2006 QUARTERLY

Interim Financial Report Third Quarter 2006

NINE MONTHS ENDED SEPTEMBER 30, 2006

HIGHLIGHTS:

- Successful multi-well drilling program in Tierra del Fuego, Argentina
- 87% increase in cash flow from operations
- Extensive 3D seismic acquisition in Argentina
- Successful test results from the UK East Causeway Discovery
- Acquisition of Fyne and Dandy oil fields, UK Central North Sea

The third quarter of 2006 included several significant developments in the growth of the Company with activity underway on each of the Company's concessions in Argentina, successful drilling and testing of the East Causeway prospect in the UK North Sea and the acquisition of a second North Sea development prospect.

In Argentina, drilling on the Tierra del Fuego concessions continues to deliver exceptional results in the form of new oil and gas discoveries and early cash flow. This success, together with the results from newly acquired 3D seismic on the Capricorn, Medianera and Puesto Guardian concessions, is expected to lead to a significant drilling program across the concessions in 2007 and 2008.

In the United Kingdom, the Company intends to follow-up the East Causeway oil discovery with a drilling program of up to three wells commencing in the second quarter of 2007. In November 2006, the Company acquired a majority interest in the Central North Sea Block 21/28a containing the Fyne and Dandy oil fields. This acquisition provides Antrim with a second core oilfield, further strengthening the Company's position in the UK North Sea.

FINANCIAL AND OPERATING RESULTS (unaudited)

	Three Months Ended September 30,		*Nine Months Ended September 30,*	
	2006	*2005*	***2006***	*2005*
Financial Results ($000's except per share amounts)				
Revenue	**3,862**	2,989	**9,470**	8,023
Cash flow from operations	**1,650**	891	**3,132**	1,679
Cash flow from operations per share	**0.02**	0.02	**0.05**	0.04
Net income (loss)	**644**	188	**2,100**	(759)
Net income (loss) per share - basic	**0.01**	0.00	**0.03**	(0.02)
Working capital	**16,267**	37,266	**16,267**	37,266
Capital expenditures	**23,641**	840	**47,568**	9,750
Debt	**–**	–	**–**	–
Common shares outstanding (000's)				
End of period	**71,736**	54,834	**71,736**	54,834
Weighted average - basic	**70,685**	41,191	**63,049**	40,105
Weighted average - fully diluted	**78,828**	43,563	**71,882**	42,478
Production				
Oil , natural gas and NGL production (BOE per day)[1]	**1,330**	1,007	**1,047**	937

[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 - Tierra del Fuego

In the fourth quarter of 2005, the Company and its partners began a multi-well drilling program on three concessions in Tierra del Fuego, Argentina. Drilling locations for the program were determined following the acquisition in 2005 of 3D seismic on three areas within the concessions.

To date nineteen wells have been drilled on the concessions, eighteen of which have been cased as potential producers. Initial flow rates from the first four wells in the program were 12, 14, 3 and 10 million cubic feet per day ("MMcf/d") plus associated natural gas liquids (propane and butane) and condensate. Longer-term multi-rate flow tests from the first four wells flowed at rates of 24, 24, 2 and 18 MMcf/d plus associated liquids. In July 2006, Antrim began to deliver a portion of this gas to the San Luis gas plant through a newly completed 10 km high pressure gas pipeline. Of the remaining fifteen wells, seven have been classified as oil and gas wells, four await fracture stimulation, three wells are waiting on completion and one, Rio Cullen 1001, has been abandoned. The wells are tested using a completion rig once the drilling equipment has been removed from site.

The level of production of associated liquids varies with each well drilled. Management anticipates based on production history that liquids production will be approximately 40-50 barrels of liquid (both natural gas liquids and condensate) per million cubic feet of gas production. Existing gas processing facilities on the concessions are not sufficient to process these additional volumes. Antrim and its partners in the concessions are reviewing plans to increase the size of the facilities and to secure markets for the additional gas and related liquids. Antrim's working interest in the Tierra del Fuego concessions is 25.78%.

Net oil production to Antrim from the Tierra del Fuego concessions in the first nine months of 2006 was 185 barrels of oil per day compared to 128 barrels of oil per day from February 14, 2005 to September 30, 2005. Gas and natural gas liquids ("NGL") production in the first nine months of 2006 was 2.8 MMcf/d and 50 barrels per day, respectively. Gas and NGL production from February 14, 2005 to September 30, 2005 was 2.4 MMcf/d and 48 barrels per day, respectively.

On October 11, 2006, resolution 776/2006 was published in Argentina establishing an export tax on oil, gas and NGL exports from Tierra del Fuego. Only oil and NGL production from the Tierra del Fuego concessions are currently exported. Antrim and its partners in the concessions are reviewing the possibility of selling oil to alternative domestic markets. Antrim's current oil sales contract is renewable on a monthly basis.

The impact of resolution 776/2006 and a related resolution stating that the export tax should be collected retroactively to January 2002 is currently under review by the Company and other industry peers operating in Tierra del Fuego. Further analysis is required of the Company's exposure, if any, to export taxes related to exports by the previous owners of the concessions. An application to appeal both resolutions is planned. Similar appeals by industry peers are expected.

Argentina - Medianera

In February 2006, Antrim completed the acquisition of a 70% working interest in the producing Medianera Block in Rio Negro Province, 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 km^2 (13,000 acres). It is located in central Argentina in the Neuquen Basin, Argentina's most prolific oil and gas basin.

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 August 2006, Antrim acquired 83 km2 3D seismic over the entire block. Processing of the seismic data has been completed and interpretive work is now underway. Antrim plans to drill an exploration well on the block in the first quarter of 2007. A small workover rig has been acquired and recently commenced operations on the block.

Argentina - NorthWest Basin

Antrim has completed the acquisition of 330 km^2 of 3D seismic in the Puesto Guardian concession. Processing of the seismic data is expected to be completed in the fourth quarter of 2006 leading to a drilling program on the concession starting in 2007. Antrim has a 40% working interest in the Puesto Guardian concession.

Net oil production to Antrim from the Puesto Guardian field in the first nine months of 2006 was 328 barrels of oil per day compared to 433 barrels of oil per day in the first nine months of 2005. Oil production has decreased due to natural field decline and limited workovers in the period.

Antrim has completed the acquisition of 54 km^2 of 3D seismic in the Capricorn concession. Processing of the seismic data has been completed and interpretative work has started. Antrim has a 50% working interest in the Capricorn concession, subject to the terms of a farm-out agreement entered into in October 2006 with respect to a portion of its interest in the concession. Under the terms of the agreement, a third party paid 50% of the approximate costs of the Capricorn 3D seismic program. In addition, 50% of the cost of a planned US$2 million exploration well to be drilled on the concession in the first half of 2007 is to be paid to earn a 25% working interest in a prospect on the block. The prospect covers approximately 30 km^2 of the 4,008 km^2 that comprises the total concession. Following drilling of the prospect, the third party has the option to earn a 25% interest in the entire concession by funding 50% of the acquisition of up to 300 km^2 of 3D seismic and 50% of the costs of two additional exploration wells. At the conclusion of the farm-out, Antrim would retain a 37.5% working interest in the Capricorn concession.

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

In early June 2006, drilling operations began on the Antrim operated East Causeway well 211/23d-17z in the UK North Sea. The East Causeway Structure 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 August 2006, Antrim announced the results of tests from the Tarbert and Ness Reservoirs located in the westernmost of the two fault compartments drilled. Combined test rates from these reservoirs were 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 of up to three wells commencing in the second quarter of 2007. Antrim has operatorship and a 65.5% working interest in Blocks 211/22SE and 211/23d.

United Kingdom - Block 21/28a

In September 2006, Antrim announced that it had reached agreement to acquire a 75% working interest in Block 21/28a in the Central North Sea. The Block contains the Fyne and Dandy oil fields, which have been delineated with eight wells drilled from 1971 - 1998. Antrim intends to implement a work programme in 2007 that includes seismic acquisition, processing and interpretation. A decision on additional drilling will be reached by the fourth quarter of 2007, with a target of early 2008 for drilling the first development well.

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 nine month period ended September 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 $9,469,772 in the nine months ended September 30, 2006 compared to $8,022,578 for the nine months ended September 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 nine month periods ended September 30, 2006 was 583 and 523 barrels of oil per day, respectively, compared to 548 and 540 barrels of oil per day respectively, for the comparable periods in 2005.

Oil prices averaged in the three and nine month periods ended September 30, 2006 $58.47 and $54.53 per barrel, respectively, compared to $50.51 and $46.85 per barrel, respectively, for the comparable periods 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. Domestic oil sales are subject to a mandated discount which increases as the price of WTI crude oil increases.

Average net gas production to Antrim in the three and nine month periods ended September 30, 2006 was 4.2 and 2.8 MMcf/d, respectively, compared to 2.5 and 2.1 MMcf/d 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 again in 2006 from 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 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 nine month periods ended September 30, 2006 was 54 and 50 barrels per day, respectively, compared to 44 and 40 barrels per day, respectively, for the comparable periods in 2005. NGL prices averaged $42.95 per barrel for the nine months ended September 30, 2006 compared to $36.28 per barrel for the comparable period in 2005.

On October 11, 2006, resolution 776/2006 was published in Argentina establishing an export tax on oil, gas and natural gas liquids exports from Tierra del Fuego. The impact of resolution 776/2006 and a related resolution stating that the export tax should be collected retroactively to January 2002 is currently under review by the Company and other industry peers operating in Tierra del Fuego. Further analysis is required of the Company's exposure, if any, to export taxes related to exports by the previous owners of the concessions. An application to appeal both resolutions is planned. Similar appeals by industry peers are expected.

Netbacks

An increase in the sales price of crude oil, gas and NGL resulted in Antrim realizing a higher per unit netback of $19.55/BOE in the nine months ended September 30, 2006 compared to a per unit netback of $18.86/BOE for the comparable period in 2005. The table below provides a comparative analysis of field netbacks for the three and nine months ended September 30, 2006 and 2005.

	Three Months Ended September 30,		*Nine Months Ended September 30,*	
	2006	*2005*	***2006***	*2005*
Wellhead price ($/BOE)	**30.76**	32.25	**33.15**	31.36
Royalties ($/BOE)	**(3.81)**	(4.08)	**(4.19)**	(4.04)
Operating expenses ($/BOE)	**(8.33)**	(7.82)	**(9.41)**	(8.46)
Netback ($/BOE)	**18.62**	20.35	**19.55**	18.86
Oil, natural gas and NGL production (BOE)	**122,394**	92,662	**285,701**	255,857
Oil, natural gas and NGL production (BOE per day)[1]	**1,330**	1,007	**1,047**	937

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") increased in the nine month period ended September 30, 2006 to $2,334,369 compared to $2,223,441 for the nine months ended September 30, 2005. During the period, Antrim capitalized $938,356 (2005 - $924,278) 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 nine month period ended September 30, 2006 to $659,536 from $402,915 primarily as a result of fluctuations between the Canadian dollar and Pound Sterling and strengthening of the Canadian dollar versus the US dollar.

Cash Flow and Net Income

Antrim generated cash flow from operations in the nine month period ended September 30, 2006 of $3,132,473 ($0.05 per share) compared to cash flow from operations of $1,678,669 ($0.04 per share) in the comparable period in 2005. Restricted cash at June 30, 2006 of $28,704,807, committed through a letter of credit, was released in the quarter as expenditures were incurred drilling East Causeway. Net income in the first nine months of 2006 was $2,100,193 ($0.03 per share) compared to a net loss of $758,707 ($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 September 30, 2006, Antrim had working capital of $16,266,798 (December 31, 2005 - $29,969,247) including cash of $16,922,643 (December 31, 2005 - $33,209,478) and no debt. Working capital decreased as a result of Antrim's capital expenditure program in Argentina and the UK partially offset by 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 $28,762,500.

On November 7, 2006, Antrim filed a short form prospectus for the distribution of up to 13,175,000 common shares at a price of $3.70 per common share for gross proceeds of $48,747,500. The Company also granted an over-allotment option to issue an additional 1,975,000 common shares at a price of $3.70 per share exercisable in whole or in part for a period of 30 days following the close of the offering. The estimated net proceeds from the offering will be used towards Antrim's 2007 North Sea drilling program and for general corporate purposes.

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				
Third quarter	3,396	1,650	644	0.01
Second quarter	2,398	239	910	0.01
First quarter	2,479	1,243	546	0.01
Total	8,273	3,132	2,100	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 nine months ended September 30, 2006, the Company incurred fees of $199,873 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.

[signed]

Stephen Greer
President and Chief Executive Officer

November 10, 2006

Consolidated Balance Sheets

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

		2006		2005
ASSETS				
Current assets				
Cash and cash equivalents	$	**16,922,643**	$	33,209,478
Accounts receivable		**3,803,932**		2,208,801
Inventory and prepaid expenses		**504,027**		354,121
Other current assets *(note 2)*		**700,106**		1,209,615
		21,930,708		36,982,015
Petroleum and natural gas properties *(note 3)*		**68,590,525**		22,950,936
Office equipment		**107,393**		103,547
Future income taxes		**–**		14,537
Other non-current assets *(note 4)*		**2,745,247**		175,986
Total Assets		**93,373,873**		60,227,021
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		**5,526,369**		6,981,538
Income taxes payable		**137,541**		31,230
		5,663,910		7,012,768
Future income taxes		**–**		30,508
Asset retirement obligation		**1,463,390**		554,603
		7,127,300		7,597,879
SHAREHOLDERS' EQUITY				
Share capital *(note 5)*		**99,832,050**		70,046,407
Contributed surplus		**3,848,950**		2,117,355
Deficit		**(17,434,427)**		(19,534,620)
		86,246,573		52,629,142
Total Liabilities and Shareholders' Equity	$	**93,373,873**	$	60,227,021

Consolidated Statements of Income (Loss) and Deficit

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

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
REVENUE				
Oil and gas sales	**$ 3,862,264**	$ 2,988,760	**$ 9,469,772**	$ 8,022,578
Royalties	**(466,134)**	(378,340)	**(1,197,002)**	(1,033,582)
	3,396,130	2,610,420	**8,272,770**	6,988,996
Interest and other income	**268,879**	89,932	**857,814**	262,418
Gain on sale of petroleum and natural gas properties	**–**	–	**1,466,864**	–
	3,665,009	2,700,352	**10,597,448**	7,251,414
EXPENSES				
Operating	**1,019,469**	724,227	**2,688,678**	2,163,533
General and administrative	**820,199**	619,319	**2,334,369**	2,223,441
Stock based compensation	**335,516**	141,178	**902,049**	380,208
Depletion and depreciation	**643,481**	498,884	**1,540,923**	1,384,490
Accretion of asset retirement obligations	**41,538**	15,300	**65,669**	45,722
Foreign exchange loss	**173,473**	294,973	**659,536**	402,915
Write-off of impaired assets	**–**	50,729	**–**	629,391
	3,033,676	2,344,610	**8,191,224**	7,229,700
Income for the period before income taxes	**631,333**	355,742	**2,406,224**	21,714
Income taxes				
Current	**1,644**	170,369	**315,528**	782,856
Future	**(14,537)**	(2,435)	**(9,497)**	(2,435)
	(12,893)	167,934	**306,031**	780,421
Net Income (Loss) for the Period	**644,226**	187,808	**2,100,193**	(758,707)
Deficit – Beginning of Period	**(18,078,653)**	(17,291,566)	**(19,534,620)**	(16,345,051)
Deficit – End of Period	**$ (17,434,427)**	$ (17,103,758)	**$ (17,434,427)**	$ (17,103,758)
Net Income (Loss) Per Common Share – Basic	**0.01**	0.00	**0.03**	(0.02)
Net Income (Loss) Per Common Share – Diluted	**0.01**	0.00	**0.03**	(0.02)

Consolidated Statements of Cash Flows

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

	Three Months Ended September 30, **2006**	2005	Nine Months Ended September 30, **2006**	2005
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ 644,226**	$ 187,808	**$ 2,100,193**	$ (758,707)
Items not involving cash				
Gain on sale of petroleum and natural gas properties	**–**	–	**(1,466,864)**	–
Depletion and depreciation	**643,481**	498,884	**1,540,923**	1,384,490
Write-off of impaired assets	**–**	50,729	**–**	629,391
Accretion of asset retirement obligations	**41,538**	15,300	**65,669**	45,722
Stock based compensation expense	**335,516**	141,178	**902,049**	380,208
Future income taxes	**(14,537)**	(2,435)	**(9,497)**	(2,435)
	1,650,224	891,464	**3,132,473**	1,678,669
Change in non-cash working capital items	**(3,056,608)**	808,564	**591,935**	(2,634,343)
	(1,406,384)	1,700,028	**3,724,408**	(955,674)
FINANCING ACTIVITIES				
Issue of common shares	**3,263,067**	26,918,033	**32,401,314**	27,408,571
Share issue expenses	**–**	(2,083,239)	**(1,845,759)**	(2,083,239)
	3,263,067	24,834,794	**30,555,555**	25,325,332
INVESTING ACTIVITIES				
Office equipment	**(40,739)**	(3,563)	**(86,084)**	(16,429)
Petroleum and natural gas properties	**(23,599,859)**	(836,742)	**(47,482,033)**	(9,733,285)
Proceeds on sale of petroleum and natural gas properties	**–**	–	**1,300,801**	–
Restricted cash	**28,704,807**	–	**–**	–
Other current assets	**119,106**	–	**509,509**	–
Other non-current assets	**(67,441)**	399,910	**(1,197,332)**	(1,462,490)
Change in non-cash working capital items	**(21,395,007)**	(220,955)	**(3,611,659)**	(285,487)
	(16,279,133)	(661,350)	**(50,566,798)**	(11,497,691)
Net increase (decrease) in cash and cash equivalents	**(14,422,450)**	25,873,472	**(16,286,835)**	12,871,967
Cash and Cash Equivalents – Beginning of Period	**31,345,093**	8,476,200	**33,209,478**	21,477,705
Cash and Cash Equivalents – End of Period	**$ 16,922,643**	$ 34,349,672	**$ 16,922,643**	$ 34,349,672
SUPPLEMENTAL CASH FLOW INFORMATION				
Interest received	**213,300**	114,270	**763,727**	217,050
Taxes paid	**177,987**	294,424	**177,987**	639,060

Notes to Consolidated Financial Statements

For the Nine Months Ended September 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

			September 30, 2006
	Cost	***Accumulated depletion and depreciation***	***Net book value***
Argentina	**$ 31,505,448**	**$ 11,199,012**	**$ 20,306,436**
United Kingdom	**51,723,442**	**3,439,353**	**48,284,089**
	$ 83,228,890	**$ 14,638,365**	**$ 68,590,525**

			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 $938,356 (2005 - $924,278) 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 September 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 September 30, 2006 warrants to acquire 700,000 common shares of NOR at a price of US$1.00 per share exercisable until May 26, 2009.

(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	50,390	119,268
Exercise of stock options	458,999	799,337
Exercise of broker warrants and agent options	1,444,444	2,361,352
Exercise of common share purchase warrants	145,900	484,188
Share issue costs	–	(2,188,759)
Balance – September 30, 2006	71,736,221	97,326,710

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)
Issued	3.00	722,222	238,647
Exercised	3.00	(145,900)	(46,488)
Balance – September 30, 2006	3.00	7,798,543	2,505,340

Total Common Shares and Common Share Purchase Warrants – September 30, 2006	**$ 99,832,050**

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 entitled the holder thereof to acquire one Special Warrant at a price of $1.80 per Unit until September 15, 2006. All Broker Warrants were exercised prior to expiry.

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 Agent Options. Each Agent Option entitled the holder thereof to acquire one Unit at a price of $1.80 per Unit until September 29, 2006. All Agent Options were exercised prior to expiry.

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 September 30, 2006, none of the Agents Options were exercised.

Stock Options

Pursuant to the Company's stock option plan, as at September 30, 2006 there were 5,119,501 options outstanding to purchase Common Shares at prices ranging from $0.76 to $3.80 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 nine months ended September 30, 2006 and 2005 was $902,049 and $380,208, 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 September 30,		*Nine Months Ended September 30,*	
	2006	*2005*	***2006***	*2005*
Risk free interest rate	**4.0%**	4.5%	**4.13%**	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 nine months ended September 30, 2006 was 63,049,056 (2005 - 40,105,138). The fully diluted weighted average number of common shares outstanding during the period was 71,881,771 (2005 - 42,477,747).

(6) Segmented information

September 30, 2006	*Revenue*		*Earnings (loss)*		*Identifiable assets*
	Three Months Ended	*Nine Months Ended*	*Three Months Ended*	*Nine Months Ended*	*As at*
Canada	**$ –**	**$ –**	**$ (828,824)**	**$ (236,478)**	**$ 18,909,462**
Argentina	**3,862,264**	**9,362,718**	**1,410,069**	**2,620,504**	**25,755,609**
Australia	**–**	**–**	**–**	**(25,128)**	**–**
Czech Republic	–	**107,054**	**–**	**65,023**	**–**
New Zealand	**–**	**–**	**(1,622)**	**(4,901)**	**1,222**
Tanzania	**–**	**–**	**–**	**(9,440)**	**–**
United Kingdom	**–**	**–**	**64,603**	**(309,387)**	**48,707,580**
Total	**$ 3,862,264**	**$ 9,469,772**	**$ 644,226**	**$ 2,100,193**	**$ 93,373,873**

September 30, 2005	*Revenue*		*Earnings (loss)*		*Identifiable assets*
	Three Months Ended	*Nine Months Ended*	*Three Months Ended*	*Nine Months Ended*	*As at*
Canada	$ –	$ –	$ (465,281)	$ (1,647,512)	$ 33,300,344
Argentina	2,906,301	7,775,734	821,738	1,875,338	15,836,523
Australia	–	–	(69,650)	(652,917)	1,398,857
Czech Republic	82,459	246,844	10,220	(19,378)	1,399,851
New Zealand	–	–	(1,098)	(1,179)	4,153
Tanzania	–	–	(1,504)	(15,098)	–
United Kingdom	–	–	(106,617)	(297,961)	5,402,969
Total	$ 2,988,760	$ 8,022,578	$ 187,808	$ (758,707)	$ 57,342,697

7) Related party transactions

In the nine months ended September 30, 2006, the Company incurred fees of $199,873 (2005 - $182,640) payable to a law firm in which a director of the Company is a partner. The Company also incurred fees of $48,650 (2005 - $122,637) for geological services payable to a company in which a director during the period was a principal.

(8) Subsequent events

On October 11, 2006, resolution 776/2006 was published in Argentina establishing an export tax on oil, gas and natural gas liquids exports from Tierra del Fuego. The impact of resolution 776/2006 and a related resolution stating that the export tax should be collected retroactively to January 2002 is currently under review by the Company and other industry peers operating in Tierra del Fuego. Further analysis is required of the Company's exposure, if any, to export taxes related to exports by the previous owners of the concessions. An application to appeal both resolutions is planned. No export taxes have been recorded in the consolidated financial statements as amounts and outcome are currently not determinable.

On November 7, 2006, the Company filed a short form prospectus for the distribution of up to 13,175,000 common shares at a price of $3.70 per common share for gross proceeds of $48,747,500. The Company also granted an over-allotment option to issue an additional 1,975,000 common shares at a price of $3.70 per share exercisable in whole or in part for a period of 30 days following the close of the offering.

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

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

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INTERNATIONAL SUBSIDIARIES

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Antrim Oil and Gas Limited
Antrim Resources (N.I.) Limited
Netherfield Corporation

LEGAL COUNSEL

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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”