 2006***
	Revenue $	***Earnings (loss) $***	***Identifiable assets $***
Canada	**–**	**592,346**	**33,786,622**
Argentina	**5,500,454**	**1,210,435**	**21,306,743**
Australia	**–**	**(25,128)**	**–**
Czech Republic	**107,054**	**65,023**	**–**
New Zealand	**–**	**(3,279)**	**2,603**
Tanzania	**–**	**(9,440)**	**–**
United Kingdom	**–**	**(373,990)**	**57,361,883**
Total	**5,607,508**	**1,455,967**	**112,457,851**

	Six Months Ended June 30, 2005		***As at June 30, 2005***
	Revenue $	***Earnings (loss) $***	***Identifiable assets $***
Canada	–	(1,182,231)	8,502,691
Argentina	4,869,433	1,053,600	14,992,843
Australia	–	(583,267)	2,083,025
Czech Republic	164,385	(29,598)	1,359,197
New Zealand	–	(81)	5,452
Tanzania	–	(13,594)	647
United Kingdom	–	(191,344)	5,074,895
Total	5,033,818	(946,515)	32,018,750

(7) Related party transactions

In the six months ended June 30, 2006, the Company incurred fees of $170,364 payable to a law firm in which a director of the Company is a partner. The Company also incurred fees of $48,650 for geological services payable to a company in which a director during the period was a principal.

DIRECTORS

Stephen Greer
President and Chief Executive Officer,
Antrim Energy Inc.

Dr. Brian Moss[1,3]
President and Chief Executive Officer,
Los Altares Resources Ltd.

Dr. Gerry Orbell [1,2]
Chairman and Chief Executive Officer,
Sound Oil plc

Jim Perry [1,3]
President, Chief Executive Officer and Director,
Alternative Fuel Systems (2004) Inc.

Jay Zammit[2]
Partner,
Burstall Winger LLP

[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

Anthony J. Potter, C.A.
Chief Financial Officer and Corporate Secretary

Kerry Fulton, P. Eng.
Chief Operating Officer

HEAD OFFICE

Suite 4050 Bankers Hall West
888 – Third Street SW
Calgary, Alberta
Canada T2P 5C5

tel: 1.403.264.5111
fax: 1.403.264.5113

info@antrimenergy.com
www.antrimenergy.com

The Company's website is not incorporated by reference in and does not form a part of this Interim Report.

LONDON OFFICE

Suite 310, Fetcham Park House,
Lower Road, Fetcham,
Leatherhead, Surrey
United Kingdom, KT22 9HD

Main: 44 1372 371 100
Direct: 44 1372 371 056

BUENOS AIRES OFFICE

Cervino 4449 – 4th Floor
C1425AHB Buenos Aires
Argentina

tel: 54-11 4779 1030
fax: 54-11 4779 1040

INTERNATIONAL SUBSIDIARIES

Antrim Argentina S.A.
Antrim Energy Ltd.
Antrim Oil and Gas Limited
Antrim Resources (N.I.) Limited
Netherfield Corporation

LEGAL COUNSEL

Burstall Winger LLP
Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd.

REGISTRAR AND TRANSFER AGENT

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

CIBC Mellon Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange:
Trading Symbol "AEN"

London Stock Exchange (AIM):
Trading Symbol "AEY"