

ANTRIM ENERGY INC.

INTERIM FINANCIAL REPORT – SECOND QUARTER 2007

Six Months Ended June 30, 2007

HIGHLIGHTS:

- **Successful drilling results from first and second Central Causeway appraisal wells**
- **Completed 3D seismic acquisition over Fyne & Dandy fields**
- **73% increase in production over the comparable period in 2006**
- **Commenced drilling on Medianera licence, Argentina**
- **Completed \$57.5 million financing**

Antrim continues to successfully execute its strategy of adding substantial value to the Company's properties through the drill bit.

In the United Kingdom, Antrim began drilling in late May 2007 the first of three wells designed to evaluate the potential of the Central Causeway fault compartment and appraise a previous discovery on the southwestern fault compartment. In July 2007, Antrim announced that the first well flowed at a combined rate of 6,300 bopd from the Ness and underlying Etive formations. Antrim commenced drilling the second well in the Central Causeway compartment in July 2007 and is currently casing the well for future production.

Plans to drill the non-operated East Kerloch prospect on Block 211/22a northwest in the fourth quarter of 2007 remain on schedule.

Acquisition of 3D seismic over the Fyne and Dandy oil fields was completed in June 2007 with the expectation that the new seismic will lead to a drilling program commencing in the first quarter of 2008.

In Argentina, drilling on the Tierra del Fuego licences is expected to recommence in late August 2007. At least two years of additional drilling is planned on the licences following the Company's successful 2006 drilling program and acquisition of new 3D seismic completed in the first quarter of 2007.

Financial and Operating Results (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
<u>Financial Results (\$000's except per share amounts)</u>				
Revenue	3,649	2,767	6,947	5,608
Cash flow from operations	(1,585)	239	(977)	1,482
Cash flow from operations per share	(0.02)	0.00	(0.01)	0.03
Net income (loss)	(3,659)	910	(4,929)	1,456
Net income (loss) per share - basic	(0.04)	0.02	(0.05)	0.03
Working capital	105,730	35,025	105,730	35,025
Expenditures on petroleum and natural gas properties	24,997	20,444	28,561	23,882
Debt	-	-	-	-
<u>Common Shares Outstanding (000's)</u>				
End of period	107,712	69,995	107,712	69,995
Weighted average - basic	102,245	63,367	95,290	59,168
Weighted average - fully diluted	104,604	65,976	97,650	61,776

Production

Oil, natural gas and NGL production (boe per day)⁽¹⁾ 1,586 832 1,545 893

⁽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.

OVERVIEW OF OPERATIONS

United Kingdom – Block 211/22a South East and Block 211/23d (“Causeway”)

In May 2007, Antrim began drilling the first of three wells designed to evaluate the potential of the Central Causeway fault compartment and appraise a previous discovery on the structure. The well, the first in the previously undrilled Central Causeway fault compartment, was drilled directionally through the middle Jurassic Brent Group of sandstones to a measured depth of 12,266 ft. Tests resulted in a flow rate of up to 4,300 bopd with no water from the Ness Formation and 2,000 bopd with no water from the underlying Etive Formation. The Tarbert Formation appeared to be water-bearing at this location. With the new discovery, oil has now been established in each of the four main fault compartments on the Causeway trend. Wells drilled in the two East Causeway compartments flowed at rates of 14,500 bopd and 8,000 bopd. Antrim commenced drilling the second well in the Central Causeway fault compartment in July 2007 and is currently casing the well for future production. The third well in the program is intended to appraise the undeveloped previous discovery drilled in 1984 in the West Causeway fault compartment which tested over 5,000 bopd.

Antrim has contracted AGR Peak Well Management of Aberdeen and the semi-submersible drilling rig the Transocean Prospect for the current drilling program. Antrim has operatorship and a 65.5% working interest in the Causeway Blocks 211/22a South East and 211/23d.

United Kingdom – Block 211/22a North West

Antrim plans to participate in drilling the non-operated East Kerloch prospect in Block 211/22a North West in the fourth quarter of 2007. Drilling operations are expected to commence in October 2007. The well will target the oil prone Jurassic Brent Sandstones adjacent to the Cormorant oil field and related infrastructure. The proposed location is approximately 10 km northwest of the Causeway 211/23d-17z well drilled by Antrim in mid-2006. Antrim holds a 21% working interest in Block 211/22a North West.

United Kingdom – Block 21/28a (“Fyne and Dandy”)

In November 2006, Antrim acquired a 75% working interest in Block 21/28a in the Central North Sea. The block contains the undeveloped Fyne and Dandy oil fields, which have been delineated with eight wells drilled from 1971 to 1998. Antrim is operator of the licence and in June 2007 completed the acquisition of 70 km² 3D seismic. The new seismic acquisition is expected to support a drilling program commencing in the first quarter of 2008. The cost of the licence acquisition in 2006 was US\$8 million. Antrim has agreed to pay the seller an additional US\$10 million on approval of a field development plan.

Argentina – Tierra del Fuego

Operations in the first half of 2007 have focused on infrastructure development and the acquisition of new 3D seismic. Existing gas processing facilities in Tierra del Fuego have not been sufficient to process the additional volumes created by the new liquid-rich gas discoveries made by Antrim and partners in 2006. An expansion of gas processing facilities and installation of a pipeline that will connect the Las Violetas licence to the San Martin pipeline is in progress to accommodate these new discoveries. The expansion, delayed due to gas treatment and compression equipment availability, is projected for completion in the third quarter of 2007 and fully operational by December 2007. Once complete, it is expected to raise gross gas processing capacity to between 35 and 40 mmcf per day. Additional oil pipeline, storage and treatment facilities are also planned for 2007 to facilitate the expected increase in oil production.

In late 2006 and early 2007, the Company and its partners began the acquisition of 309 km² of 3D seismic over the Angostura and Los Violetas licences. The 3D seismic program was initiated to expand target areas identified during the Company's successful 2006 drilling program. A drilling rig dedicated to the Tierra del Fuego licences has been contracted for the next two years. The Company anticipates that drilling on the licences will recommence in late August 2007. Antrim's working interest in the Tierra del Fuego licences is 25.78%.

Net production to Antrim from the Tierra del Fuego licences in the first half of 2007 was 1,210 boe per day compared to 553 boe per day in the first half of 2006. Net oil production in the first half of 2007 was 338 barrels of oil per day compared to 155 barrels of oil per day in the first half of 2006. Gas and natural gas liquids ("NGL") production in the first half of 2007 was 4.8 mmcf/d and 63 barrels per day, respectively. Gas and NGL production in the first half of 2006 was 2.1 mmcf/d and 47 barrels per day, respectively.

Argentina – Medianera

Antrim acquired a 70% working interest in the Medianera production licence in February 2006. The Medianera licence is located in central Argentina in the Neuquen Basin close to the Medanito and Barranca de los Loros fields. In 2006, Antrim acquired 83 km² 3D seismic over the entire licence. In May and June 2007, Antrim drilled two wells on the licence. Both wells targeted the Cretaceous and Jurassic sequence at a depth of 1,400 metres and are scheduled to be tested.

Net production to Antrim from the Medianera licence in the first half of 2007 was 27 barrels of oil per day.

Argentina – North West Basin

330 km² of 3D seismic was acquired in 2006 over the Puesto Guardian licence in northern Argentina. The new seismic has been processed and interpretative work is in progress. Antrim intends to use the newly acquired seismic to support a drilling program in 2007-2008. Antrim has a 40% working interest in the Puesto Guardian licence.

Net production to Antrim from the Puesto Guardian licence in the first half of 2007 was 308 barrels of oil per day compared to 328 barrels of oil per day in the first half of 2006.

54 km² of 3D seismic on the Capricorn licence was acquired in 2006. This new data is being interpreted, with results expected in the third quarter 2007. Antrim has a 50% working interest in the licence, subject to the terms of a farm-out agreement entered into in October 2006 with respect to a portion of its interest in the licence. At least one exploration well is planned in 2007 subject to confirmation of a suitable drilling location, partner approvals and securing a drilling rig.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), dated August 10, 2007, should be read in conjunction with Antrim's unaudited consolidated financial statements for the three and six month periods ended June 30, 2007 and Antrim's MD&A and audited consolidated financial statements for the year ended December 31, 2006. 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. The boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Unless otherwise stated, all dollar amounts are expressed in Canadian dollars.

Forward-Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward looking statements. 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. Antrim assumes no obligation to update forward-looking statements should circumstances or management's estimates change except as may be required by applicable Canadian securities laws and AIM Rules in the UK.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Chief Operating Officer of Antrim, is the qualified person that has reviewed the technical information contained in this MD&A.

Non-GAAP Measures

Cash flow from operations, cash flow from operations per share and netback 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 from operations is a useful supplementary measure that may assist investors. Cash flow from operations is defined as cash flow from operating activities before changes in working capital.

Financial and Operating Review

Oil, Gas and NGL Revenue

Oil and gas revenue increased to \$6,946,837 in the first half of 2007 compared to \$5,607,508 in the first half of 2006. Revenues increased due to an increase in oil and gas production from the Tierra del Fuego licences.

Net production to Antrim in the first half of 2007 was 1,545 boe per day compared to 893 boe per day in the first half of 2006. Average net oil production in the three and six month periods ended June 30, 2007 was 664 and 673 barrels of oil per day, respectively, compared to 492 and 493 barrels of oil per day respectively, for the comparable periods in 2006. Oil prices averaged \$42.29 per barrel in the first half of 2007 compared to \$53.42 per barrel in the first half of 2006. Oil production from both the Puesto Guardian and Tierra del Fuego licences 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. Oil exports are subject to an export tax introduced in the fourth quarter of 2006.

Average net gas production in the three and six month periods ended June 30, 2007 was 5.2 and 4.8 mmcf per day, respectively, compared to 1.9 and 2.1 mmcf per day, respectively, for the comparable periods in 2006. Gas volumes increased significantly following completion in July 2006 of a 10 km high pressure gas pipeline. Sales gas prices in Argentina averaged \$1.69 per mcf in the first half of 2007 compared to \$1.29 per mcf in the first half of 2006. Gas production from the Tierra del Fuego licences is sold to domestic residential and industrial consumers under fixed price contracts. The price of gas sold to industrial consumers increased in 2006 and has continued to increase, from US\$1.32 per mcf for certain industrial gas contracts in the fourth quarter of 2006 to over US\$2.00 per mcf in the first half of 2007. The price of gas sold to residential consumers is not anticipated to increase above the current price of US\$0.36 per mcf.

Average net NGL production in the three and six month periods ended June 30, 2007 was 56 and 63 barrels per day, respectively, compared to 39 and 47 barrels per day, respectively, for the comparable periods in 2006. NGL prices averaged \$26.69 per barrel in the first half of 2007 compared to \$41.39 per barrel in first half of 2006. NGL prices declined following the introduction of an export tax in the fourth quarter of 2006.

On October 11, 2006, resolution 776/2006 was published in Argentina by the Ministry of Economy and Production setting forth its position that export taxes initially announced as an emergency measure in January 2002 were applicable on oil, gas and natural gas liquids exports from Tierra del Fuego. The export tax introduced in October 2006 on crude oil exports is 45% if WTI is US\$45 barrel or above. The export tax on NGL exports is 20%. Antrim has filed an appeal of the resolution introducing the export tax, a subsequent resolution deeming it retroactive to January 2002 and an injunction to prevent collection of the export tax on a retroactive basis. In February 2007, a court granted the injunction pending the outcome of appeals. On January 16, 2007, the Argentina government issued Law 26,217 which extended all export taxes for a further five years and specifically included exports from Tierra del Fuego. At present, substantially all oil and NGL production is exported.

Netbacks

An increase in gas production and corresponding change in sales mix resulted in a lower wellhead price and lower netback per BOE. Antrim realized a per unit netback of \$14.73/boe in the first half of 2007 compared to a per unit netback of \$20.50/boe for the first half of 2006. The table below provides a comparative analysis of field netbacks for the three and six months ended June 30, 2007 and 2006.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Wellhead price (\$/boe)	25.28	36.19	24.85	34.83
Royalties (\$/boe)	(3.73)	(4.87)	(3.57)	(4.52)
Operating expenses (\$/boe)	(7.19)	(12.65)	(6.55)	(9.81)
Netback (\$/boe)	14.36	18.67	14.73	20.50
Oil, natural gas and NGL production (boe)	144,353	75,753	279,565	161,593
Oil, natural gas and NGL production (boe per day)	1,586	832	1,545	893

General and Administrative

General and administrative (“G&A”) costs increased in the first half of 2007 to \$2,842,074 compared to \$1,514,170 in the first half of 2006. During the period, Antrim also capitalized \$1,145,174 (2006 - \$615,843) of G&A costs related to exploration and development activity in Argentina and the United Kingdom. G&A costs increased in 2007 due to greater corporate activity, increased project costs including costs involved in preparing to bring the Causeway discovery to production, a 60% increase in full-time employees and rising salary and other personnel costs within the oil and gas industry.

Foreign Exchange Loss

The Company incurred a foreign exchange loss in the first half of 2007 of \$4,104,660 compared to \$486,063 in the first half of 2006. The Company's reporting is in Canadian dollars whereas a significant amount of the Company's activities are transacted in or referenced to US dollars or Pounds Sterling. The Company purchased in the first quarter of 2007 a portion of its expected US dollar requirements to secure a drilling rig in the UK North Sea and planned capital expenditures in Argentina. The Company also purchased a portion of its expected Pound Sterling requirements for long lead items with respect to its current drilling program in the UK North Sea. The purchases were made to reduce the Company's exposure to a fall in the value of the Canadian dollar relative to US dollars and Pounds Sterling and provide the Company with some certainty as to the cost, in Canadian dollars, of its planned 2007 capital expenditure program. Despite the recorded foreign exchange loss, the Company benefits from a strengthening Canadian dollar by reducing the cost, in Canadian dollars, of future capital expenditures.

Cash Flow and Net Income (Loss)

Antrim had a cash outflow from operations in the first half of 2007 of \$977,074 (\$0.01 per share) compared to cash flow from operations of \$1,482,249 (\$0.03 per share) in the first half of 2006. Cash flow from operations, excluding foreign exchange losses, was \$3,127,586 (\$0.03 per share). Net loss in the first half of 2007 was \$4,928,671 (\$0.05 per share) compared to a net income of \$1,455,967 (\$0.03 per share) in the first half of 2006. Net loss increased due to increased general and administrative costs, stock based compensation expense and higher depletion costs but is predominately due to foreign exchange losses related to the Company's planned 2007 capital expenditure program.

Financial Resources and Liquidity

At June 30, 2007, Antrim had working capital of \$105,730,117 (December 31, 2006 - \$55,391,981) including cash and restricted cash of \$142,781,503 (December 31, 2006 - \$53,714,443) and no debt. Working capital increased following the exercise in the first quarter of 2007 of warrants issued by the Company in September 2005 and a public offering in May 2007 of 10,000,000 common shares at a price of \$5.00 per common share. An over-allotment option to issue an additional 1,500,000 common shares at a price of \$5.00 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were \$57,500,000. Restricted cash at June 30, 2007 of \$48,452,719 relates to US dollar and Pound Sterling denominated standby letters of credit issued with respect to the Company's current drilling program in the UK North Sea. Accounts payable and accrued liabilities increased to \$43,570,351 at June 30, 2007 primarily as a result of the UK drilling program.

The Company has planned for significant capital expenditure in 2007. The majority of the Company's capital spending is expected to be in the United Kingdom participating in drilling four wells during the year and certain early development costs with respect to its Causeway property. Cash flow from operations in Argentina is expected to be reinvested in Argentina during the year. Additional corporate investment in Argentina will also be required in 2007 to complete all of the planned drilling and infrastructure development. Funds for the continued development of the Company's projects are expected to be sourced from combinations of existing working capital, cash flow, new equity and debt instruments.

Summary of Quarterly Results

(\$000's, except per share amounts)	Oil and Gas Net Revenue, Net of Royalties	Cash Flow from Operations	Net Income (Loss)	Net Income (Loss) Per Share – Basic
2007				
Second quarter	3,110	(1,585)	(3,659)	(0.04)
First quarter	2,837	608	(1,269)	(0.01)
Total	5,947	(977)	(4,929)	(0.05)
2006				
Fourth quarter	2,824	601	(758)	(0.01)
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	11,097	3,733	1,342	0.02
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)

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparing financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position. The estimates of proved and probable reserves is critical to many aspects of the Company's financial statements, including net income and the carrying amount of petroleum and natural properties and future asset retirement obligations.

The Company also incurs costs related to properties for which no proved reserves may be attributable. These costs must also be assessed to ascertain whether impairment has occurred. In certain instances, the Company may be required under Canadian GAAP to record an impairment charge against these costs even though the Company has and intends to maintain the underlying licence or agreement pertaining to the properties.

NEW ACCOUNTING STANDARDS AND RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Section 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments Recognition and Measurement", and Section 3865 "Hedges", which were issued in January 2005. These standards have been adopted prospectively. See Note 2 to the consolidated financial statements.

Effective January 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on financial statement line items.

As of October 1, 2007, the Company will be required to adopt new CICA Section 1535, "Capital Disclosures", which requires companies to disclose their objectives, policies and procedures for managing capital, as well as whether externally imposed capital requirements have been complied with.

RELATED PARTY AND OFF-BALANCE SHEET TRANSACTIONS

Antrim may from time to time enter into arrangements with related parties. In the first half of 2007, the Company incurred fees of \$189,467 (2006 - \$170,364) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner. The Company had no off-balance sheet transactions in the first half of 2007.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Antrim has established disclosure controls, procedures and corporate policies so that its consolidated financial results are presented accurately, fairly and on a timely basis. The Chief Executive Officer and Chief Financial Officer have designed or have caused such internal controls over financial reporting to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with Canadian GAAP. In the second quarter of 2007, the Company implemented a new accounting system at its corporate office in Calgary, Alberta and is in the process of implementing the same system in Argentina. Other than changes related to implementation of the new accounting system, there were no changes in the Company's internal controls over financial reporting that occurred during the second quarter that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete.

Stephen Greer

President and Chief Executive Officer

August 10, 2007

Antrim Energy Inc.
Consolidated Balance Sheets
As at June 30, 2007 and December 31, 2006 (unaudited)

	2007	2006
	Cdn \$	Cdn \$
Assets		
Current assets		
Cash and cash equivalents	94,328,784	53,714,443
Restricted cash (note 3)	48,452,719	-
Accounts receivable	5,860,164	4,111,105
Inventory and prepaid expenses	665,185	498,298
Other current assets	72,430	577,367
	<u>149,379,282</u>	<u>58,901,213</u>
Petroleum and natural gas properties (note 4)	109,313,792	82,084,916
Office equipment	353,167	252,693
Future income taxes	300,937	263,263
Other non-current assets (note 5)	3,962,296	3,649,215
	<u>263,309,474</u>	<u>145,151,300</u>
Total Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	43,570,351	3,207,383
Income taxes payable	78,814	301,849
	<u>43,649,165</u>	<u>3,509,232</u>
Asset retirement obligation	3,141,032	2,308,327
	<u>46,790,197</u>	<u>5,817,559</u>
Commitments (note 9)		
Shareholders' Equity		
Share capital (note 6)	233,943,474	153,176,930
Contributed surplus	5,697,078	4,349,415
Deficit	(23,121,275)	(18,192,604)
	<u>216,519,277</u>	<u>139,333,741</u>
Total Liabilities and Shareholders' Equity	263,309,474	145,151,300

Antrim Energy Inc.
Consolidated Statements of Income (Loss), Comprehensive Income (Loss) and Deficit
For the periods ended June 30, 2007 and 2006 (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
	Cdn \$	Cdn \$	Cdn \$	Cdn \$
Revenue				
Oil and gas sales	3,648,962	2,766,687	6,946,837	5,607,508
Royalties	(539,156)	(369,017)	(999,559)	(730,868)
	<u>3,109,806</u>	<u>2,397,670</u>	<u>5,947,278</u>	<u>4,876,640</u>
Interest and other income	1,242,965	275,965	1,945,812	588,935
Gain on sale of petroleum and natural gas properties	-	1,466,864	-	1,466,864
	<u>4,352,771</u>	<u>4,140,499</u>	<u>7,893,090</u>	<u>6,932,439</u>
Expenses				
Operating	1,037,481	964,933	1,830,460	1,669,209
General and administrative	1,333,065	866,539	2,842,074	1,514,170
Stock-based compensation	913,884	360,204	1,756,621	566,533
Depletion and depreciation	1,133,487	422,442	2,127,650	897,442
Accretion of asset retirement obligations	52,500	13,038	105,000	24,131
Foreign exchange loss	3,549,205	461,380	4,104,660	486,063
	<u>8,019,622</u>	<u>3,088,536</u>	<u>12,766,465</u>	<u>5,157,548</u>
Income (loss) for the period before income taxes	(3,666,851)	1,051,963	(4,873,375)	1,774,891
Income taxes				
Current	18,315	141,987	92,970	313,884
Future	(25,797)	-	(37,674)	5,040
	<u>(7,482)</u>	<u>141,987</u>	<u>55,296</u>	<u>318,924</u>
Net Income (Loss) and Comprehensive Income (Loss)	(3,659,369)	909,976	(4,928,671)	1,455,967
Deficit - Beginning of Period	(19,461,906)	(18,988,629)	(18,192,604)	(19,534,620)
Deficit - End of Period	(23,121,275)	(18,078,653)	(23,121,275)	(18,078,653)
Net Income (Loss) Per Common Share – Basic	(0.04)	0.02	(0.05)	0.03
Net Income (Loss) Per Common Share – Diluted	(0.04)	0.01	(0.05)	0.02

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the periods ended June 30, 2007 and 2006 (unaudited)

	Three months Ended June 30,		Six months Ended June 30,	
	2007	2006	2007	2006
	Cdn \$	Cdn \$	Cdn \$	Cdn \$
Operating Activities				
Net income (loss) for the period	(3,659,369)	909,976	(4,928,671)	1,455,967
Items not involving cash:				
Gain on sale of petroleum and natural gas properties	-	(1,466,864)	-	(1,466,864)
Depletion and depreciation	1,133,487	422,442	2,127,650	897,442
Accretion of asset retirement obligations	52,500	13,038	105,000	24,131
Stock based compensation expense	913,884	360,204	1,756,621	566,533
Future income taxes	(25,797)	-	(37,674)	5,040
	(1,585,295)	238,796	(977,074)	1,482,249
Change in non-cash working capital items	1,391,063	4,750,730	690,640	3,648,543
	(194,232)	4,989,526	(286,434)	5,130,792
Financing Activities				
Issue of common shares	59,546,890	29,067,701	83,131,017	29,138,247
Share issue expenses	(2,821,905)	(1,845,759)	(2,852,997)	(1,845,759)
	56,724,985	27,221,942	80,278,020	27,292,488
Investing Activities				
Office equipment	(37,341)	(19,471)	(168,124)	(45,345)
Petroleum and natural gas properties	(24,996,523)	(20,443,514)	(28,561,171)	(23,882,174)
Proceeds on sale of petroleum and natural gas peroperties	-	1,300,801	-	1,300,801
Restricted cash	(48,452,719)	(28,704,807)	(48,452,719)	(28,704,807)
Other current assets	193,150	179,865	504,937	390,403
Other non-current assets	(248,413)	(1,121,507)	(313,081)	(1,129,891)
Change in non-cash working capital items	35,703,037	19,960,650	37,612,913	17,783,348
	(37,838,809)	(28,847,983)	(39,377,245)	(34,287,665)
Net increase (decrease) in cash and cash equivalents	18,691,944	3,363,485	40,614,341	(1,864,385)
Cash and Cash Equivalents - Beginning of Period	75,636,840	27,981,608	53,714,443	33,209,478
Cash and Cash Equivalents - End of Period	94,328,784	31,345,093	94,328,784	31,345,093
Supplemental Cash Flow Information				
Interest received	1,140,879	251,610	1,715,682	550,427
Taxes paid	144,715	(232,461)	316,005	(40,585)

Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (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 were prepared using the same accounting policies and should be read in conjunction with the audited financial statements as at and for the year ended December 31, 2006, except as disclosed in note 2.

(2) Changes in Accounting Policies

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Section 1530 “Comprehensive Income”, Section 3251 “Equity”, Section 3855 “Financial Instruments Recognition and Measurement”, and Section 3865 “Hedges”. These standards have been adopted prospectively.

(a) Financial Instruments

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable, willing parties who are under no compulsion to act.

Held-for-trading

Financial assets that are purchased and incurred with the intention of generating profits in the near term are classified as held-for-trading. These instruments are accounted for at fair value with the change in the fair value recognized in net income during the period. Cash is classified as held-for-trading as at January 1, 2007.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income. When a decline in fair value is determined to be other than temporary, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for sale securities are recognized in other income. There are no financial assets classified as available-for-sale.

Held-to-maturity

Financial assets that have a fixed maturity date and which the Company has the intention and the ability to hold to maturity are classified as held-to-maturity and accounted for at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are accounted for at amortized cost. This classification is consistent with the classification under the prior accounting standards. Loans included in other current assets and other non-current assets and accounts receivable are classified as loans and receivables as at January 1, 2007.

**Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (unaudited)**

Investments

Portfolio equity investments not quoted in an active market are accounted for at cost. Investments included in other non-current assets are classified as portfolio equity investments not quoted in an active market as at January 1, 2007.

Other liabilities

Other liabilities are accounted for at amortized cost and include all liabilities, other than derivatives. This classification is consistent with the classification under the prior accounting standards. Accounts payable and accrued liabilities are classified as other liabilities.

Derivative instruments and hedging activities

Gains and losses on these instruments are charged to income in the period that they occur. The Company did not have any outstanding derivative or hedging contracts as at January 1, 2007 and June 30, 2007.

Embedded derivatives

An embedded derivative is a component of a financial instrument or other contract that has a feature similar to a derivative. New accounting section 3855 requires these instruments to be identified and recorded separately from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to that of the host contract, the terms of the embedded derivatives are the same as the terms of a freestanding derivative, and the hybrid instrument is not re-measured at fair value. As at January 1, 2007 and June 30, 2007, the Company did not have any outstanding contracts or financial instruments with embedded derivatives.

Comprehensive income

Comprehensive income consists of net earnings and other comprehensive income. Other comprehensive income comprises the change in fair value of the effective portion of the derivatives used as hedging items in a cash flow or net investment hedge and the change in fair value of any available-for-sale financial instruments. Amounts recognized in other comprehensive income must eventually be reclassified to income when the related gains or losses are realized.

(b) Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA section 1506, "Accounting Changes." Under the revised section, voluntary changes in accounting policy are permitted only if they result in financial statements that provide more reliable and relevant information to the reader. Changes in accounting policy must be applied retrospectively, while changes in accounting estimates are to be applied prospectively. The revised section also outlines additional disclosure required when accounting changes are applied, including the justification for the change, a complete description of the policy, the primary source of GAAP and the detailed effect on financial statement line items. This change in policy did not have any effect on the Company's financial statements.

(3) Restricted cash

Restricted cash at June 30, 2007 relates to US dollar and Pound Sterling denominated standby letters of credit issued with respect to the Company's drilling program in the UK North Sea.

Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (unaudited)

(4) Petroleum and natural gas properties

	June 30, 2007		
	Cost	Accumulated depletion and depreciation	Net book value
	\$	\$	\$
Argentina	40,790,520	14,219,012	26,571,508
United Kingdom	86,181,637	3,439,353	82,742,284
	126,972,157	17,658,365	109,313,792

	December 31, 2006		
	Cost	Accumulated depletion and depreciation	Net book value
	\$	\$	\$
Argentina	35,555,395	12,159,012	23,396,383
United Kingdom	62,127,886	3,439,353	58,688,533
	97,683,281	15,598,365	82,084,916

In the period, the Company capitalized \$1,145,174 (2006 - \$615,843) of general and administrative costs related to exploration and development activity in Argentina and United Kingdom. At June 30, 2007, petroleum and natural gas properties include \$82,742,284 (2006 - \$58,688,533) relating to unproven properties that have been excluded from the depletion calculation.

(5) Other non-current assets

In 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, 2007 and December 31, 2006, the Company held 1,175,000 common shares of NOR representing less than 10% of the common shares of NOR outstanding. The Company also held warrants to acquire 700,000 common shares of NOR at a price of US\$1.00 per share exercisable until May 26, 2009.

	June 30, 2007	December 31, 2006
	\$	\$
Investment in NOR	2,459,774	2,459,774
Other non-current assets	1,502,522	1,189,441
	3,962,296	3,649,215

Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (unaudited)

(6) Capital stock

Authorized

Unlimited number of common voting shares
 Unlimited number of preferred shares

Common Shares Issued

	Number of Shares	Amount \$
Balance – December 31, 2006	87,059,159	150,700,339
Employee share ownership plan	18,649	102,530
Exercise of stock options	688,601	1,241,208
Exercise of agents options	737,500	1,652,000
Exercise of common share purchase warrants	7,708,293	25,600,394
Public offering	11,500,000	57,500,000
Share issue costs	-	(2,852,997)
Balance – June 30, 2007	107,712,202	233,943,474

Common Share Purchase Warrants

	Weighted Average Price \$	Number of Warrants	Amount \$
Balance – December 31, 2006	3.00	7,711,543	2,476,591
Expired	3.00	(3,250)	(1,073)
Issued	-	-	-
Exercised	3.00	(7,708,293)	(2,475,518)
Balance – June 30, 2007	-	-	-

Total Common Shares and Common Share Purchase Warrants – June 30, 2007 **\$ 233,943,474**

In September 2005, Antrim completed a private placement of 6,111,111 special warrants and an offering of 8,333,333 units at an issue price of \$1.80 per special warrant for gross proceeds to Antrim of \$26,000,000. Each special warrant and unit consisted of one Common Share and one-half (1/2) Common Share purchase warrant. The Company also issued 611,111 broker warrants and 833,333 agents' options, exercisable at a price of \$1.80 per broker warrant and agents' option, until September 15, 2006 and September 29, 2006, respectively. Each broker warrant and agents' option entitled the holder to acquire one unit consisting of one Common Share and one-half Common Share purchase warrant. Each whole warrant issued pursuant to the private placement and offering entitles the holder thereof to purchase one Common Share at a price of \$3.00 per share until March 15, 2007 and March 29, 2007, respectively. At December 31, 2006, all of the broker warrants, agents' options and 232,900 warrants had been exercised. Between January 1, 2007 and March 29, 2007, 7,708,293 warrants were exercised. On March 29, 2007, 3,250 warrants expired unexercised.

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 entitled 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, 2007, all of the Agents Options had been exercised.

Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (unaudited)

On May 11, 2007, the Company completed a public offering of 10,000,000 common shares at a price of \$5.00 per common share for gross proceeds of \$50,000,000. An over-allotment option to issue an additional 1,500,000 common shares at a price of \$5.00 per share was also exercised. Total gross proceeds from the financing, including over-allotment option, were \$57,500,000.

Stock Options

Pursuant to the Company's stock option plan, as at June 30, 2007 there were 7,327,232 options outstanding to purchase Common Shares at prices ranging from \$0.76 to \$5.59 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, 2007 and 2006 was \$1,756,621 and \$566,533, respectively.

The fair value of each stock option granted during the period is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate – 4.00% (2006 – 4.00%); expected life – 4.5 years (2006 – 4.5 years); expected volatility – 60.0% (2006 – 60.0%); expected dividend yield – nil (2006 – nil).

Per Share Information

The weighted average number of common shares outstanding during the six months ended June 30, 2007 was 95,290,260 (2006 – 59,167,895). The fully diluted weighted average number of common shares outstanding during the period was 97,649,837 (2006 – 61,776,345). For 2007, 2,359,577 stock options (2006 – 1,164,006), nil warrants (2006 – nil) and nil broker warrants (2006 – 1,444,444) were included in the calculation of fully diluted weighted average number of common shares.

(7) Segmented information

June 30, 2007	Revenue		Earnings (Loss)		Identifiable assets
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended	As at
	\$	\$	\$	\$	\$
Canada	-	-	(4,478,374)	(5,980,816)	115,441,840
Argentina	3,648,962	6,946,837	935,882	1,502,572	33,212,754
New Zealand	-	-	(7,315)	(11,953)	700
United Kingdom	-	-	(109,562)	(438,474)	114,654,180
Total	3,648,962	6,946,837	(3,659,369)	(4,928,671)	263,309,474

Notes to Consolidated Financial Statements
For the Six Months Ended June 30, 2007 (unaudited)

June 30, 2006	Revenue		Earnings (Loss)		Identifiable assets
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended	As at
	\$	\$	\$	\$	\$
Canada	-	-	833,522	592,346	33,786,622
Argentina	2,766,687	5,500,454	332,134	1,210,435	21,306,743
Australia	-	-	(1,184)	(25,128)	-
Czech Republic	-	107,054	190	65,023	-
New Zealand	-	-	(3,278)	(3,279)	2,603
Tanzania	-	-	(7,006)	(9,440)	-
United Kingdom	-	-	(244,402)	(373,990)	57,361,883
Total	2,766,687	5,607,508	909,976	1,455,967	112,457,851

(8) Related party transactions

The Company may from time to time enter into arrangements with related parties. In the first half of 2007, the Company incurred fees of \$189,467 (2006 - \$170,364) payable to Burstall Winger LLP, a law firm in which Mr. Jay Zammit, a director of the Company, is a partner.

(9) Commitments and contingencies

United Kingdom

In 2006 the Company acquired a 75% working interest in Block 21/28a for US\$8 million. The Company is the operator of the block and has implemented a work programme that includes seismic acquisition, processing and interpretation. A decision to drill or relinquish the block must be made by November 30, 2007. On approval of a field development plan, the Company has agreed to pay an additional US\$10 million as part of the acquisition cost of the block.

Argentina

On October 11, 2006, resolution 776/2006 was published in Argentina by the Ministry of Economy and Production setting forth its position that export taxes initially announced as an emergency measure in January 2002 were applicable on oil, gas and natural gas liquids exports from Tierra del Fuego. A subsequent resolution was published by the Customs Authority stating that the export tax should be collected retroactively to January 2002. An appeal of both resolutions and an injunction to prevent collection of the export tax on a retroactive basis has been filed by the Company. In February 2007, a court granted the injunction pending the outcome of appeals.

If the retroactive application of the export tax is upheld, further analysis is required of the Company's exposure, if any, to export taxes related to exports by the previous owners of the licences. No export taxes on exports prior to October 11, 2006 have been recorded in the consolidated financial statements as amounts and outcome are currently not determinable. The Company has begun to record and pay export taxes on exports subsequent to October 11, 2006. On January 16, 2007, the Argentina government issued Law 26,217 which extended all export taxes for a further five years and specifically included exports from Tierra del Fuego.

DIRECTORS

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Dr. Brian Moss ⁽¹⁾⁽³⁾
President and CEO,
Los Altares Resources Ltd.

Dr. Gerry Orbell ⁽¹⁾⁽²⁾
Chairman and CEO,
Sound Oil plc

Jim Perry ⁽¹⁾⁽³⁾
President, CEO 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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Antrim Resources (N.I.) Limited
Netherfield Corporation

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Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

Ryder Scott Company

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