ANTRIM ENERGY INC.

Q1 2011

INTERIM FINANCIAL REPORT – FIRST QUARTER 2011

Three Months Ended March 31, 2011

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

HIGHLIGHTS:

- **Antrim to drill three wells in the UK North Sea**
- **Joint venture with Premier Oil on the Fyne Field proceeding**
- **Heads of Terms export agreement signed for Causeway oil production**
- **Average gas price in Argentina increased 12% to $2.08 per mcf**
- **Antrim raised Cdn $48.5 million from equity financing**
- **Current cash position of $76 million and no bank debt**

In the first quarter 2011, average production in Argentina was 1,640 barrels of oil equivalent per day ("boepd") compared to 1,835 boepd in the first quarter 2010. The decline in production is attributable to the sale of the Puesto Guardian property in February 2010, as well as scheduled gas plant maintenance and service rig repairs in Tierra del Fuego.

Oil and gas revenue, net of royalties, was $2.4 million for the three months ended March 31, 2011 compared to $2.7 million for the same period in 2010. Net revenue decreased as a result of lower oil and gas sales partially offset by higher oil and gas prices received. Antrim generated cash flow from operations of $0.6 million for the three months ended March 31, 2011 compared to a cash flow deficiency of $0.2 million for the same period in 2010.

Antrim's average gas price for the first quarter of 2011 was $2.08 per mcf compared to $1.85 per mcf for the same period in 2010, a 12% increase. For the first quarter, oil prices averaged $55.00 per barrel compared to $46.54 per barrel for the same period in 2010, an 18% increase.

On April 5, 2011, Antrim announced that a Heads of Terms agreement had been signed for the export of Causeway crude oil to the Cormorant North production platform. The Cormorant North platform is operated by TAQA Bratani Limited and is located approximately 15 km west of the Causeway Field.

On April 4, 2011, Antrim announced that Premier Oil UK Limited ("Premier") had elected to drill the East Fyne well under the Earn-In Agreement ("EIA") previously announced on October 6, 2010. The well is an appraisal well designed to de-risk the eastern extent of the Fyne Field and is expected to be drilled before the end of 2011. Under the terms of the EIA, Antrim will be carried for all development expenses, including the East Fyne drilling costs, up to $50 million.

On March 28, 2011, Antrim announced that it had signed a Letter of Award ("LOA") to provide well project management and drilling services for two wells commencing in the third quarter of 2011.

On March 17, 2011, Antrim issued 48,191,700 common shares at a price of Cdn $1.07 per common share for gross proceeds of Cdn $51.6 million (net proceeds Cdn $48.5 million) which included 6,191,700 common shares issued to the underwriters pursuant to the 98.3% exercise of the over-allotment option. Net proceeds from the equity financing will be used for exploration of the Greater Fyne Area including the West Teal Prospect and either the Carra or Erne Prospects.

Financial and Operating Results (unaudited)

	Three Months Ended March 31	
	2011	**2010**
Financial Results ($000's, except per share data)		
Revenue, net of royalties	2,384	2,658
Cash flow (used in) from operations (1)	608	(248)
Cash flow (used in) from operations per share (1)	0.00	(0.00)
Net (loss)	(1,136)	(1,294)
Net (loss) per share – basic	(0.01)	(0.01)
Total assets	286,784	226,606
Working capital	75,307	30,686
Capital expenditures	1,623	953
Common shares outstanding (000's)		
End of period	183,982	135,353
Weighted average – basic	143,206	135,352
Weighted average – diluted	144,742	137,264
Production		
Oil, natural gas and NGL production (boe per day) (2)	1,640	1,835

(1) Cash flow from operations and cash flow from operations per share are Non-IFRS Measures. Refer to "Non-IFRS 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 April 4, 2011, Antrim announced that Premier had elected to drill the East Fyne well in the Fyne Field in P077 Block 21/28a (the "Fyne Licence") under the EIA signed in October 2010. The appraisal well is designed to de-risk the eastern extent of the Fyne Field and is expected to be drilled in the third quarter of 2011. The well will be drilled at no cost to Antrim and the cost of drilling, completion and/or abandonment will be deducted from Premier's $50 million carried contribution.

The election by Premier resulted in the transfer of a 39.9% working interest and operatorship of the Fyne Licence from Antrim to Premier, with Antrim retaining a 35.1% working interest.

The Fyne Licence expires on November 25, 2011. The UK Department of Energy and Climate Change ("DECC") has agreed to a three year extension on the condition that a Field Development Plan ("FDP") is submitted by December 25, 2011 or by June 25, 2012 if the East Fyne appraisal well is drilled on the licence prior to expiry in November 2011.

Antrim is continuing to work with Premier on the identification of alternative export routes. The preferred production system will 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 satellite fields. First production is anticipated in the middle of 2013.

The EIA also provides Premier with the option to participate at a "promoted" 20% to 50% working interest alongside Antrim in a planned drilling program on Antrim's 100% licences surrounding the Fyne Field (the "Greater Fyne Area").

Greater Fyne Area

In addition to the Fyne development, Antrim has identified several high priority drilling prospects on Antrim licences surrounding the Greater Fyne Area. Initial drilling targets are expected to be the West Teal Upper Jurassic Fulmar Prospect, at 10,400 feet true vertical depth, in P1625 Block 21/24b, the Carra Eocene Tay Prospect in P1563 Block 21/28b at 5,000 feet drilling depth, and the Erne Tay Prospect in P1875 Block 21/29d at 5,600 feet drilling depth. The West Teal Prospect contains a discovery well drilled by a previous operator in 1991 that was subsequently abandoned after encountering mechanical problems.

Antrim signed a LOA for project management and drilling services for two wells commencing in the third quarter of 2011. The estimated duration for the drilling of the two wells is 50 days, not including testing. Antrim completed the site survey work over the West Teal, Carra and Erne Prospects in April 2011. Premier retains a right to participate up to 50% in the Greater Fyne Area exploration program.

Antrim announced on October 28, 2010 that two new licences were offered to Antrim by DECC in the UK 26th Seaward Licensing Round. Licence documents were executed, effective January 10, 2011, for P1875 Block 21/29d (Antrim 100%) located in the Greater Fyne Area, and P1784 Block 21/7b (Premier 70%, Antrim 30%) located north of the Greater Fyne Area. Both blocks contain additional drilling prospects, which are currently being evaluated.

Causeway Field

In March 2010, Antrim signed a Conditional Letter Agreement ("CLA") with Valiant Petroleum plc ("Valiant") to sell a 30% interest in P201 Block 211/22a South East Area and P1383 Block 211/23d (the "Causeway Licences"). In return, Antrim will receive up to $21.75 million towards its remaining working interest share of development costs of the Causeway Field. Completion of the transaction is subject to several conditions, including sanction of a FDP and the consent of DECC.

As part of the transaction, Antrim transferred operatorship of the licences to Valiant. Following completion of the transaction, Antrim will retain a 35.5% working interest in the Causeway Licences.

On April 5, 2011, Antrim announced that a non-binding Heads of Terms agreement had been signed for the export route of Causeway crude oil to the Cormorant North production platform. The Cormorant North platform is operated by TAQA Bratani Limited and is located approximately 15 km west of the Causeway Field.

Antrim and Valiant are currently discussing the FDP to be submitted to DECC with respect to the Causeway Field. Among the items being discussed is Valiant's estimate of reserves associated with Phase II and later production phases of the field, which may be lower than that of Antrim and its independent reserve evaluator McDaniel & Associates Consultants Ltd. Such discussions are at a preliminary stage and subject to finalization as the process of preparing the FDP evolves. Antrim expects that a finalized FDP will be submitted to DECC with a target of achieving first production in the middle of 2012.

Argentina

Antrim completed a ten (net 2.5) well drilling program on its Tierra del Fuego Concessions in southern Argentina in 2010. The program targeted the liquid-rich gas bearing sandstone reservoirs of the Springhill Formation in the Los Flamencos Field. Of the ten wells drilled, eight were cased for production and two were plugged and abandoned. Three cased wells were completed and tied-in in 2010. Of the remaining five wells, four have recently been fracture stimulated. Three wells flowed gas and are currently going through a cleanup period before final testing. The fourth well tested oil and has been put on pump for cleanup and test. The remaining cased well will be fracture stimulated later in 2011. With the stimulation and tie-in of the four wells, Antrim's daily production is expected to average approximately 1,750 boepd in 2011.

Antrim's average gas price for the first quarter of 2011 was $2.08 per mcf compared to $1.85 per mcf for the same period in 2010, a 12% increase. In the first quarter of 2011, oil prices averaged $55.00 per barrel compared to $46.54 per barrel for the same period in 2010, an 18% increase.

Antrim sells all of its oil production and approximately 81% 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 $0.5 million (2010 - $0.4 million) is reported as other income and is not included in Antrim's per unit sales prices.

Antrim's field netbacks in Argentina, based on sales, were $8.96 (2010 - $7.86) per boe for the three month periods ended March 31, 2011. The increase in the 2011 field netbacks, as compared to 2010, was due to the lower operating costs partially offset by a higher proportion of gas to oil sales.

The Company applied for "Gas Plus" pricing incentives for new gas that will be produced from the wells drilled in 2010. The submission has received a favourable technical review and Antrim is now awaiting final government approval. If approved by the federal authorities, this will permit Antrim to sell a portion of its gas in the higher-priced industrial market on the mainland.

In December 2010 Antrim entered into an agreement to acquire a 50.1% interest in and operatorship of the 307,215 acre Cerro de Los Leones Exploration Concession, located in Argentina's Neuquén Basin. Cerro de Los Leones is situated in the northern portion of the Neuquén Basin in the Province of Mendoza. The existing 2-D seismic coverage of 700 km provides regional control and has identified numerous lower Tertiary and Cretaceous structural and stratigraphic leads at drilling depths of between 5,000 and 8,200 feet. Antrim continues to work on obtaining the necessary environmental approvals to shoot a 3-D seismic program in the second half of 2011. At least one exploration well is planned for the latter part of 2011.

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.

Tanzania

In December 2010, two agreements were signed in Tanzania which are expected to lead to the resumption of exploration activities on the production sharing agreement for the Pemba-Zanzibar exploration licence offshore and onshore Tanzania (the "P-Z PSA"). Antrim holds an option for a 20% carried interest in the P-Z PSA through the pre-drilling phase and an additional 10% option to be exercised up to 180 days following receipt of the initial drilling results. The carried interests would be repaid from future production. The P-Z PSA has been in a state of effective force majeure for several years due to a dispute between the federal government of Tanzania and the provincial government of Zanzibar regarding revenue sharing, and access to the licence area for petroleum exploration activities has been blocked. RAK Gas, the operator, is currently drafting a revised work program for the P-Z PSA for submission to the government of Tanzania.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") provides a detailed explanation of Antrim Energy Inc.'s (the "Company" or "Antrim") operating results for the first quarter ended March 31, 2011 compared to the first quarter ended March 31, 2010 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 May 24, 2011. The interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all comparative figures for 2010 have been restated using IFRS. Unless otherwise noted all amounts are reported in United States dollars.

Transition to International Financial Reporting Standards

On January 1, 2011, Antrim adopted IFRS for Canadian publicly accountable enterprises as required by the Accounting Standards Board of Canada. Prior to the adoption of IFRS, Antrim followed Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Antrim has reported its results in accordance with IFRS starting in the first quarter 2011, with comparative IFRS information for the 2010 fiscal year. All amounts are unaudited. Note 3 to Antrim's interim consolidated financial statements as at and for the three months ended March 31, 2011 outlines Antrim's IFRS accounting policies and Note 15 provides details of Antrim's IFRS 1 elections and reconciliations between Canadian GAAP and IFRS.

Non-IFRS Measures

Cash flow from operations, cash flow from operations per share and netback do not have standard meanings under IFRS 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. Reconciliation of cash flow from operations to its nearest measure prescribed by IFRS is provided below.

Calculation of Cash Flow from Operations

	Three Months Ended March 31	
	2011	**2010**
$		
Cash flow from (used in) operating activities	2,033	(733)
Less: Increase (decrease) in non-cash working capital	1,425	(485)
Cash flow (deficiency) from operations	608	(248)

Financial and Operating Review

Oil, Natural Gas and NGL Revenue and Production

Revenue

Revenue, net of royalties, from the sale of oil, natural gas and NGL for the three month periods ended March 31, 2011 and 2010 consisted of the following:

	Three Months Ended March 31	
	2011	**2010**
($000's)		
Oil	1,160	1,467
Natural gas	1,542	1,453
NGL's	136	196
Total Oil, Natural Gas and NGL Revenue	2,838	3,116
Less: Royalties	(454)	(458)
Net Oil, Natural Gas and NGL Revenue	2,384	2,658

Net revenue after royalties of $2.4 million for the three months ended March 31, 2011 decreased from $2.7 million in the same period in 2010. The decrease in net revenue is a result of lower oil sales volumes, partially offset by higher gas sales, higher oil and gas prices and lower royalties.

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 March 31, 2011, Antrim held 14,600 (March 31, 2010 – 21,000) barrels of oil in inventory in Tierra del Fuego.

Oil production from the Tierra del Fuego Concessions is sold with reference to the price of West Texas Intermediate ("WTI") crude oil less a quality discount. Domestic oil sales are also 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.

Oil prices averaged $55.00 per barrel in the first quarter ended March 31, 2011 compared to $46.54 per barrel in 2010. Average oil prices increased due to higher demand.

Antrim's gas sales prices in Argentina averaged $2.08 per mcf in the three month period ended March 31, 2011 compared to $1.85 per mcf for the same period in 2010. Average gas prices increased due to the negotiation of higher priced contracts.

NGL prices, before export taxes, averaged $36.01 per barrel in the first quarter ended March 31, 2011 compared to $42.04 per barrel for the comparable period in 2010. NGL prices decreased in 2011 as compared to 2010, as the Argentina Secretary of Energy only allowed exports of NGL to Chile in February, resulting in increased sales of NGL into the lower-priced mainland and Tierra del Fuego markets.

Royalty expenses, as a percentage of total revenue, were 16.0% in 2011 compared to 14.7% in 2010 due to an adjustment in deductible operating expenses in prior periods.

Production

The following table provides a comparative analysis of average daily production of oil, natural gas and NGL for the three month periods ended March 31, 2011 and 2010:

	Three Months Ended March 31	
	2011	**2010**
Oil (bbl/day)	277	401
Natural gas (mmcf/day)	7.8	8.2
NGL (bbl/day)	57	64
Total Production (boe/day)	1,640	1,835

Gas and NGL production decreased for the three months ended March 31, 2011, as compared to the same period in 2010, due to scheduled gas plant maintenance. Oil production decreased due to the sale of the Puesto Guardian property in 2010, and repairs to the workover rig in Tierra del Fuego.

Netbacks

The following table provides a comparative analysis of field netbacks, based on sales, for the three month periods ended March 31, 2011 and 2010:

	Three Months Ended March 31	
	2011	**2010**
$/boe		
Wellhead price	19.93	19.54
Royalties	(3.19)	(2.87)
Export tax	(0.26)	(0.36)
Production and operating expenses	(7.52)	(8.45)
Netback	8.96	7.86
Oil, Natural gas and NGL sales (boe)	142,386	159,488
Oil, Natural gas and NGL sales (boepd)	1,582	1,772

Field netbacks increased in 2011, as compared to 2010, primarily due to lower production and operating costs partially offset by a higher proportion of gas to oil sales in 2011.

Although oil and gas prices increased significantly in the first quarter 2011 as compared to 2010, the average wellhead price increased marginally as lower valued gas, on a boe basis, accounted for 83% of sales in 2011, as compared to 77% in 2010.

The elimination of high production and operating costs related to the sale of Puesto Guardian in February 2010 resulted in operating costs on a boe basis decreasing to $7.52 compared to $8.45 for 2010.

Depletion and Depreciation

Depletion and depreciation expense was $1.1 million for the first quarter of 2011 compared to $1.2 million in 2010. The consolidated per unit charge for 2011 was $7.37 per boe compared to $7.04 per boe in the same period of 2010. No depletion was recorded with respect to the $179.7 million of exploration and evaluation assets.

General and Administrative

General and administrative ("G&A") costs were $1.6 million in the first quarter 2011 compared to $1.8 million for the same period in 2010. In the first quarter of 2011 and 2010, Antrim capitalized $0.2 million of G&A costs related to exploration and evaluation activity. Included in G&A is $0.3 million (2010 - $0.3 million) of share-based payments.

Other Income

Other income relates to VAT retention from operating in Tierra del Fuego and was $0.5 million (2010 - $0.4 million) for the three months ended March 31, 2011.

Finance Costs

Finance costs were $0.2 million for the three month period ended March 31, 2011 (2010 - $0.3 million) and relates to foreign exchange and accretion of asset retirement obligations.

Income Taxes

The following table provides a comparative analysis of income tax expenses for the three month periods ended March 31, 2011 and 2010:

	Three Months Ended March 31 2011	2010
($000's)		
Current income taxes	77	3
Deferred income taxes	-	-
Total	77	3

Current income taxes relate to a minimum tax incurred based on the book value of assets in Argentina.

Deferred income taxes arise from differences between accounting and the tax basis of assets and liabilities. As of March 31, 2011, no deferred 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. Income generated in Tierra del Fuego is tax exempt.

Foreign Exchange Loss on Translation

The functional currency of the Company is the Canadian dollar, while its presentation 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 capital costs 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 pound sterling, Argentine peso, and US dollar could result in unanticipated fluctuations in the Company's financial results.

The Company incurred a foreign exchange gain on translation of foreign operations of $7.1 million for the three month period ended March 31, 2011 compared to a loss of $8.5 million in the same period in 2010, which has been recorded in other comprehensive income (loss).

Cash Flow and Net Loss

In the three month period ended March 2011, Antrim generated cash flow from operations of $0.6 million ($0.00 per share) compared to a cash flow from operations deficiency of $0.2 million ($0.00 per share) in the same period in 2010.

In the first quarter of 2011 and 2010, Antrim incurred net losses of $1.1 million and $1.3 million respectively.

Capital Expenditures

Antrim incurred capital expenditures related to exploration and evaluation assets of $0.7 million and $(0.4) million for the first quarter of 2011 and 2010. Included in exploration and evaluation capital expenditures is $0.1 million (2010 - $0.1 million) of capitalized share-based payments. These expenditures relate to ongoing development costs on the UK properties.

Capital expenditures incurred related to petroleum, plant and equipment were $0.9 million and $1.2 million for the first quarter of 2011 and 2010. In 2011 the costs related to fracturing of wells drilled in 2010 in Tierra del Fuego.

Financial Resources and Liquidity

As at March 31, 2011, Antrim had working capital of $75.3 million and no bank debt. There were no restrictions on the use of cash and cash equivalents at March 31, 2011. Accounts payable and accrued liabilities increased to $4.0 million at March 31, 2011 from $3.2 million as at December 31, 2010.

In March 2011, Antrim completed an equity financing with gross proceeds of Cdn $51.6 million (net proceeds of Cdn $48.5 million).

As part of the CLA 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 March 31, 2011 was $1.3 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 operations needs in Canadian denominated short-term bankers' acceptances and money market instruments.

Although there have been 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, if available, in order to develop both of its major UK properties, the Company maintains flexibility to manage its financial commitments.

Antrim's planned capital program for 2011 includes ongoing development of the Fyne and Causeway Fields, and the exploration of the 25th and 26th bid round licences in the UK North Sea and the Cerro de Los Leones property in Argentina. Fyne and Causeway will be initially funded by the carried interest obtained from the EIA and CLA, respectively. The remaining capital expenditures will be funded by existing cash resources combined with operating cash flow. With the net proceeds from the March 2011 equity financing, Antrim plans to drill two exploratory wells in the UK North Sea.

Contractual Obligations and Commitments

Antrim has several commitments in respect of its petroleum and natural gas properties and operating leases as at March 31, 2011 as follows:

	2011	**2012**	**2013**	**2014**	**2015**	**Thereafter**
($000's)						
United Kingdom						
• Fyne and Dandy (1)	34	10,024	25	25	25	25
• Causeway (2)	143	190	33	33	33	33
• 25th Bid Round(3)	31,158	3,083	-	-	-	-
• 26th Bid Round(4)	171	6,080	13	13	-	-
Argentina						
• Tierra del Fuego	158	650	650	650	650	1,300
• Cerro de Los Leones (5)	3,006	2,029	1,904	-	-	-
Office Leases	227	266	114	114	114	256
Total	34,897	22,322	2,739	835	822	1,614

(1) The Company acquired a 75% working interest in the Fyne Licence 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 the Causeway Licences 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 which Antrim has committed to drill in the third quarter 2011. Antrim has engaged drilling services for an estimated cost of $31 million. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) The Company acquired two licences in the 26th bid round which include firm drilling commitments estimated at $6 million in 2012. The remaining licence include committed licence fees and seismic costs to drill or drop decision.

(5) Relates to Antrim's 50.1% interest in the exploration concession and includes seismic and firm well commitment costs.

Outlook

Antrim expects to have a FDP for the Causeway Field submitted and approved in 2011 for an anticipated production startup in the middle of 2012. Production startup from the Fyne Field is anticipated in the middle of 2013.

In 2011, Antrim will use its strong financial position to take a leading role in the exploration of the Greater Fyne Area. The drilling program is scheduled to begin in the third quarter with a well drilled to test a Jurassic Fulmar oil prospect. The well is expected to take 55 days to drill and test and cost approximately $30 million.

An additional exploration well in the Greater Fyne Area is expected to be drilled to test an Eocene Tay oil target. The well is expected to take 19 days to drill, at an estimated cost of $12 million.

An East Fyne appraisal well is also scheduled to be drilled on the Fyne Field in the third quarter 2011. This well is intended to de-risk the eastern extent of the Fyne Field and will extend the submission deadline of the FDP for Fyne to June 25, 2012. Antrim together with its partners, continues to work towards identifying the most attractive export route for future oil production from the Fyne Field. Under the terms of the EIA, Antrim's costs up to $50 million are paid by Premier.

In Argentina, Antrim's focus will be on the recently acquired Cerro de Los Leones Exploration Concession (Antrim 50.1% and operator) in the Neuquén Basin. A 3-D seismic program will be shot to support the drilling of at least one exploration well on the licence in 2011. Cash flow from Antrim's expected 1,750 boepd from Tierra del Fuego will be used to support this exploration program.

In East Africa, Antrim holds an option to participate up to 30% working interest in an exploration program on the Tanzanian P-Z PSA. This region has recently experienced a significant increase in exploration activity, with several major discoveries announced by Anadarko and British Gas. The P-Z PSA has been in an effective force majeure for several years. Antrim expects this impasse could be resolved with the recently announced agreement signed with RAK Gas LLC, a UAE–based exploration and production company with interests elsewhere in Tanzania.

Antrim also considers other global exploration opportunities and 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	Cash Flow from Operations (deficiency)	Loss	Loss Per Share – Basic
IFRS				
2011				
First quarter	2,384	608	1,136	0.01
2010				
Fourth quarter	2,260	(1,767)	2,112	0.02
Third quarter	3,545	1,925	190	0.00
Second quarter	2,295	(141)	1,423	0.01
First quarter	2,658	(248)	1,294	0.01
Previous Canadian GAAP				
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

Antrim's net revenue and cash flow from operations has fluctuated over the quarters due to intermittent shipments of crude oil from Tierra del Fuego, increasing oil and gas prices and lower oil production due to decline rates and property sales in early 2010. Fourth quarter cash flow from the operations in 2010 was negatively impacted by lower production and higher general and administrative expenses.

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 IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the first quarter of 2011 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.

Related Party and Off-Balance Sheet Transactions

Antrim may from time to time enter into arrangements with related parties. In the first quarter of 2011, Antrim incurred fees of $153,234 (2010 - $87,456) 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 three months of 2011.

Risks and Uncertainties

The oil and gas industry is subject to 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 and access to off-shore production facilities in the UK. The oil and natural gas industry is intensely competitive and the Company competes with a large number of companies that have greater resources.

The Fyne Licence expires on November 25, 2011. DECC has agreed to a three year extension on the condition that an FDP is submitted by December 25, 2011 or by June 25, 2012 if an appraisal well is drilled on the licence prior to expiry in November 2011, which is expected to be drilled in the third quarter of 2011. First production must be achieved within the three year licence extension period in order to obtain a further licence extension. Antrim expects first production to be achieved in 2013.

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 exploration or 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 only source of revenue is from one oil and gas property in Argentina. A number of risks are associated with conducting foreign operations over which the Company has no control, including 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 28, 2011 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 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 as identified in the CLA and Antrim’s reliance on industry partners for the development of some of its properties. 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, Antrim’s ability to finalize the sale of a portion of the Causeway Field to Valiant, Premier exercising its option to acquire a portion of the Fyne Licence, Antrim's ability to obtain access to sub-sea or floating facility including transportation and production storage offshore providers, and Antrim's reliance on industry partners for the development of some of its properties, 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 concession 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, 2010. 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. Mr. Fulton has over 30 years operating experience in the upstream oil and gas industry.

Antrim Energy Inc.
Consolidated Balance Sheet
As at March 31, 2011 (unaudited)
(Amounts in US$ thousands)

	Note	March 31 2011 $	December 31 2010 $	January 1 2010 $
Assets				
Current assets				
Cash and cash equivalents		76,205	25,650	31,169
Accounts receivable		2,088	3,530	3,278
Inventory and prepaid expenses		993	727	937
		79,286	29,907	35,384
Exploration and evaluation assets	4	179,685	171,850	176,588
Property, plant and equipment	5	25,661	26,129	24,932
Investments and other non-current assets	6	2,152	2,026	1,274
		286,784	229,912	238,178
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		2,703	2,413	3,425
Loan from Valiant		1,277	836	-
		3,980	3,249	3,425
Asset retirement obligations	7	7,812	7,380	7,664
		11,792	10,629	11,089
Commitments and contingencies	12			
Shareholders' equity				
Share capital	8	361,506	312,062	311,946
Contributed surplus		18,715	18,377	16,929
Deficit		(107,940)	(106,804)	(101,786)
Accumulated other comprehensive income (loss)		2,711	(4,352)	-
		274,992	219,283	227,089
		286,784	229,912	238,178

Antrim Energy Inc.

Consolidated Statement of Loss and Comprehensive (Income) Loss
For the three months ended March 31, 2011 and 2010 (unaudited)
(Amounts in US$ thousands, except per share data)

	Note	2011 $	2010 $
Revenue, net of royalties		(2,384)	(2,658)
Production and operating expenditures		1,004	1,348
Depletion and depreciation		1,096	1,212
General and administrative expenses		1,622	1,827
Exploration and evaluation expenditures		161	297
Other income		(498)	(434)
Export taxes		37	57
Gain on disposals	5	-	(622)
		1,038	1,027
Finance income		(130)	(44)
Finance costs		151	308
Loss for the period before income taxes		1,059	1,291
Income tax expense		77	3
Net loss for the period		1,136	1,294
Other comprehensive (income) loss			
Exchange differences on translation of foreign operations		(7,063)	8,458
Other comprehensive (income) loss for the period		(7,063)	8,458
Comprehensive (income) loss for the period		(5,927)	9,752
Net loss per common share			
Basic		0.01	0.01
Diluted		0.01	0.01

Antrim Energy Inc.

Consolidated Statement of Changes in Equity
For the three months ended March 31, 2011 and 2010 (unaudited)
(Amounts in US$ thousands)

	Note	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total $
Balance, January 1, 2010	15	**311,946**	**16,929**	**-**	**(101,786)**	**227,089**
Net loss for the period		-	-	-	(1,294)	(1,294)
Other comprehensive loss		-	-	(8,458)	-	(8,458)
Share-based compensation	9	-	434	-	-	434
Stock options exercised		2	(1)	-	-	1
Balance, March 31, 2010		**311,948**	**17,362**	**(8,458)**	**(103,080)**	**217,772**
Balance, January 1, 2011		**312,062**	**18,377**	**(4,352)**	**(106,804)**	**219,283**
Net loss for the period		-	-	-	(1,136)	(1,136)
Other comprehensive income		-	-	7,063	-	7,063
Issuance of common shares	8	52,297	-	-	-	52,297
Share issuance costs	8	(2,977)	-	-	-	(2,977)
Share-based compensation	9	-	389	-	-	389
Stock options exercised		124	(51)	-	-	73
Balance, March 31, 2011		**361,506**	**18,715**	**2,711**	**(107,940)**	**274,992**

Antrim Energy Inc.

Consolidated Statement of Cash Flows
For the three months ended March 31, 2011 and 2010 (unaudited)
(Amounts in US$ thousands)

	Note	2011 $	2010 $
Cash Provided by (used in):			
Operating Activities			
Net loss for the period		(1,136)	(1,294)
Items not involving cash:			
Depletion and depreciation		1,096	1,212
Accretion of asset retirement obligations		68	76
Accretion of financial asset		(38)	-
Share-based payments		260	293
Foreign exchange loss		358	87
Gain on disposal		-	(622)
		608	(248)
Changes in non-cash working capital items	10	1,425	(485)
		2,033	(733)
Financing Activities			
Issue of common shares	8	52,370	1
Share issue expenses	8	(2,977)	-
		49,393	1
Investing Activities			
Capital expenditures		(1,623)	(953)
Other non-current assets		(107)	(570)
		(1,730)	(1,523)
Effects of foreign exchange on cash and cash equivalents		859	461
Net increase (decrease) in cash and cash equivalents		50,555	(1,794)
Cash and cash equivalents – beginning of period		25,650	31,169
Cash and cash equivalents – end of period		76,205	29,375
Cash and cash equivalents are comprised of:			
Cash in bank		5,155	5,430
Short-term deposits		71,050	23,945
		76,205	29,375
Interest received		94	44
Income taxes paid		77	3

1) Nature of operations

Antrim Energy Inc. ("Antrim" or the "Company") is a Calgary based oil and natural gas company. Through subsidiaries, the Company conducts exploration, development and production activities in Argentina and exploration activities in the United Kingdom. Antrim Energy Inc. is incorporated and domiciled in Canada. The address of its registered office is 1600, 333 – 7th Avenue S.W, Calgary, Alberta, Canada.

2) Basis of presentation

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles, specifically International Accounting Standard 34 *Interim Financial Reporting* within Part 1 of the Canadian Institute of Chartered Accountants (CICA) Handbook. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the company as at and for the year ended December 31, 2010.

These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS 1 *First-Time Adoption* of *International Financial Reporting Standards* ("IFRS 1") has been applied. In previous years, the company prepared its consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles in effect prior to January 1, 2011 ("Canadian GAAP"). Comparative information has been restated from Canadian GAAP to IFRS. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the company is provided in note 15 of these consolidated financial statements.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of May 24, 2011, the date the Audit Committee of the Board of Directors approved the financial statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the adjustments recognized on transition to IFRS.

b) Presentation currency

In these interim consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States (U.S.) dollars. Antrim's functional currency is Canadian dollars, however, the Company has adopted the U.S. dollar as its presentation currency to facilitate a more direct comparison to other North American oil and gas companies with international operations.

c) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and assumptions about carrying values of assets and liabilities are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Estimation of reserve quantities

Depletion, depreciation, impairment and asset retirement charges are measured based on the Company's estimate of oil and gas reserves. The estimation of reserves is an inherently complex process and involves the exercise of professional judgment. Reserves have been evaluated at the balance sheet date by independent qualified reserve evaluator in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and are based on the definitions and guidelines contained in the Canadian Oil and Gas Evaluation Handbook.

Oil and gas reserve estimates are based on a range of geological, technical and economic factors including projected future rates of production, estimated commodity prices, engineering data, reserve grade and timing and amount of future expenditures, all of which are subject to uncertainty. Assumptions reflect market and regulatory conditions existing at the balance sheet date, which could differ significantly from other points in time throughout the year, or future periods. Changes in market and regulatory conditions and assumptions can materially impact the estimation of net reserves. See Note 5 for details of the property, plant and equipment balance.

Exploration and evaluation costs

Exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about future events and circumstances regarding the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop and extract the underlying resources. Fluctuations in future commodity prices, resource quantities, expected production techniques, unsuccessful drilling, production costs and required capital expenditures are important factors when making this determination. If a judgment is made that extraction of the reserves is not viable, the exploration and evaluation costs will be written off to net earnings. See Note 4 for details of the exploration and evaluation assets

Decommissioning and restoration costs

The Company recognizes liabilities for the future decommissioning and restoration of property, plant and equipment. These provisions are based on estimated costs, which take into account the anticipated method and extent of restoration consistent with legal requirements, technological advances and the possible use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience and prices. The actual timing of future decommissioning and restoration is not known and may change due to certain factors, including reserve life. Changes to assumptions made about future expected costs, discount rates and timing may have a material impact on the amounts presented. See Note 7 for details of the asset retirement obligations balance.

Impairment of property, plant and equipment

The recoverable amounts of cash-generating units and individual assets have been determined based on greater of value-in-use or fair value less costs to sell calculations. The key assumptions the Company uses in estimating future cash flows for purposes of calculating value-in use or fair value less costs to sell are future oil prices, expected production volumes and refining margins. Changes to these assumptions will affect the recoverable amounts of cash-generating units and individual assets and may then require a material adjustment to their related carrying value.

3) Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

b) Business combinations

Business combinations that occurred prior to January 1, 2010 were not accounted for in accordance with IFRS 3 *Business Combinations* or IAS 27 *Consolidation and Separate Financial Statements* as the Company applied the IFRS 1 *First-time Adoption of International Financial Reporting Standards* exemption discussed in Note 15.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit and loss.

c) Foreign currency translation

In preparing the financial statements of the Company's subsidiaries, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the balance sheet date. Foreign exchange differences arising on translation are recognized in earnings. Non-monetary assets that are measured in terms at historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

In preparing the Company's consolidated financial statements, the financial statements of each entity are first translated into Canadian dollars, the functional currency of the Company. The consolidated financial statements of the Company are then translated into U.S. dollars, the Company's presentation currency. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive income and reclassified to net earnings upon disposal of the foreign operation.

d) Interest in joint ventures

Jointly controlled operations

A jointly controlled operation involves the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity.

The Company recognizes in its financial statements the assets that it controls and the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint venture.

Jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by the Company and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

The Company accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture and any expenses it incurs in relation to its interest in the joint venture.

e) Oil and natural gas exploration, evaluation and development expenditure

Pre-license costs

Costs incurred prior to obtaining the legal right to explore for hydrocarbon resources are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalized as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include geological and geophysical costs, employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no reserves are found, the exploration asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. by drilling further wells), are likely to be developed commercially, the costs continue to be carried as exploration and evaluation assets while sufficient and continued progress is made in assessing the commerciality of the hydrocarbons. All such costs are subject to technical, commercial and management review as well as review for impairment indicators at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved and probable reserves of oil are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas properties after impairment is assessed and any resulting impairment loss is recognized.

Exploration and evaluation assets swaps

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at carrying value. Exchanges of oil and gas assets are measured at fair value unless the exchange transaction lacks commercial substance or if the fair value of neither the assets given up nor the assets received can be reliably measured.

f) Development costs

Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling and completion of development wells, including unsuccessful development or delineation wells, is capitalized within property, plant and equipment.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the asset retirement obligations and borrowing costs for qualifying assets. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within property, plant and equipment.

Depreciation
Oil and gas assets within property, plant and equipment are depreciated on a unit-of-production basis over the proved and probable reserves of the field concerned. The unit-of-production rate for the amortization of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives.

h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognized in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

i) Financial assets

Financial assets within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") are classified as financial assets at fair value through profit or loss, loans and receivable, held-to-maturity investments, available-for-sale financial assets, or held for trading, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and cash equivalents, accounts receivable, non-interest bearing promissory note, and interest bearing bonds.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears of economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

j) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or as other financial liabilities at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include accounts payables.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Normal purchase or sale exemption

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements fall within the exemption from IAS 32 *Financial Instruments: Presentation* ("IAS 32") and IAS 39, which is known as the 'normal purchase or sale exemption'. These contracts are accounted for as executor contracts. The Company recognizes such contracts in its balance sheet only when they are acquired or one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the purchase cost, including the appropriate proportion of depletion and depreciation and overheads. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

m) Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Asset retirement obligations

Asset retirement obligations are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related property, plant and equipment. The amount recognized is the estimated cost of decommissioning, discounted to its present value using a risk-free interest rate.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the asset retirement obligations is included as a finance cost.

n) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

The Company follows the liability method of accounting for income taxes. Under this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantially enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are only recognized to the extent it is more likely than not that sufficient future taxable income will be available to allow the future income tax asset to be realized.

o) Revenue recognition

Revenue from the sale of oil and petroleum products is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil and petroleum products in which the Company has an interest with other producers is recognized based on the Company's working interest and the terms of the relevant production sharing contracts.

Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

p) Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalized and added to the project cost during construction until such time the assets are substantially ready for their intended use, which is, when they are capable of commercial production.

q) Share-based payments

Equity-settled share-based payments to directors, employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

r) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed in a similar way to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

s) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

t) Standards issued but not yet effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), IFRS 11, *Joint Arrangements* ("IFRS 11"), IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"), IAS 27, *Separate Financial Statements* ("IAS 27"), IFRS 13, *Fair Value Measurement* ("IFRS 13") and amended IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet assessed the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 10 – Consolidated Financial Statements
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation—Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.*

IFRS 11 – Joint Arrangements
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC-13, *Jointly Controlled Entities-Non-Monetary Contributions by Venturers.*

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the Nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

(Amounts in US$ thousands, except as otherwise noted)

IFRS 9 – Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

4) Exploration and evaluation assets

	March 31 2011	**December 31 2010**
Opening balance	171,850	176,588
Expenditure incurred	1,479	569
Changes in ARO estimate	131	-
Impairment	-	(431)
Foreign currency translation	6,225	(4,876)
Balance carried forward	179,685	171,850

During the period, the Company capitalized $119 (2010 - $98) of general and administrative and $119 (2010 - $91) of share-based payments related to exploration and evaluation activity.

(Amounts in US$ thousands, except as otherwise noted)

5) Property, plant and equipment

	March 31 2011	December 31 2010
Opening balance	26,129	24,932
Additions	756	6,459
Disposals	-	(1,946)
Depletion	(1,096)	(4,743)
Changes in ARO estimate	83	793
Foreign currency translation	(211)	634
Balance carried forward	25,661	26,129

During the period, the Company capitalized $10 (2010 - $53) of general and administrative and $10 (2010 - $49) of share-based payments related to production and development activity.

At March 31, 2011, oil and gas assets include $870 (2010 - $1,025) related to stand-by equipment for the Argentina operations which have been excluded from the depletion calculation.

During the first quarter of 2010, the Company disposed of its Puesto Guardian, Medianera and Tres Nidos Sur properties in Argentina resulting in a gain on the disposition of $622.

6) Investments and other non-current assets

	March 31 2011	December 31 2010
Non-interest bearing promissory note	809	771
Interest bearing bonds	752	794
VAT receivable	591	461
	2,152	2,026

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 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. The discount of the fair value of the note receivable is recognized through finance income using the effective interest rate method over the term of the financial asset.

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. As at March 31, 2011, the interest rate for the period was 17.3%. Repayment of the bonds is in thirty quarterly instalments commencing in 2011.

(Amounts in US$ thousands, except as otherwise noted)

7) Asset retirement obligations

	March 31 2011	December 31 2010
Opening balance	7,380	7,664
Additions	-	51
Accretion	68	269
Change in estimate	214	793
Dispositions	-	(1,172)
Foreign currency translation	150	(225)
Balance carried forward	7,812	7,380

At March 31, 2011, the estimated undiscounted asset retirement obligations are $2,483 (2010 - $2,417) and $9,970 (2010 - $9,620) for Argentina and United Kingdom, respectively. The Company expects the undiscounted obligations to be payable after 2015 for Argentina and after 2023 for the United Kingdom.

The present value of the asset retirement obligations has been calculated using risk-free interest rates of 2.2% and 4.3% (2010 – 2.0% and 4.5%) and inflation rates of 2.5% and 2.0% (2010 – 2.5% and 2.0%) for Argentina and United Kingdom, respectively.

The Company makes full provision for the future cost of decommissioning oil production facilities and pipelines in Argentina and United Kingdom on a discounted basis on the installation of those facilities.

8) Share capital

Authorized
Unlimited number of common voting shares

Common shares issued	Number of Shares	Amount $
Balance, December 31, 2009	135,349,272	311,946
Exercise of stock options	222,270	69
Transfer from contributed surplus	-	47
Balance, December 31, 2010	135,571,542	312,062
Issuance of common shares	48,191,700	52,297
Exercise of stock options	218,302	73
Transfer from contributed surplus	-	51
Share issuance costs	-	(2,977)
Balance, March 31, 2011	183,981,544	361,506

(Amounts in US$ thousands, except as otherwise noted)

9) Share-based payments

The Company has established an option program whereby the Company may grant options to its directors, officers and employees 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 March 31, 2011 there were 11,759,262 (2010 – 12,416,831) options outstanding to purchase common share at prices ranging from $0.31 Cdn to $6.95 Cdn.

Options totalling nil (2010 – 1,545,000) were granted during the three month period ended March 31, 2011.

Share-based payments for the period were $389 (2010 – $434) of which $260 (2010 – $293) was expensed and $129 (2010 – $141) was capitalized.

10) Supplemental cash flow information

	2011	2010
(Increase)/decrease of assets:		
Trade and other receivables	1,521	318
Inventory and prepaid expenses	(241)	162
Increase/(decrease) of liabilities:		
Trade and other payables	145	(965)
	1,425	(485)

11) Segmented information

The Company operates predominately in one business, namely the exploration, development and production of hydrocarbons and the sale of hydrocarbons and related activities. The Company also operates within two geographical markets, United Kingdom and Argentina.

The following tables present revenue, profit and certain asset and liability information regarding the Company's business segments. All sales are to external customers.

(Amounts in US$ thousands, except as otherwise noted)

Three months ended March 31, 2011	**United Kingdom**	**Argentina**	**Corporate**	**Total**
Segment revenue	-	2,384	-	2,384
Segment earnings (loss)	(340)	431	(1,129)	(1,038)
Finance income				130
Finance costs				(151)
Loss before tax				(1,059)
Total assets	180,666	33,015	73,103	286,784
Other segment information				
Capital expenditures	744	875	4	1,623
Depletion and depreciation	12	1,056	28	1,096

Three months ended March 31, 2010	**United Kingdom**	**Argentina**	**Corporate**	**Total**
Segment revenue	-	2,658	-	2,658
Segment earnings (loss)	(419)	358	(966)	(1,027)
Finance income				44
Finance costs				(308)
Loss before tax				(1,291)
Total assets	170,237	30,388	25,981	226,606
Other segment information				
Capital expenditures	(376)	1,178	151	953
Depletion and depreciation	11	1,173	28	1,212

(Amounts in US$ thousands, except as otherwise noted)

12) Commitments and contingencies

The Company has several commitments in respect of its petroleum and natural gas properties and operating leases as follows:

	2011	2012	2013	2014	2015	Thereafter
United Kingdom						
• Fyne and Dandy(1)	34	10,024	25	25	25	25
• Causeway(2)	143	190	33	33	33	33
• 25th Bid Round(3)	31,158	3,083	-	-	-	-
• 26th Bid Round(4)	171	6,080	13	13	-	-
Argentina						
• Tierra del Fuego	158	650	650	650	650	1,300
• Cerro de Los Leones(5)	3,006	2,029	1,904	-	-	-
Office Leases	227	266	114	114	114	256
Total	**34,897**	**22,322**	**2,739**	**835**	**822**	**1,614**

(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 the Causeway licences 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 which Antrim has committed to drill in the third quarter 2011. Antrim has engaged drilling services for an estimated cost of $31 million. The remaining licences include committed licence fees and seismic costs to drill or drop decision.

(4) The Company acquired two licences in the 26th bid round which include firm drilling commitments estimated at $6 million in 2012. The remaining licence include committed licence fees and seismic costs to drill or drop decision.

(5) Relates to Antrim's 50.1% interest in the exploration concession and includes seismic and firm well commitment costs.

13) Related party transactions

The Company may from time to time enter into arrangements with related parties which are accounted for at fair value. In 2011, the Company incurred fees of $153 (2010 - $87) payable to Burstall Winger LLP, a law firm in which a director of the Company is a partner. There are no other related party transactions.

14) Subsequent events

On April 4, 2011, Antrim announced that Premier Oil UK Limited ("Premier") had elected to drill the East Fyne well under the Earn-In Agreement ("EIA") with Antrim. This election by Premier resulted in the transfer of a 39.9% working interest and operatorship of the Fyne Block 21/28a from Antrim to Premier. Antrim retained a 35.1% working interest in the block. The licence assignment and transfer of operatorship under the EIA is subject to the UK Department of Energy and Climate Change approval.

15) Transition to IFRS

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian GAAP. These financial statements, for the period ended March 31, 2011, are the first the Company has prepared in accordance with IFRS. The Company has prepared financial statements which comply with IFRS's applicable for periods beginning on or after January 1, 2010 and the significant accounting policies meeting those requirements are described in Note 3.

The effect of the Company's transition to IFRS is summarized in this note as follows:

(i) Transition elections
(ii) Reconciliation of equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS
(iii) Adjustments to the statement of cash flows

(i) Transition elections

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 2011 year ends retrospectively. The Company has taken the following exemptions:

(a) IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010, the Company's date of transition.
(b) IFRS 2 *Share-based Payment* has not been applied to any equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.
(c) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS at deemed cost equal to its previous GAAP historical book value for property, plant & equipment. As a result, any changes to asset retirement obligations are recorded directly to retained earnings.
(d) The Company has elected to apply the exemption, as allowed under IFRS 1, and deemed the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS. Any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences.

(Amounts in US$ thousands, except as otherwise noted)

(ii) Reconciliation of equity as at January 1, 2010

		IFRS Adjustments				
	Canadian GAAP	Share-based payments	E&E	ARO	Foreign currency	IFRS
		(Note d)	(Notes a, b)	(Note c)	(Notes e, f)	
Assets						
Current assets						
Cash and cash equivalents	31,169	-	-	-	-	31,169
Accounts receivable	3,278	-	-	-	-	3,278
Inventory and prepaid expenses	937	-	-	-	-	937
	35,384	-	-	-	-	35,384
Exploration and evaluation assets	-	-	176,588	-	-	176,588
Property, plant and equipment	248,460	-	(223,528)	-	-	24,932
Investments and other non-current assets	1,274	-	-	-	-	1,274
	285,118	-	(46,940)	-	-	238,178
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	3,425	-	-	-	-	3,425
	3,425	-	-	-	-	3,425
Asset retirement obligations	5,697	-	-	1,967	-	7,664
	9,122	-	-	1,967	-	11,089
Shareholders' equity						
Share capital	311,946	-	-	-	-	311,946
Contributed surplus	15,606	1,323	-	-	-	16,929
Deficit	(49,588)	(1,323)	(5,885)	(3,445)	(41,545)	(101,786)
Accumulated other comprehensive (loss) income	(1,968)	-	(41,055)	1,478	41,545	-
	275,996	-	(46,940)	(1,967)	-	227,089
	285,118	-	(46,940)	-	-	238,178

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of equity at March 31, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E & E	ARO	Depletion	Foreign currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Assets								
Current assets								
Cash and cash equivalents	29,375	-	-	-	-	-	-	29,375
Accounts receivable	3,050	-	-	-	-	-	-	3,050
Inventory and prepaid expenses	847	-	-	-	-	(47)	-	800
	33,272	-	-	-	-	(47)	-	33,225
Exploration and evaluation assets	-	(15)	-	167,377	(379)	-	-	166,983
Property, plant and equipment	254,405	(8)	316	(230,680)	34	491	-	24,558
Investments and other non-current assets	1,840	-	-	-	-	-	-	1,840
	289,517	(23)	316	(63,303)	(345)	444	-	226,606
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	2,540	-	-	-	-	-	-	2,540
	2,540	-	-	-	-	-	-	2,540
Asset retirement obligations	5,383	-	(306)	-	1,217	-	-	6,294
	7,923	-	(306)	-	1,217	-	-	8,834
Shareholders' equity								
Share capital	311,948	-	-	-	-	-	-	311,948
Contributed surplus	16,107	1,255	-	-	-	-	-	17,362
Deficit	(51,698)	(1,278)	622	(6,182)	(3,442)	443	(41,545)	(103,080)
Accumulated other comprehensive income(loss)	5,237	-	-	(57,121)	1,880	1	41,545	(8,458)
	281,594	(23)	622	(63,303)	(1,562)	444	-	217,772
	289,517	(23)	316	(63,303)	(345)	444	-	226,606

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of equity at December 31, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E & E	ARO	Depletion	Foreign currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Assets								
Current assets								
Cash and cash equivalents	25,650	-	-	-	-	-	-	25,650
Accounts receivable	3,530	-	-	-	-	-	-	3,530
Inventory and prepaid expenses	759	-	-	-	-	(32)	-	727
	29,939	-	-	-	-	(32)	-	29,907
Exploration and evaluation assets	-	(131)	-	172,361	(380)	-	-	171,850
Property, plant and equipment	259,229	(71)	316	(236,207)	192	2,670	-	26,129
Investments and other non-current assets	2,026	-	-	-	-	-	-	2,026
	291,194	(202)	316	(63,846)	(188)	2,638	-	229,912
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	2,413	-	-	-	-	-	-	2,413
Loan from Valiant	836	-	-	-	-	-	-	836
	3,249	-	-	-	-	-	-	3,249
Asset retirement obligations	6,247	-	(306)	-	1,439	-	-	7,380
	9,496	-	(306)	-	1,439	-	-	10,629
Shareholders' equity								
Share capital	312,062	-	-	-	-	-	-	312,062
Contributed surplus	17,821	556	-	-	-	-	-	18,377
Deficit	(57,549)	(756)	622	(6,829)	(3,399)	2,652	(41,545)	(106,804)
Accumulated other comprehensive income (loss)	9,364	(2)	-	(57,017)	1,772	(14)	41,545	(4,352)
	281,698	(202)	622	(63,846)	(1,627)	2,638	-	219,283
	291,194	(202)	316	(63,846)	(188)	2,638	-	229,912

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of loss and comprehensive loss for period ended March 31, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Revenue, net of royalties	(2,658)	-	-	-	-	-	-	(2,658)
Expenses								
Production and operating expenditures	1,348	-	-	-	-	-	-	1,348
Depletion and depreciation	1,655	-	-	-	-	(443)	-	1,212
General and administrative	1,873	(46)	-	-	-	-	-	1,827
Exploration and evaluation expenditures	-	-	-	297	-	-	-	297
Other income	(434)	-	-	-	-	-	-	(434)
Export taxes	57	-	-	-	-	-	-	57
Gain on disposals	-	-	(622)	-	-	-	-	(622)
	1,841	(46)	(622)	297	-	(443)	-	1,027
Finance income	(44)	-	-	-	-	-	-	(44)
Finance costs	311	-	-	-	(3)	-	-	308
Loss for the period before income taxes	2,108	(46)	(622)	297	(3)	(443)	-	1,291
Income tax expense	3	-	-	-	-	-	-	3
Net loss for the period	2,111	(46)	(622)	297	(3)	(443)	-	1,294
Other comprehensive (income) loss								
Exchange differences on translation of foreign operations	(7,206)	-	-	16,066	(403)	1	-	8,458
Other comprehensive (income) loss for the period	(7,206)	-	-	16,066	(403)	1	-	8,458
Comprehensive (income) loss for the period	(5,095)	(46)	(622)	16,363	(405)	(442)	-	9,752

(Amounts in US$ thousands, except as otherwise noted)

Reconciliation of loss and comprehensive loss for year ended December 31, 2010

		IFRS Adjustments						
	Canadian GAAP	Share-based payments	Disposition	E&E	ARO	Depletion	Foreign Currency	IFRS
		(Note d)	(Note h)	(Note b)	(Note c)	(Note g)	(Note f)	
Revenue, net of royalties	(10,757)	-	-	-	-	-	-	(10,757)
Expenses								
Production and operating expenses	4,721	-	-	-	-	-	-	4,721
Depletion and depreciation	7,395	-	-	-	-	(2,652)	-	4,743
General and administrative	8,315	(567)	-	-	-	-	-	7,748
Exploration and evaluation expenditures	-	-	-	513	-	-	-	513
Other income	(2,132)	-	-	-	-	-	-	(2,132)
Export taxes	146	-	-	-	-	-	-	146
Impairment	-	-	-	431	-	-	-	431
Gain on disposals	-	-	(622)	-	-	-	-	(622)
	7,688	(567)	(622)	944	-	(2,652)	-	4,791
Finance income	(393)	-	-	-	-	-	-	(393)
Finance costs	536	-	-	-	(47)	-	-	489
Loss for the period before income taxes	7,831	(567)	(622)	944	(47)	(2,652)	-	4,887
Income tax expense	131	-	-	-	-	-	-	131
Net loss for the period	7,962	(567)	(622)	944	(47)	(2,652)	-	5,018
Other comprehensive (income) loss								
Exchange differences on translation of foreign operations	(11,332)	2	-	15,962	(294)	14	-	4,352
Other comprehensive (income) loss for the period	(11,332)	2	-	15,962	(294)	14	-	4,352
Comprehensive (income) loss for the period	(3,370)	(565)	(622)	16,906	(341)	(2,638)	-	9,370

Notes to the reconciliation of equity, loss and comprehensive loss from Canadian GAAP to IFRS

(a) The Company has elected under IFRS 1 *First-time Adoption of IFRS* to measure oil and gas assets at the date of transition to IFRS on a deemed cost basis. The Canadian GAAP full cost pool was measured upon transition to IFRS as follows:

(i) exploration and evaluation assets were reclassified from the full cost pool to intangible exploration assets at the amount that was recorded under Canadian GAAP; and

(ii) the remaining full cost pool was allocated to the producing assets and components pro rata using proved plus probable reserve volumes.

This resulted in $182,473 increase in evaluation and exploration assets (before consideration of impairment – see (b) below) as at January 1, 2010 with a corresponding decrease in property, plant and equipment.

(b) The recognition and measurement of impairment differs under IFRS from Canadian GAAP, therefore in accordance with IFRS 1 the Company performed an assessment of impairment for all property, plant and equipment and intangible assets at the date of transition. The results of the testing identified certain evaluation and exploration assets where the Company has elected to discontinue any further activities. This resulted in a $5,885 decrease in exploration and evaluation assets to recognize impairment with a corresponding increase in deficit.

For the three months ended March 31, 2010, the Company expensed pre-licence costs of $297 that were previously capitalized under Canadian GAAP. For the year ended December 31, 2010, the Company expensed pre-licence costs of $513.

For the three months ended March 31, 2010, the Company recognized impairment of nil. For the year ended December 31, 2010, the Company recognized impairment of $431 relating to exploration and evaluation assets, with a corresponding increase in deficit.

As a result, the Company has recorded exploration and evaluation assets of $171,850 as at December 31, 2010 (March 31, 2010 - $166,983 and January 1, 2010 - $176,588).

(c) Under Canadian GAAP asset retirement obligations were discounted at a credit adjusted risk free rate. Under IFRS the estimated cash flow to abandon and remediate the wells and facilities has been risk adjusted and the provision is discounted at a risk free rate. Upon transition to IFRS this resulted in a $1,967 increase in the asset retirement obligations with corresponding adjustments to deficit and accumulated other comprehensive income.

As a result of the change in the asset retirement obligations, accretion expense decreased by $3 for the three months ended March 31, 2010 and by $47 for the year ended December 31, 2010 under IFRS compared to Canadian GAAP. In addition, under Canadian GAAP accretion of the discount was included in depletion and depreciation. Under IFRS it is included in finance expenses.

(d) Under Canadian GAAP, the Company recognized an expense related to share-based payments on a straight-line basis through the date of full vesting and did not incorporate a forfeiture estimate. Under IFRS, the Company is required to recognize the expense over the individual vesting periods for the graded vesting awards and estimate a forfeiture rate. This increased contributed surplus and increased deficit at the date of transition by $1,323.

Share-based compensation expense decreased by $46 for the three months ended March 31, 2010 and by $567 for the year ended December 31, 2010 with offsetting adjustments to contributed surplus, exploration and evaluation assets and property, plant and equipment.

(e) In accordance with IFRS transitional provisions, the Company has elected to reset the cumulative translation adjustment account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS. Accumulated other comprehensive income has been increased and deficit has been increased by $1,968, the other comprehensive income balance recorded under Canadian GAAP.

(f) Under GAAP all of the Company's UK subsidiaries were considered integrated foreign operations. Therefore, monetary items were translated at period end rates and non-monetary items were translated at historical rates with all foreign currency gains and losses recognized in profit or loss. IFRS requires that the functional currency of each subsidiary of the Company be determined separately and all monetary and non-monetary items translated at period end rates with all foreign currency gains and losses recognized in the foreign currency translation reserve in equity. Under IFRS, it was determined that the Great British pound was the functional currency of all UK subsidiaries and therefore as at the transition date a foreign exchange translation reserve had accumulated. This resulted in a $39,577 increase in other comprehensive loss. In accordance with IFRS 1 optional exemptions, the Company has elected to transfer the accumulated other comprehensive income balance at January 1, 2010, recognized as a separate component of equity, directly to deficit.

(g) Upon transition to IFRS, the Company adopted a policy of depleting oil and natural gas interests on a unit of production basis over proved plus probable reserves. The depletion policy under Canadian GAAP was based on units of production over proved reserves. In addition depletion was done on the Canadian cost centre level under Canadian GAAP. IFRS requires depletion and depreciation to be calculated based on individual components (i.e. fields or combinations thereof).

There was no impact of this difference on adoption of IFRS at January 1, 2010 as a result of the IFRS 1 election as discussed in Note 27(i)(c).

For the three months ended March 31, 2010 depletion and depreciation decreased by $443 and for the year ended December 31, 2010 by $2,652, with the corresponding changes to property, plant and equipment and inventory.

(h) Under Canadian GAAP, proceeds from dispositions of upstream assets were deducted from the full cost pool without recognition of a gain or loss unless the deduction resulted in a change to the country cost centre depletion rate of 20 percent or greater, in which case a gain or loss was recorded.

Under IFRS, gains or losses are recorded on dispositions and are calculated as the difference between the proceeds and the net book value of the asset disposed. For the year ended December 31, 2010. Antrim recognized a $622 net gain on dispositions under IFRS compared to Canadian GAAP results. The net gain arose due to the dispositions of the Puesto Guardian, Medianera and Tres Nidos Sur properties in Argentina.

(iii) Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company.

DIRECTORS

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

Colin Maclean (2) (3) (4) (5)
Independent Director

Dr. Brian Moss
Executive Vice President, Latin America
Antrim Energy Inc.

Dr. Gerry Orbell (1) (3) (4) (5)
Chairman and Chief Executive Officer,
Sound Oil plc

Jim Perry (1) (3) (4) (5)
President and CEO,
Alternative Fuel Systems (2004) Inc.

Jim Smith (1) (2) (5)
Independent Director

Jay Zammit (2) (5)
Partner,
Burstall winger LLP

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Reserves Committee
(4) Member of the Exploration Committee
(5) Member of the Corporate Governance Committee

OFFICERS

Stephen Greer
President and Chief Executive Officer

Brian Moss
Executive Vice President, Latin America

Douglas Olson
Chief Financial Officer

Kerry Fulton
Vice President, Operations

Terry Lederhouse
Vice President, Commercial

Adrian Harvey
Corporate Secretary

HEAD OFFICE

610, 301 8th Avenue SW
Calgary, Alberta,
Canada T2P 1C5
Main: +1 403 264 5111
Fax: + 1 403 264 5113
info@antrimenergy.com
www.antrimenergy.com
The Company's website is not incorporated by reference in and does not form a part of this Interim Report.

LONDON OFFICE

Ashbourne House, The Guildway
Old Portsmouth Road, Artington
Guildford, Surrey
United Kingdom GU3 1LR
Main: +44 (0) 1483-307 530
Fax: +44 (0) 1483-307 531

BUENOS AIRES OFFICE

Luis Maria Campos 1061 – Piso 8
CP (C1426BOI), Capital Federal
Buenos Aires, Argentina
Main: +54 11 4779 1030
Fax: +54 11 4779 1040

INTERNATIONAL SUBSIDIARIES

Antrim Argentina S.A.
Antrim Causeway (N.I.) Limited
Antrim Energy Ltd.
Antrim Resources (N.I.) Limited
Netherfield Corporation

LEGAL COUNSEL

Burstall Winger LLP
Calgary, Alberta

BANKERS

Toronto-Dominion Bank of Canada

AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

INDEPENDENT ENGINEERS

McDaniel & Associates Consultants Ltd

REGISTRAR AND TRANSFER AGENT

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

CIBC Mellon Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTINGS

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