INTERIM FINANCIAL REPORT – THIRD QUARTER 2010

Three and Nine Months Ended September 30, 2010

All financial figures are unaudited and in US dollars unless otherwise noted

HIGHLIGHTS:

- **Antrim forms joint venture in UK Fyne Area with Premier Oil**
- **Two new UK North Sea licences acquired**
- **Argentina 2010 drilling program completed – eight wells cased for production**
- **Average gas price in Argentina increased 23% to $1.83 per mcf over Q3 2009**
- **Financial flexibility with strong cash position of $24.4 million, positive cash flow from operations and no bank debt**

In the nine months of 2010, average production in Argentina was 1,792 barrels of oil equivalent per day ("boepd") compared to 1,790 boepd in the same period of 2009 due to the sale of the Puesto Guardian field in early 2010. Oil and gas revenue increased to $9.8 million for the nine months ended September 30, 2010 compared to $9.6 million for the same period in 2009. Higher gas sales volumes and higher product prices were offset by lower oil sales volumes.

Antrim generated cash flow from operations of $1.9 million for the nine months ended September 30, 2010 compared to cash flow of $0.3 million in 2009. Cash flow increased due to higher revenue, higher interest and other income, and lower operating costs offset by higher general and administrative costs.

Antrim's average gas price for the third quarter of 2010 was $1.83 per mcf compared to $1.49 for the same period in 2009, a 22.8% increase. For the third quarter, oil prices averaged $49.98 per barrel compared to $42.18 per barrel for the same period in 2009, an 18.5% increase.

On October 6, 2010, Antrim announced the signing of an Earn-In Agreement ("EIA") with Premier Oil UK Limited ("Premier") to jointly explore development options for the Fyne Area. Premier paid Antrim $2 million in initial consideration for an option to acquire a 39.9% interest in the Fyne licence (Block 21/28a) in return for up to a $50 million carried contribution, less the initial consideration, towards the pre-development and development costs of the Fyne Field. The EIA also provides Premier with the option to participate up to 50% alongside Antrim in a planned drilling program in the Greater Fyne Area.

During the third quarter, the Company completed a ten well drilling program on its Tierra del Fuego Argentina concession. The program targeted the liquid-rich gas bearing sandstone reservoirs of the Springhill Formation. Of the ten wells drilled in 2010, eight were cased and two were plugged and abandoned. Three cased wells have been completed and tied-in, one well has been completed and is awaiting tie-in and four wells will be tied-in after fracture stimulation, which is scheduled for the first quarter of 2011.

Financial and Operating Results (unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Financial Results ($000's except per share amounts)				
Revenue	4,015	4,236	9,845	9,581
Cash flow from operations[1]	1,509	744	1,911	311
Cash flow from operations per share [1]	0.01	0.01	0.01	0.00
Net (loss)	(1,150)	(1,751)	(5,281)	(6,489)
Net (loss) per share – basic	(0.01)	(0.01)	(0.04)	(0.05)
Total assets	284,827	287,794	284,827	287,794
Working capital	26,333	33,725	26,333	33,725
Expenditures on petroleum and natural gas properties	3,009	1,052	6,447	5,330
Bank debt	-	-	-	-
Common shares Outstanding (000's)				
End of period	135,420	135,281	135,420	135,281
Weighted average – basic	135,355	135,281	135,361	135,281
Weighted average – diluted	136,933	135,281	136,939	135,281
Production				
Oil, natural gas and NGL production (boe per day) [2]	1,803	2,011	1,792	1,790

[1] Cash flow from operations and cash flow from operations per share are Non-GAAP Measures. Refer to "Non-GAAP Measures" in Management's Discussion and Analysis.

[2] 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

Fyne Field

On October 6, 2010, Antrim announced the signing of an EIA with Premier Oil UK Limited to jointly explore development options for the Fyne Area. Premier paid Antrim $2 million in initial consideration for an option to acquire a 39.9% interest in the Fyne licence (Block 21/28a) in return for up to a $50 million carried contribution, less the initial consideration, towards the pre-development and development costs of the Fyne Field. The EIA also provides Premier with the option to participate up to 50% alongside Antrim in a planned drilling program in its surrounding licences (the "Greater Fyne Area", Antrim 100%). Following completion of the transaction, Antrim will retain a 35.1% working interest in the Fyne Field.

Antrim's initial floating production storage and offloading ("FPSO") provider withdrew its available capacity in the third quarter of 2010. Antrim is working with Premier on the identification of alternative subsea tieback schemes. The production system is being engineered to handle up to 20,000 barrels of oil per day ("bopd") directly from the Fyne Field, with potential capacity add-ons to handle additional volume from the satellite fields.

Antrim and Premier intend to select the optimum Fyne development scheme and prepare a Field Development Plan ("FDP") for submission in the latter part of 2011 with first production anticipated in early 2013. In addition to the Fyne development, Antrim has identified five high priority drilling prospects in the Greater Fyne Area. Antrim expects to schedule exploration drilling in 2011.

26th UK Offshore Licensing Round

On October 28, 2010, Antrim announced that it had been notified by the UK Department of Energy and Climate Change ("DECC") that it had been offered two new blocks in the UK North Sea in the 26th Licensing Round.

Block 21/29d is located in Antrim's core Greater Fyne Area in the Central North Sea, and has been offered as a promote licence (Antrim 100%). The block contains several exploration targets defined by 3-D seismic, including the "Carra" Eocene Tay Prospect at 5,000 feet drilling depth and the "Erne" Eocene Tay Prospect at 5,200 feet drilling depth. The block falls within the joint venture area with Premier.

Block 21/7b is also located in the Central North Sea and has been offered as a traditional licence (Antrim 30%). The block contains the "Typhoon" Eocene Balder Prospect at 5,600 feet on trend with the recent Scolty oil and condensate discovery. The licence was acquired jointly with Premier (70%, operator) with a bid comprising a firm well.

Causeway Field

Antrim signed a Conditional Letter Agreement with Valiant Petroleum plc ("Valiant") to sell a 30% interest in Causeway in March 2010. In return, Antrim will receive up to $21.75 million carried contribution to the development costs of bringing the field to production startup. Completion of the transaction is subject to several conditions, including sanction of the FDP by DECC. As part of the transaction, Antrim will transfer related tax losses and has transferred operatorship of the field to Valiant. Following completion of the transaction, Antrim will retain a 35.5% working interest in the Causeway Field.

Valiant, as the new operator, is progressing with a review of development options and plans to finalize a revised FDP for submission to DECC in late 2010 or early 2011. The operator is also reviewing the timing of first production.

Argentina

During the third quarter, the Company completed a ten well drilling program on its Tierra del Fuego Argentina concession. The program targeted the liquid-rich gas bearing sandstone reservoirs of the Springhill Formation. Of the ten wells drilled in 2010, eight were cased for production and two were plugged and abandoned. Three cased wells have been completed and tied-in, one well has been completed and is awaiting tie-in and four wells will be tied-in after fracture stimulation which is scheduled for the first quarter of 2011. With the tie-in of the additional wells, Antrim's daily production is expected to average approximately 1,900 boepd in 2011.

Antrim's average gas price for the third quarter of 2010 was $1.83 per mcf compared to $1.49 for the same period in 2009, a 22.8% increase. For the third quarter, oil prices averaged $49.98 per barrel compared to $42.18 per barrel for the same period in 2009, an 18.5% increase.

Antrim sells all of its oil production and approximately 80% of its natural gas production from Tierra del Fuego to the Argentine mainland. These sales generate value-added tax ("VAT") of 21%, which is retained by Antrim due to favourable tax laws pertaining to Tierra del Fuego. VAT of $1.7 million (2009 - $1.2 million) is reported as interest and other income and is not included in Antrim's per unit sales prices.

Antrim's field netbacks in Argentina, based on sales, were $11.97 (2009 - $8.83) and $9.52 (2009 - $6.72) per boe for the three and nine month periods ended September 30, 2010. The increase in the 2010 field netbacks, as compared to 2009, was due to the lower operating costs and higher sales prices partially offset by higher royalty expenses.

The Company applied for "Gas Plus" pricing incentives for new gas that will be produced from the wells being drilled in 2010. If approved by the federal authorities, this will permit Antrim to sell its gas in the higher-priced industrial market on the mainland.

In February 2010, Antrim sold its non-operated 40% working interest in Puesto Guardian effective January 1, 2010, for consideration in the form of a $1.4 million non-interest bearing promissory note. The Puesto Guardian field was reaching the end of its economic life and the purchaser retained responsibility of all abandonment and environmental remediation work on the concession.

Effective February 25, 2010, Antrim relinquished its non-operated 70% working interest in Medianera and its non-operated 70% working interest in Tres Nidos Sur. Medianera production, as previously reported, was shut-in in February 2009. Well abandonment and seismic and drilling obligations on the properties were assumed by the operator of both concessions.

Antrim's Argentine operations are self-sustaining thereby enabling the Company to evaluate other opportunities in Argentina using the cash flow generated from the Tierra del Fuego properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following MD&A provides a detailed explanation of Antrim's operating results for the three and nine months ended September 30, 2010 compared to the same periods ended September 30, 2009 and should be read in conjunction with the interim consolidated financial statements of Antrim. This MD&A has been prepared using information available up to November 10, 2010.

Non-GAAP Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under Canadian generally accepted accounting principles ("GAAP") and may not be comparable to those reported by other companies. Antrim utilizes cash flow from operations and netback to assess operational and financial performance, to allocate capital among alternative projects and to assess the Company's capacity to fund future capital programs.

Cash flow from operations is defined as cash flow from operating activities before changes in working capital. Cash flow from operations per share is calculated as cash flow from operations divided by the weighted average number of outstanding shares as used in the calculation of diluted earnings per share. Reconciliation of cash flow from operations to its nearest measure prescribed by GAAP is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
$				
Cash flow from (used in) operating activities	329,169	(18,619)	511,773	(1,178,715)
Increase in non-cash working capital	(1,179,459)	(762,341)	(1,399,353)	(1,489,758)
Cash flow from operations	1,508,628	743,722	1,911,126	311,043

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue from the sale of oil, natural gas and NGL for the three and nine month periods ended September 30, 2010 and 2009 consisted of the following:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
($000's)				
Oil	2,316	2,846	4,934	6,119
Natural gas	1,520	1,248	4,457	3,218
NGL's	179	142	454	244
Total Oil, Natural gas and NGL Revenue	4,015	4,236	9,845	9,581

Revenue decreased in the third quarter of 2010, as compared to the same period in 2009, due to lower oil sales offset by higher product prices and gas production.

The sale of crude oil from Tierra del Fuego can be impacted by intermittent shipments. Oil production from Tierra del Fuego is stored and periodically transported by ship to a refinery on the mainland. As at September 30, 2010, Antrim held 4,065 (September 30, 2009 – 16,200) barrels of oil in inventory in Tierra del Fuego.

Net revenue after royalties and export taxes increased to $8.4 million for the nine months ended September 30, 2010 compared to $8.3 million for the same period in 2009. The increase in net revenue is a result of higher gas production and higher product prices partially offset by lower oil production and higher royalties and export tax.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three and nine month periods ended September 30, 2010 and 2009:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Oil (bbl/day)	313	541	334	536
Natural gas (mmcf/day)	8.5	8.4	8.3	7.2
NGL (bbl/day)	67	64	68	50
Total Production (boe/day)	1,803	2,011	1,792	1,790

Gas production increased in the three and nine month periods ended September 30, 2010, as compared to the same period in 2009, due to well tie-ins to the San Martin pipeline during 2009 and new wells drilled in 2010. In the nine months ended September 30, 2010, Antrim recorded oil production from Puesto Guardian for the period until the closing date of the sale on February 16, 2010. As a result, the average daily oil production reported includes 37 bbl/day of oil from Puesto Guardian (2009 - 229 bbl/day).

Oil prices averaged $48.30 per barrel in the nine month period ended September 30, 2010 compared to $38.67 per barrel in 2009. For the third quarter 2010, oil prices averaged $49.98 per barrel compared to $42.18 per barrel for the same period in 2009.

Oil production from the Tierra del Fuego concession is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales also are subject to in-country price discounts. In November 2007, changes to the export tax effectively limited the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. Despite this tax imposed ceiling price, increases in mainland Argentina demand have resulted in increased market prices for oil since the middle of 2009, resulting in increases in the oil price received.

Antrim's gas sales prices in Argentina averaged $1.83 and $1.85 per mcf in the three and nine month periods ended September 30, 2010 compared to $1.49 and $1.50 per mcf for the same periods in 2009. Average gas prices increased due to the negotiation of higher priced contracts combined with reduced volumes sold into the lower-priced residential market.

NGL prices, before export taxes, averaged $27.07 per barrel in the nine months ended September 30, 2010 compared to $37.86 per barrel for the comparable period in 2009. For the third quarter 2010, NGL prices averaged $24.82 per barrel compared to $42.65 for the same period in 2009. NGL prices decreased in the third quarter of 2010, as compared to 2009, as the Argentina Secretary of Energy restricted exports of NGL to Chile in August, resulting in sales of NGL into the lower-priced mainland and Tierra del Fuego markets.

Royalties and Export Tax

The following table provides a comparative analysis of royalty and export tax expenses for the three and nine month periods ended September 30, 2010 and 2009:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
($000's)				
Royalties	470	596	1,349	1,237
Percentage of Total revenue	11.7	14.1	13.7	12.9
Export tax	47	50	114	72
Percentage of NGL revenue	26.0	35.3	25.1	29.7

Royalty expenses, as a percentage of total revenue, for the nine months ended September 30, increased in 2010 compared to 2009 as government mandated royalty rates in Tierra del Fuego increased. Export taxes, as a percentage of NGL revenue, decreased in the third quarter of 2010 and 2009 as exports to Chile were curtailed due to restrictions in obtaining export permits.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three and nine month periods ended September 30, 2010 and 2009:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
$/boe				
Wellhead price	21.77	21.17	19.76	19.42
Royalties	(2.55)	(2.98)	(2.71)	(2.51)
Export tax	(0.25)	(0.25)	(0.23)	(0.15)
Operating expenses	(7.00)	(9.11)	(7.30)	(10.04)
Netback	11.97	8.83	9.52	6.72
Oil, Natural gas and NGL sales (boe)	184,421	200,098	498,468	493,448
Oil, Natural gas and NGL sales (boepd)	2,005	2,175	1,826	1,808

The increase in netbacks for the three month period ended September 30, 2010, compared to the corresponding period in 2009 is primarily due to lower operating costs, higher average sales prices and lower royalty expenses.

For the nine month period ended September 30, 2010, operating costs on a boe basis decreased to $7.30 compared to $10.04 for 2009. In the first nine months of 2009 operating costs included drilling rig tolling charges of $0.8 million or $1.64 per boe.

Average per boe wellhead prices were impacted due to a higher proportion of gas to oil sales in 2010, as compared to 2009. The elimination of high operating costs related to the sale of Puesto Guardian contributed to lower per unit operating expenses in 2010 as compared to 2009.

General and Administrative

General and administrative ("G&A") costs increased in the nine months of 2010 to $4.6 million compared to $4.1 million for the comparable period in 2009. The increase in G&A was due to the impact of changes in foreign exchange rates and lower cost recoveries from joint venture partners. During the period, Antrim capitalized $0.7 million (2009 - $0.6 million) of G&A costs related to exploration and development activity in Argentina and the United Kingdom.

Depletion and Depreciation

Depletion and depreciation expense was $5.4 million for the first three quarters of 2010 compared to $4.4 million in 2009. The consolidated per unit charge for the first nine months of 2010 was $9.56 per boe compared to $9.03 per boe in the same period of 2009. The per unit charge increased in 2010, as compared to 2009, due to 2010 drilling expenditures. No depletion was recorded with respect to the $230.1 million of United Kingdom assets as they are classified as unproven properties. Depletion of these assets will commence with production.

Income Taxes

The following table provides a comparative analysis of income tax expenses for the three and nine month periods ended September 30, 2010 and 2009.

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2010	**2009**	**2010**	**2009**
($000's)				
Current income taxes	3	4	59	82
Future income taxes	-	(6)	-	(188)
Total	3	(2)	59	(106)

Current income taxes relate to taxes based on the book value of assets in Argentina.

Future income taxes arise from differences between accounting and the tax basis of assets and liabilities. As of September 30, 2010, no future income tax assets were recorded due to uncertainty with respect to the ability of Antrim to generate sufficient taxable income to utilize the unrecognized losses.

Foreign Exchange Loss and Comprehensive Income

The measurement currency of the Company is the Canadian dollar, while its reporting currency is the US dollar. A significant portion of the Company's activities are transacted in or referenced to US dollars, Canadian dollars, British pounds sterling or Argentine pesos. The Company's operating costs and certain of the Company's payments in order to maintain property interest are made in the local currency of the jurisdiction where the applicable property is located. As a result of these factors, fluctuations in the Canadian dollar, British pounds sterling, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange loss of $81,214 for the nine months ended September 30, 2010 compared to a gain of $29,246 in the same period in 2009.

Antrim recorded unrealized gains on translation of the consolidated assets and liabilities of $4.1 million and $3.9 million for the three and nine months ended September 30, 2010.

Cash Flow and Net Loss

In the three month period ended September 30, 2010, Antrim generated cash flow from operations of $1.5 million ($0.01 per share) compared to $0.7 million ($0.01 per share) in the same period in 2009. Antrim generated cash flow from operations of $1.9 million ($0.01 per share) in the first nine months of 2010 compared to $0.3 million ($0.00 per share) for the same period in 2009. Cash flow increased in 2010, as compared to 2009, due to higher revenue, higher interest and other income, and lower operating costs offset by higher general and administrative costs.

In the third quarter of 2010 and 2009, Antrim incurred net losses of $1.2 million and $1.8 million respectively. For the nine months ended September 30, 2010, the company incurred a net loss of $5.3 million compared to $6.5 million in the same period of 2009.

Capital Expenditures

Antrim incurred capital expenditures related to petroleum and natural gas properties of $3.0 million and $1.1 million for the third quarter of 2010 and 2009, respectively. For the nine month periods ended September 30, 2010 and 2009, capital expenditures were $6.4 million and $5.3 million. Capital expenditures in 2010 relate to the drilling program in Argentina and ongoing development costs on the UK properties.

Financial Resources and Liquidity

As at September 30, 2010, Antrim had working capital of $26.3 million and no bank debt. There were no restrictions on the use of cash and cash equivalents at September 30, 2010 except for $0.1 million of restricted cash that secures a US dollar denominated standby letter of credit issued with respect to the Company's land bid in Colombia. Accounts payable and accrued liabilities decreased to $2.8 million at September 30, 2010 from $3.3 million as at September 30, 2009.

As part of the Conditional Letter Agreement with Valiant, Valiant agreed to loan Antrim up to $2.2 million on a non-interest bearing basis to satisfy cash calls and invoices for joint operations prior to the completion of the sale. The loan relates to both the 30% interest conditionally sold to Valiant and Antrim's remaining 35.5% share. The balance outstanding as of September 30, 2010 was $0.4 million. Upon successful completion of the sale, the outstanding loan balance related to Antrim's remaining 35.5% interest will be applied to and reduce the $21.75 million carried contribution. If the sale is not completed, the outstanding balance on the entire 65.5% interest will be due and payable to Valiant immediately.

Antrim invests cash not required for immediate operational needs in Canadian denominated short-term bankers' acceptances and money market instruments.

Although there have been continued improvements in the global economy and financial markets in recent months, restrictions on availability of credit remain and may limit Antrim's ability to access debt or equity financing for its development projects. Antrim forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future commitments and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process to enable Antrim to better adapt to changing market conditions. Although Antrim may need to raise additional funds from internal or external sources, which may include a farm out of exploration and development assets, if available, in order to develop both of its major UK properties, the Company maintains flexibility to manage its financial commitments.

Antrim's capital program for 2010 includes ongoing development of Fyne, Causeway and the 25th bid round licences. Fyne and Causeway will be predominantly funded by the carried interests obtained from the EIA and Conditional Letter Agreement, respectively. The remaining capital expenditures will be funded by existing cash resources combined with operating cash flow.

Contractual Obligations and Commitments

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at September 30, 2010 which are as follows:

	2010	**2011**	**2012**	**2013**	**2014**	**Thereafter**
($000's)						
United Kingdom						
• Fyne and Dandy (1)	238	35	10,024	24	24	24
• Causeway (2)	62	141	188	134	157	180
• 25th Bid Round(3)	374	295	12,078	18,000	-	-
Argentina						
• Tierra del Fuego (4)	496	650	650	650	650	1,300
Office Leases	73	293	256	107	107	349
Total	1,243	1,414	23,196	18,915	938	1,853

(1) The Company acquired a 75% working interest in Fyne and Dandy and upon approval of a Field Development Plan by DECC, has agreed to pay an additional $10 million as part of the acquisition cost of the block.

(2) Relates to Antrim's 65.5% interest in Causeway prior to the conditional sale of 30% interest to Valiant.

(3) The Company acquired two licences in the 25th bid round which include contingent drilling commitments estimated at $27 million in 2012 and 2013. These commitments will be waived by DECC if they agree that drilling the wells would not be an appropriate use of resources. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) Includes drilling rig commitments of $0.4 million.

On March 4, 2010, the Company announced that it had signed a Conditional Letter Agreement to sell a 30% interest in the UK North Sea Causeway property. The Company will receive up to $21.75 million contributed to the Company's remaining share of development costs of bringing the field to production start-up. Completion of the transaction is subject to several conditions including the sanction of a FDP by the UK Department of Energy and Climate Change which is anticipated in 2011.

On October 6, 2010, Antrim announced the signing of an EIA with Premier Oil UK Limited to jointly explore development options for the Fyne Area. Premier paid Antrim $2 million in initial consideration for an option to acquire a 39.9% interest in the Fyne licence (Block 21/28a) in return for a up to a $50 million carried contribution, less the initial consideration, towards the pre-development and development costs of the Fyne Field. The EIA also provides Premier the option to participate up to 50% alongside Antrim in a planned drilling program in the Greater Fyne Area.

Outlook

Antrim's strong financial position, which includes unrestricted cash available of $24.4 million and no bank debt, provides Antrim with financial and operational flexibility.

With the conditional sale of 30% of Causeway and the recently announced joint venture with Premier in Fyne, Antrim's other North Sea activity will be weighted towards adding value by exploring for new hydrocarbons and appraising existing discoveries.

Antrim's daily production in Argentina is expected to average approximately 1,800 net boepd in 2010, increasing to 1,900 boepd in 2011.

Antrim intends to grow the Argentine operation primarily through new in-country opportunities using the cash flow from existing Argentine operations.

Antrim is also considering other global exploration opportunities. Antrim views its bilateral strategy of balancing longer term and capital-intensive investments in the UK North Sea with shorter investment cycle on-shore exploration and production opportunities as central to its corporate development.

Summary of Quarterly Results

($000, except per share amounts)	Oil, Natural Gas and NGL Revenue, Net of Royalties and Export Tax	Cash Flow from Operations (deficiency)	(Loss)	(Loss) Per Share – Basic
2010				
Third quarter	3,498	1,509	(1,150)	(0.01)
Second quarter	2,284	236	(2,020)	(0.02)
First quarter	2,601	166	(2,111)	(0.01)
Total	8,383	1,911	(5,281)	(0.04)
2009				
Fourth quarter	2,796	(1,378)	(6,071)	(0.04)
Third quarter	3,590	744	(1,751)	(0.01)
Second quarter	1,821	(716)	(2,888)	(0.03)
First quarter	2,861	283	(1,850)	(0.01)
Total	11,068	(1,067)	(12,560)	(0.09)
2008				
Fourth quarter	2,313	(1,032)	(7,152)	(0.05)
Third quarter	2,875	886	(1,507)	(0.01)
Second quarter	1,849	(986)	(3,564)	(0.03)
First quarter	3,236	1,439	(808)	(0.01)
Total	10,273	307	(13,031)	(0.10)

Antrim's net revenue and cash flow from operations have fluctuated over the quarters due to intermittent shipments of crude oil from Tierra del Fuego, increasing gas sales and lower oil production due to decline rates and property sales in early 2010. Fourth quarter cash flow from operations and loss in 2009 and 2008 were negatively impacted by VAT valuation allowances. Fourth quarter losses in 2009 and 2008 also increased due to the write-down of investments and other non-current assets and future income tax assets.

Conversion to International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the mandatory changeover from existing GAAP to International Financial Reporting Standards ("IFRS") is to take effect for financial years beginning on or after January 1, 2011. The Company will report its results in accordance with IFRS starting in 2011, with comparative IFRS information for the 2010 fiscal year. The key elements of the Company's conversion plan include determining appropriate changes to accounting policies and disclosures, identifying and implementing associated changes to processes and information systems, ensuring compliance to internal controls and educating and training staff and other stakeholders. The Company has completed a diagnostic analysis of the differences between GAAP and IFRS and is analyzing accounting policy alternatives and systems changes for impact areas, including available first time adoption alternatives.

Possible significant accounting difference between Antrim's current accounting policies under GAAP and expected accounting policies under IFRS are as follows:

First-time adoption exemption – the International Accounting Standards Board has approved additional exemptions from the retrospective application of IFRS for first time adopters. Of most relevance to Antrim is an exemption that allows full cost oil and gas companies to elect, at the date of transition to IFRS, to measure exploration evaluation assets at the amount determined under GAAP and to measure oil and gas assets in the development or production phases by allocating the amount determined under GAAP to the underlying assets pro-rata using reserve volumes or reserve values as of that that date. The Company is planning to adopt this exemption.

Re-classification of exploration and evaluation ("E&E") expenditures from property, plant and equipment ("PP&E") on the consolidated balance sheet – this will consist of the book value of Antrim's undeveloped land that relates primarily to its UK properties which are currently excluded from the depletion calculation and are assessed for impairment. E&E assets will not be depleted and must be assessed for impairment when indicators suggest the possibility of impairment.

Calculation of depletion expense for PP&E – upon transitioning to IFRS, Antrim has the option to calculate depletion using a reserve base of proved reserves or both proved and probable reserves. Antrim intends to use both proved and probable reserves for the calculation of depletion expense.

Impairment of PP&E – under IFRS, impairment of PP&E must be assessed at a more detailed level than what is currently required under GAAP. Impairment calculations will be performed at the cash generating unit ("CGU") level based on discounted cash flows using either total proven or proven plus probable reserves. Under GAAP, undiscounted estimated future cash flows are used to assess for impairment. As such, impairment losses may be recognized earlier under IFRS than under GAAP. Impairment losses may be reversed under IFRS if there is an increase in the recoverable amount.

Asset retirement obligation – under IFRS, the Company made a preliminary decision to discount the estimated fair value of its asset retirement obligations and the related PP&E using a risk-free interest rate. As Antrim plans to adopt the first-time adoption exemption for full-cost oil and gas companies described above, differences in the liability calculated under GAAP and IFRS as at January 1, 2010 which arise due to different discount rates or cost estimates will be recorded to retained earnings.

Cumulative translation differences – under IFRS, translation gains or losses are not recognized in profit and loss until disposition of the business for foreign operations with functional currencies different from that of the parent company. The Company plans to adopt the first-time adoption exemption available in IFRS 1, whereby cumulative translation differences are deemed to be zero at the transition balance sheet date with the difference recorded directly to retained earnings.

Sto*ck-based compensation* – under IFRS, stock-based compensation will be expensed based on a graded vesting schedule rather than the straight-line method utilized by the Company under GAAP. The difference calculated using the two methods for options that were not fully vested on the transition date will be recorded to retained earnings.

At this time, the impact on the Company's financial position and results of operations is not reasonably determinable for the accounting policy differences previously identified. Antrim's implementation plan includes the assessment of accounting policy alternatives and systems changes. The Company commenced preparation of the transitional balance sheet which Antrim expects to finalize late in the fourth quarter of 2010.

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. There were no changes in the Company's internal controls over financial reporting during the third quarter of 2010 that have materially affected, or are reasonably likely to materially affect the Company's internal control 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.

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In the first three quarters of 2010, Antrim incurred fees of $132,857 (2009 - $27,661) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. The Company had no off-balance sheet transactions in the first nine months of 2010.

Risks and Uncertainties

The oil and gas industry involves a wide range of risks which include but are not limited to the uncertainty of finding new commercial fields, securing markets for existing reserves, commodity price fluctuations, exchange and interest rate costs and changes to government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production and environmental protection. The oil and natural gas industry is intensely competitive and the Company competes with a large number of companies that have greater resources.

The Company's ability to increase reserves in the future will depend not only on its ability to develop its present properties but also on its ability to select and acquire suitable producing properties or prospects. The acquisition and development of properties also requires that sufficient funds, including funds from outside sources, will be available in a timely manner. The availability of equity or debt financing is affected by many factors, many of which are outside the control of the Company. Recent world financial market events and the resultant negative impact on economic conditions have increased the risk and uncertainty of the availability of equity or debt financing.

The Company has significant investments in Argentina and the United Kingdom and its primary source of revenue is from one oil and gas property in Argentina. Risks are associated with conducting foreign operations over which the Company has no control, include currency instability, potential and actual civil disturbances, restriction of funds movement outside of these countries, the ability of joint venture partners to fund their obligations, changes of laws affecting foreign ownership and existing contracts, environmental requirements, crude oil and natural gas price and production regulation, royalty rates, OPEC quotas, potential expropriation of property without fair compensation, retroactive tax changes and possible interruption of oil deliveries.

Further discussions regarding the Company's risks and uncertainties, can be found in the Company's Annual Information Form dated March 23, 2010 which is filed on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A and any documents incorporated by reference herein contain certain forward-looking statements and forward-looking information which are based on Antrim's internal reasonable expectations, estimates, projections, assumptions and beliefs as at the date of such statements or information. Forward-looking statements often, but not always, are identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “targeting”, “forecast”, “achieve” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. Antrim believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information included in this MD&A and any documents incorporated by reference herein should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this MD&A or the particular document incorporated by reference herein and Antrim does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

In particular, this MD&A and any documents incorporated by reference herein, contain specific forward-looking statements and information pertaining to the quality of and future net revenues from Antrim's reserves of oil, natural gas liquids (“NGL”) and natural gas production levels. This MD&A may also contain specific forward-looking statements and information pertaining to commodity prices, foreign currency exchange rates and interest rates, capital expenditure programs and other expenditures, supply and demand for oil, NGL’s and natural gas, expectations regarding Antrim's ability to raise capital, to continually add to reserves through acquisitions and development, the schedules and timing of certain projects, Antrim's strategy for growth, Antrim's future operating and financial results, treatment under governmental and other regulatory regimes and tax, environmental and other laws and the start up of production from the Causeway or Fyne fields in the UK North Sea.

With respect to forward-looking statements contained in this MD&A and any documents incorporated by reference herein, Antrim has made assumptions regarding Antrim's ability to finalize the sale of a portion of Causeway to Valiant, Premier exercising its option to acquire a portion of the Fyne licence, obtain access to sub-sea or floating facilities including transportation and production storage offloading providers in the UK North Sea for production from Fyne and Causeway, obtain additional drilling rigs and other equipment in a timely manner, obtain regulatory approvals, future oil and natural gas production levels from Antrim's properties and the price obtained from the sales of such production, the level of future capital expenditure required to exploit and develop reserves, the ability of Antrim’s partners to meet their commitments as they relate to the Company and more specifically the ability of Valiant to honour its commitments are identified in the Conditional Letter Agreement. Antrim’s ability to obtain financing on acceptable terms, the general stability of the economic and political environment in which Antrim operates and the future of oil and natural gas pricing. In respect to these assumptions, the reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

Antrim's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of assumptions proving inaccurate and of both known and unknown risks, including risks associated with the exploration for and development of oil and natural gas reserves, operational risks and liabilities that are not covered by insurance, volatility in market prices for oil, NGLs and natural gas, changes or fluctuations in oil, NGLs and natural gas production levels, changes in foreign currency exchange rates and interest rates, the ability of Antrim to fund its substantial capital requirements and operations, risks associated with ensuring title to the Company's properties, liabilities and unexpected events inherent in oil and gas operations, including geological, technical, drilling and processing problems, the accuracy of oil and gas reserve estimates and estimated production levels as they are affected by the Antrim's exploration and development drilling and estimated decline rates, in particular the future production rates at the Causeway and Fyne fields in the UK North Sea and at the Tierra del Fuego properties in Argentina. Additional risks include the ability to effectively compete for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, Antrim's success at acquisition, exploitation and development of reserves, changes in general economic, market and business conditions in Canada, North America, Argentina, South America, the United Kingdom, Europe and worldwide, actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws, royalty rates and incentive programs relating to the oil and gas industry and more specifically, changes to the capped market price in Argentina, changes in environmental or other legislation applicable to Antrim's operations, and Antrim's ability to comply with current and future environmental and other laws, adverse regulatory rulings, order and decisions and risks associated with the nature of the Common Shares.

Statements relating to "resources" are deemed to be forward-looking statements. The estimates of remaining recoverable prospective resources have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.

Many of these risk factors, other specific risks, uncertainties and material assumptions are discussed in further detail throughout the MD&A and in Antrim's management discussion and analysis for the year ended December 31, 2009. Readers are specifically referred to the risk factors described in this MD&A under "Risk Factors" and in other documents Antrim files from time to time with securities regulatory authorities. Copies of these documents are available without charge from Antrim or electronically on the internet on Antrim's SEDAR profile at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The calculation of barrels of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas ("mcf") to one barrel of crude oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A 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.

In accordance with AIM guidelines, Mr. Kerry Fulton, P. Eng and Vice President, Operations for Antrim, is the qualified person that has reviewed the technical information contained in this MD&A.

Antrim Energy Inc.
Consolidated Balance Sheets
As at September 30, 2010 and December 31, 2009 (unaudited)
(U.S. Dollars)

	2010	2009
	$	$
Assets		
Current assets		
Cash and cash equivalents	24,426,082	31,168,669
Restricted cash (note 4)	100,000	-
Accounts receivable	4,138,661	3,278,166
Inventory and prepaid expenses (note 5)	494,119	937,513
	29,158,862	35,384,348
Petroleum and natural gas properties (note 6)	253,361,193	248,012,987
Office equipment (note 7)	472,555	447,160
Investments and other non-current assets (note 8)	1,833,903	1,274,384
	284,826,513	285,118,879
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,470,703	3,424,596
Loan from Valiant (note 9)	355,551	-
	2,826,254	3,424,596
Asset retirement obligation (note 10)	5,529,123	5,696,945
	8,355,377	9,121,541
Commitments and contingencies (note 17)		
Shareholders' equity		
Share capital (note 11)	311,981,756	311,946,244
Contributed surplus (note 12)	17,439,893	15,605,999
Deficit	(54,867,923)	(49,586,859)
Accumulated other comprehensive income (loss) (note 13)	1,917,410	(1,968,046)
	276,471,136	275,997,338
	284,826,513	285,118,879

Antrim Energy Inc.

Consolidated Statements of Loss and Deficit
For the Periods Ended September 30, 2010 and 2009 (unaudited)
(U.S. Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Revenue				
Oil and gas	4,014,569	4,236,161	9,845,487	9,581,360
Royalties	(469,884)	(595,886)	(1,348,896)	(1,236,982)
Export tax	(46,509)	(50,327)	(113,874)	(72,497)
	3,498,176	3,589,948	8,382,717	8,271,881
Interest and other income	769,612	613,477	1,771,179	1,442,887
	4,267,788	4,203,425	10,153,896	9,714,768
Expenses				
Operating	1,291,152	1,823,486	3,636,335	4,956,551
General and administrative	1,459,545	1,306,950	4,565,688	4,069,057
Stock-based compensation	503,510	676,412	1,427,354	2,468,364
Depletion and deprecation	2,110,125	1,737,660	5,431,268	4,410,534
Accretion of asset retirement obligations	78,931	156,702	234,218	435,130
Foreign exchange (gain) loss	(28,174)	255,257	81,214	(29,246)
	5,415,089	5,956,467	15,376,077	16,310,390
Loss for the period before income taxes	(1,147,301)	(1,753,042)	(5,222,181)	(6,595,622)
Income tax expense (recovery)				
Current	3,024	4,503	58,883	81,532
Future	-	(6,112)	-	(188,220)
	3,024	(1,609)	58,883	(106,688)
Net loss for the period	(1,150,325)	(1,751,433)	(5,281,064)	(6,488,934)
Deficit – beginning of period	(53,717,598)	(41,764,769)	(49,586,859)	(37,027,268)
Deficit – end of period	(54,867,923)	(43,516,202)	(54,867,923)	(43,516,202)
Net loss per common share				
Basic	(0.01)	(0.01)	(0.04)	(0.05)
Diluted	(0.01)	(0.01)	(0.04)	(0.05)

Antrim Energy Inc.

Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)
For the Periods ended September 30, 2010 and 2009 (unaudited)
(U.S. Dollars)

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Net loss for the period	(1,150,325)	(1,751,433)	(5,281,064)	(6,488,934)
Comprehensive income (loss)				
Unrealized gain on translation of consolidated financial statements (note 13)	4,125,512	14,363,044	3,885,456	24,013,129
Comprehensive income (loss)	2,975,187	12,611,611	(1,395,608)	17,524,195
Accumulated other comprehensive income (loss) – beginning of period	(2,208,102)	(24,607,331)	(1,968,046)	(31,318,787)
Change in accounting policy (note 2)	-	-	-	(2,938,629)
Other comprehensive income (note 13)	4,125,512	14,363,044	3,885,456	24,013,129
Accumulated other comprehensive income (loss) – end of period	1,917,410	(10,244,287)	1,917,410	(10,244,287)

Antrim Energy Inc.
Consolidated Statements of Cash Flows
For the Periods ended September 30, 2010 and 2009 (unaudited)
(U.S. Dollars)

	Three Month Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
	$	$	$	$
Cash provided by (used in):				
Operating Activities				
Net loss for the period	(1,150,325)	(1,751,433)	(5,281,064)	(6,488,934)
Items not involving cash:				
Depletion and depreciation	2,110,125	1,737,660	5,431,268	4,410,534
Accretion of asset retirement obligations	78,931	156,702	234,218	435,130
Stock-based compensation expense	503,510	676,412	1,427,354	2,468,364
Foreign exchange (gain) loss	(33,613)	(69,507)	99,350	(325,831)
Future income taxes	-	(6,112)	-	(188,220)
	1,508,628	743,722	1,911,126	311,043
Change in non-cash working capital items (note 15)	(1,179,459)	(762,341)	(1,399,353)	(1,489,758)
	329,169	(18,619)	511,773	(1,178,715)
Financing Activities				
Issue of common shares	14,913	-	21,136	(6,859)
	14,913	-	21,136	(6,859)
Investing Activities				
Office equipment	(12,949)	(34,075)	(206,518)	(108,525)
Petroleum and natural gas properties	(3,009,230)	(1,051,706)	(6,447,045)	(5,330,470)
Restricted cash	-	-	(100,000)	-
Other non-current assets	(5,738)	(127,190)	(604,865)	(110,384)
Change in non-cash working capital items (note 15)	286,678	36,559	(186,444)	(1,029,048)
	(2,741,239)	(1,176,412)	(7,544,872)	(6,578,427)
Effect of foreign exchange translations on cash flow	417,132	1,841,319	269,376	3,710,882
Net (decrease) increase in cash and cash equivalents	(1,980,025)	646,288	(6,742,587)	(4,053,119)
Cash and cash equivalents – beginning of period	26,406,107	30,637,600	31,168,669	35,337,007
Cash and cash equivalents – end of period	24,426,082	31,283,888	24,426,082	31,283,888

1. BASIS OF PRESENTATION

These unaudited interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). 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, 2009. All amounts are reported in US $ except as otherwise noted.

2. CHANGES IN ACCOUNTING POLICIES

Change in Functional Currency

Effective January 1, 2009, the Company changed its functional currency from Cdn $ to Argentine pesos (“ARS”) for its Argentina subsidiary, as the Company considers the subsidiary self sustaining and anticipates that the majority of its future income stream and expenditures will be denominated in ARS. The change was made on a prospective basis and as a result of the change, the Company recorded an adjustment to opening accumulated other comprehensive income (loss) of $2,938,629 as at January 1, 2009. The functional currency of the parent company and all of its other subsidiaries continues to be Cdn $.

3. NEW ACCOUNTING STANDARD

In December 2008, the CICA issued Section 1582 “Business Combinations” which replaced CICA Section 1581 of the same name. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011. Adoption of this accounting standard is not expected to have a material effect on Antrim’s consolidated financial statements.

4. RESTRICTED CASH

Restricted cash at September 30, 2010 relates to a US dollar denominated standby letter of credit issued with respect to the Company’s land bid in Colombia. The standby letter of credit is expected to be returned in the fourth quarter of 2010.

5. INVENTORY AND PREPAID EXPENSES

Inventory and prepaid expenses at September 30, 2010 include $105,247 (2009 – $230,620) of crude oil that has been produced but not yet sold. Inventories of crude oil are valued at the lower of average cost and net realizable value.

6. PETROLEUM AND NATURAL GAS PROPERTIES

			September 30, 2010
	Cost	**Accumulated depletion and depreciation**	**Net book value**
	$	**$**	**$**
Argentina	51,141,941	27,877,660	23,264,281
United Kingdom	233,472,637	3,375,725	230,096,912
	284,614,578	31,253,385	253,361,193

			December 31, 2009
	Cost	**Accumulated depletion and depreciation**	**Net book value**
	$	**$**	**$**
Argentina	50,936,845	26,408,646	24,528,199
United Kingdom	226,763,179	3,278,391	223,484,788
	277,700,024	29,687,037	248,012,987

During the period, the Company capitalized $675,758 (2009 – $574,958) of general and administrative and $420,915 (2009 – $733,598) of stock-based compensation costs related to exploration and development activity. At September 30, 2010, petroleum and natural gas properties include $230,096,912 (2009 –$221,535,995) relating to unproven properties that have been excluded from the depletion calculation.

During the first quarter, the Company disposed of its Puesto Guardian, Medianera and Tres Nidos Sur properties in Argentina resulting in a reduction of $0.7 million in net book value of petroleum and natural gas properties and a reduction of $0.9 million in asset retirement obligations.

7. OFFICE EQUIPMENT

Office equipment of $472,555 (2009 – $496,536) is net of accumulated depreciation of $1,411,974 (2009 – $1,178,952).

8. INVESTMENTS AND OTHER NON-CURRENT ASSETS

	September 30, 2010	**December 31, 2009**
	$	**$**
Non-interest bearing promissory note	623,988	-
Interest bearing bonds	821,114	796,536
VAT receivable	388,800	409,506
Long-term receivable	-	68,341
Investment in NOR	1	1
	1,833,903	1,274,384

On February 16, 2010, the Company sold its 40% working interest in Puesto Guardian Argentina, with an effective date of January 1, 2010 for consideration of a $1,360,203 non-interest bearing promissory note. The note has a maturity date of February 16, 2014 and is convertible into common shares of Tripetrol Holdings Inc., a private Cayman Island incorporated company, at the option of Antrim. The Company estimated the fair value of the note receivable to be $0.6 million and no value was given to the option to convert the note receivable to common shares of Tripetrol Holdings Inc., with this amount reducing the book value of the Company's petroleum and natural gas properties.

In 2009 the Argentina state owned natural gas transportation company commenced a project to increase capacity on the pipeline connecting Tierra del Fuego with the mainland. The Company was obligated to invest in the project through the purchase of interest bearing bonds issued by a national trust created by the Argentine government. The bonds initially bear interest at 15% and will be repaid in thirty quarterly instalments commencing in 2011.

VAT receivable is net of $832,878 determined to be uncollectible and written off in 2009 due to the sale of Puesto Guardian. The long-term receivable is net of $695,655 which was forgiven and written off in 2009 as part of the relinquishment of the Company's interest in the Medianera joint venture.

At September 30, 2010 and December 31, 2009, the Company held 1,175,000 common shares of NOR Energy AS ("NOR"), a private Norwegian company, representing less than 10% of the common shares of NOR. In 2008 the Company reduced its carrying value of the NOR shares to the estimated net realizable value of $1 as NOR sold its major asset.

9. LOAN FROM VALIANT

As part of the Conditional Letter Agreement to sell a 30% interest in the UK North Sea Causeway property (see note 17), Valiant Petroleum plc ("Valiant") agreed to loan the Company up to $2,200,000 on a non-interest bearing basis, to satisfy cash calls and invoices for joint operations due and payable under the joint operating agreement prior to completion of the sale. The loan relates to both the 30% interest conditionally sold to Valiant and the Company's remaining 35.5% share. The balance outstanding as of September 30, 2010 was $355,551. Upon successful completion of the sale, the outstanding loan balance payable to Valiant for the Company's remaining 35.5% interest will be applied to and reduce the $21,750,000 carried contribution. If the sale is not completed, any outstanding balance for the entire 65.5% interest will be due and payable to Valiant immediately.

10. ASSET RETIREMENT OBLIGATIONS

At September 30, 2010, the estimated undiscounted asset retirement obligations are $1,432,633 (2009 –$2,654,588) and $9,924,919 (2009 – $27,915,595) for Argentina and United Kingdom, respectively. The Company expects the undiscounted obligations to be payable after 2015 for Argentina and 2023 for the United Kingdom. The present value of the asset retirement obligations has been calculated using credit adjusted risk free rates of between 7.9% and 10% (2009 – 7.9% and 11.0%) and an inflation rate of 2% (2009 – 2.0%).

Changes to asset retirement obligations were as follows:

	September 30, 2010 $	**December 31, 2009 $**
Asset retirement obligations, beginning of period	5,696,945	9,913,898
Accretion expense	234,218	581,638
Dispositions	(916,554)	-
Increase in liabilities	35,231	-
Change in estimated future cash flows	401,716	(6,077,164)
Foreign currency translation	77,567	1,278,573
Asset retirement obligations, end of period	5,529,123	5,696,945

11. SHARE CAPITAL

Authorized

Unlimited number of common voting shares
Unlimited number of preferred shares

Common shares issued	Number of Shares	Amount $
Balance – December 31, 2008	135,322,116	311,927,578
Employee share ownership plan	(41,011)	(14,915)
Exercise of stock options	68,167	33,581
Balance – December 31, 2009	135,349,272	311,946,244
Contributed surplus on exercise of stock options	-	14,375
Exercise of stock options	70,669	21,137
Balance – September 30, 2010	135,419,941	311,981,756

Stock Options

The Company has established a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the issued and outstanding number of common shares. The exercise price of each option is no less than the market price of the Company's stock on the date of grant. Stock option terms are determined by the Company's Board of Directors but typically vest evenly over a period of three years from the date of grant and expire five years after the date of grant.

Pursuant to the Company's stock option plan, as at September 30, 2010 there were 11,791,164 (2009 – 11,503,398) options outstanding to purchase common share at prices ranging from $0.31 Cdn to $6.95 Cdn.

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 periods ended September 30, 2010 and 2009 were $1,427,354 and $2,468,364 net of capitalized amounts and $1,848,269 and $3,201,962 prior to capitalized amounts respectively.

Options totaling 1,620,000 (2009 – 550,000) were granted during the nine month period ended September 30, 2010. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk free interest rate – 2.6%; expected life – 4.5 years; expected volatility – 82%; expected dividend yield – nil.

Per Share Information

In calculating basic and diluted net loss per common share amounts, the following weighted average shares were used:

	September 30, 2010 Number of shares	September 30, 2009 Number of shares
Weighted average number of shares outstanding	135,360,731	135,281,105
Effect of stock options	1,578,602	-
Diluted average number of shares outstanding	136,939,333	135,281,105

In calculating diluted net loss per share for the periods ended September 30, 2010 and 2009, the Company excluded weighted average exercisable stock options of 8,785,139 (2009 – 4,779,083) as they were anti-dilutive.

12. CONTRIBUTED SURPLUS

	September 30, 2010 $	December 31, 2009 $
Balance - beginning of period	15,605,999	11,664,179
Stock-based compensation	1,848,269	3,955,413
Transfer to share capital on exercise of stock options	(14,375)	(13,593)
Balance - end of period	17,439,893	15,605,999

13. OTHER COMPREHENSIVE INCOME

The consolidated assets and liabilities are translated from their functional currencies to the United States dollar reporting currency at the period end exchange rates and the results of changes in these rates are recorded as an unrealized gain (loss) in comprehensive income (loss) and accumulated comprehensive income (loss).

The Company recorded unrealized gains on translation of the consolidated assets and liabilities of $4,125,512 and $3,885,456 for the three and nine months ended September 30, 2010.

14. INCOME TAXES

The Company incurred losses in several of the countries that it operates in. Although the majority of the Company's operations are in the UK and Argentina, it maintains its head office in Canada. Certain costs incurred in Canada related to executive management, administrative and public company costs cannot be allocated to foreign operations resulting in non-capital loss carry-forwards in Canada. No accounting recognition has been given to the losses in Canada, Argentina or the UK as there is uncertainty with respect to the ability to generate sufficient taxable income to utilize the losses. All remaining operations in Argentina are located in Tierra del Fuego which is a tax-exempt province.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Operating activities:				
(Increase) decrease in current assets:				
Accounts receivable	(1,177,162)	(643,614)	(1,815,407)	(67,651)
Inventory and prepaid expenses	153,851	344,355	(40,406)	(63,552)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	(156,148)	(463,082)	456,460	(1,351,696)
Employee share ownership plan contribution	-	-	-	(6,859)
	(1,179,459)	(762,341)	(1,399,353)	(1,489,758)
Investing activities:				
(Decrease) in current assets:				
Accounts receivable	(126,752)	540,404	(336,154)	559,636
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	413,430	(503,845)	149,710	(1,588,684)
	286,678	36,559	(186,444)	(1,029,048)
Interest received	20,956	52,779	57,560	116,722
Income taxes paid	3,024	4,503	58,883	81,532

16. SEGMENTED INFORMATION

					September 30, 2010
	Revenue		(Loss)		Identifiable assets
	Three Months Ended $	Nine Months Ended $	Three Months Ended $	Nine Months Ended $	As at $
Canada	-	-	(1,390,178)	(4,361,933)	21,847,234
Argentina	4,014,569	9,845,487	626,353	216,397	31,729,139
United Kingdom	-	-	(386,500)	(1,135,528)	231,250,140
Total	4,014,569	9,845,487	(1,150,325)	(5,281,064)	284,826,513

					September 30, 2009
	Revenue		(Loss)		Identifiable Assets
	Three Months Ended $	Nine Months Ended $	Three Months Ended $	Nine Months Ended $	As at $
Canada	-	-	(1,349,079)	(4,543,071)	26,490,766
Argentina	4,236,161	9,581,360	305,465	(605,271)	36,069,335
United Kingdom	-	-	(707,819)	(1,340,592)	225,233,497
Total	4,236,161	9,581,360	(1,751,433)	(6,488,934)	287,793,598

17. COMMITMENTS AND CONTINGENCIES

The Company has several commitments in respect of its petroleum and natural gas properties and operating leases as at September 30, 2010 which are as follows:

	2010	2011	2012	2013	2014	Thereafter
($000's)						
United Kingdom						
• Fyne and Dandy (1)	238	35	10,024	24	24	24
• Causeway (2)	62	141	188	134	157	180
• 25th Bid Round(3)	374	295	12,078	18,000	-	-
Argentina						
• Tierra del Fuego(4)	496	650	650	650	650	1,300
Office Leases	73	293	256	107	107	349
Total	1,243	1,414	23,196	18,915	938	1,853

(1) The Company acquired a 75% working interest in Fyne and Dandy and upon approval of a Field Development Plan by DECC, has agreed to pay an additional $10 million as part of the acquisition cost of the block.

(2) Relates to Antrim's 65.5% interest in Causeway prior to the conditional sale of 30% interest to Valiant.

(3) The Company acquired two licences in the 25th bid round which include contingent drilling commitments estimated at $27 million in 2012 and 2013. These commitments will be waived by DECC if they agree that drilling the wells would not be an appropriate use of resources. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) Includes drilling rig commitments of $0.4 million.

On March 4, 2010, the Company announced that it had signed a Conditional Letter Agreement to sell a 30% interest in the UK North Sea Causeway property. The Company will receive up to $21,750,000 contributed to the Company's remaining share of development costs of bringing the field to production start-up. Completion of the transaction is subject to several conditions including the sanction of a Field Development Plan by the UK Department of Energy and Climate Change ("DECC") which is anticipated in 2011.

On October 6, 2010, Antrim announced the signing of an Earn-In Agreement ("EIA") with Premier Oil UK Limited ("Premier") to jointly explore development options for the Fyne Area. Premier paid Antrim $2 million in initial consideration for an option to acquire a 39.9% interest in the Fyne licence (Block 21/28a) in return for a up to a $50 million carried contribution, less the initial consideration, towards the pre-development and development costs of the Fyne Field. The EIA also provides Premier the option to participate up to 50% alongside Antrim in a planned drilling program in the Greater Fyne Area.

18. FINANCIAL AND CAPITAL MANAGEMENT

The Company's objective when managing its capital is to maintain adequate levels of funding to support its exploration and development program and provide flexibility in the future development of its business. Historically the Company raised all of its capital requirements from internally generated cash flow and the issuance of common shares and securities exchangeable for common shares. The Company's capital structure at September 30, 2010 consisted of common share capital of $276,471,136 and a loan from Valiant of $355,551. The Company had no bank debt at September 30, 2010.

Current restrictions on availability of credit may limit the Company's ability to access debt or equity financing for its development projects. The Company forecasts cash flows against a range of macroeconomic and financing market scenarios in an effort to identify future liabilities and arrange financing, if necessary. The Company has reduced the time frame in projecting its future expenditures from an annual budget to a quarterly and, where applicable, monthly forecast process. This reduction in the time horizon will allow the Company to better adapt to changing market conditions. Although the Company may need to raise additional funds from outside sources which may include a farm out of exploration and development assets, if available, in order to develop its UK properties, the Company maintains flexibility to manage financial commitments on these assets.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification categories, which depend on the purpose for which the financial instruments were acquired and their characteristics, include held-for-trading, available-for-sale, held-to-maturity, loans and receivables, investments, and other liabilities. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

The Company's financial instruments consist of cash, cash equivalents, and accounts receivable, investments in interest-bearing and non-interest bearing bonds and accounts payable. Cash and cash equivalents are categorized as held-for-trading and are accounted for at fair value with the change in fair value recognized in net income during the period. Accounts receivable and investment in bonds, as described in note 8, are classified as loans and receivables and are accounted for at amortized cost. Accounts payable are classified as other liabilities and are accounted for at amortized cost. Due to the short-term maturity of the Company's financial instruments, excluding long-term bonds, fair values approximate carrying amounts. The fair value of the long term bonds is not materially different than the carrying amount.

Financial risks

The Company is exposed to financial risks encountered during the normal course of its business. These financial risks are composed of credit risk, liquidity risk, and market risk including commodity price and foreign currency exchange risks.

(a) Credit risk

The Company is exposed to the risk that its counterparties will fail to discharge their obligations to the Company on its cash, cash equivalents, accounts receivable and certain non-current assets.

Cash and cash equivalents are on deposit with reputable Canadian and international banks, and therefore the Company does not believe these financial instruments are subject to material credit risk. All of the Company's oil and gas production in Argentina is sold to three purchasers. Factors included in the assessment of accounts receivable for impairment are the relationship between the purchaser and the Company and the age of the receivable. As at September 30, 2010, the Company has provided for an allowance for doubtful accounts which is not material.

The Company's maximum exposure to credit risk of $30,498,645 at September 30, 2010 is equal to the carrying amount of cash, cash equivalents, restricted cash, accounts receivable and certain non-current assets on the Company's balance sheet on that date. These non-current assets are primarily VAT receivable and interest bearing bonds that are obligations of the Argentina government or government agencies and the non-interest bearing bond from Tripetrol Holdings Inc.

(b) Liquidity risk

The Company is exposed to liquidity risk from the possibility that it will encounter difficulty meeting its financial obligations. The Company manages this risk by forecasting cash flows in an effort to identify future liabilities and arrange financing, if necessary. It may take many years and substantial cash expenditures to pursue exploration and development activities on all of the Company's existing undeveloped properties. Accordingly, the Company may need to raise additional funds from outside sources in order to explore and develop its properties. There is no assurance that adequate funds from debt and equity markets will be available to the Company in a timely manner.

At September 30, 2010, the Company had working capital of $26,332,607 compared to $31,959,752 at December 31, 2009. The contractual maturities of the Company's financial liabilities at September 30, 2010 are all less than one year.

(c) Market risk

Market risk consists of commodity price risk and foreign currency exchange risk.

(d) Commodity price risk

Currently all of the Company's oil and gas revenue is from oil and gas properties in Argentina. Oil prices in Argentina are subject to domestic market discounts, which results in prices significantly below benchmark prices. Oil exports from Argentina are subject to export taxes which effectively limit the maximum price that producers could receive for crude oil exports to $42 per barrel, regardless of the price of WTI. The discount on domestic sales results in a similar ceiling, after quality adjustments, within the domestic market. Gas sales are based on fixed long term sales contracts of up to four years, spot sale pricing and domestic market discounted pricing. As there is currently no ability to export gas from Tierra del Fuego, the discount prices and lack of export market results in a ceiling on industrial long term and spot sales prices. Further regulatory changes to the domestic market prices or export tax regime may have an adverse impact on the Company's net revenues, cash flow and earnings.

(e) Foreign currency exchange risk

The Company is exposed to fluctuations in foreign currency exchange rates as many of the Company's financial instruments are denominated in United States dollars, British pounds sterling ("£") or ARS. As a result, fluctuations in the United States dollar, British pounds sterling, and Argentine peso against the Canadian dollar could result in unanticipated fluctuations in the Company's financial results. The Company seeks to minimize foreign exchange risk by holding cash and cash equivalents in Canadian dollars when not required in support of current operations.

The Company's sensitivity to foreign currency exchange risk at September 30, 2010 of a possible 10% strengthening in the Canadian dollar is as follows:

	US $	£	ARS
		US $ Equivalent	
Increase (decrease) in loss before taxes	(4,000)	(107,000)	-
Increase (decrease) in Other Comprehensive Income	26,585,000	106,000	(2,593,000)

20. RELATED PARTY TRANSACTIONS

The Company may from time to time enter into arrangements with related parties which are accounted for at the exchange amount. In the first three quarters of 2010, the Company incurred fees of $132,857 (2009 - $27,661) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner.

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Burstall Winger LLP

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of Reserves Committee

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STOCK EXCHANGE LISTINGS

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