CROWN POINT ENERGY INC.
Consolidated Financial Statements

For the four months ended December 31, 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the consolidated financial statements and the consistent presentation of all other financial information that is publicly disclosed. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include estimates and assumptions based on management's best judgment.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced in a timely manner.

Independent auditors appointed by the shareholders have examined the consolidated financial statements. The Audit Committee, comprising independent members of the Board of Directors, have reviewed the consolidated financial statements with management and the independent auditors. The Audit Committee is responsible for setting the remuneration of the independent auditors. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

"Murray McCartney"

Murray McCartney
President and Chief Executive Officer

"Arthur J.G. Madden"

Arthur J.G. Madden
Vice President Finance and
Chief Financial Officer

Calgary, Alberta
April 24, 2013

KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Crown Point Energy Inc.

We have audited the accompanying consolidated financial statements of Crown Point Energy Inc., which comprise the consolidated statements of financial position as at December 31, 2012 and August 31, 2012 the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the four month period ended December 31, 2012 and the year ended August 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Point Energy Inc. as at December 31, 2012 and August 31, 2012, and its consolidated financial performance and its consolidated cash flows for the four months ended December 31, 2012 and the year ended August 31, 2012 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants

Calgary, Canada
April 24, 2013

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Canadian dollars)

		December 31 2012		August 31 2012
Assets				
Current assets:				
Cash and cash equivalents	$	12,872,129	$	16,170,117
Trade and other receivables		4,929,996		4,206,193
Inventory		867,588		844,282
Prepaid expenses		1,062,158		1,229,792
		19,731,871		22,450,384
Exploration and evaluation assets (Note 6)		9,915,032		7,338,886
Property and equipment (Note 7)		53,384,792		56,186,165
Other non-current assets (Note 8)		719,765		770,437
	$	83,751,460	$	86,745,872
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables	$	4,885,028	$	4,713,668
Decommissioning provision (Note 10)		2,299,227		2,267,574
		7,184,255		6,981,242
Shareholders' equity:				
Share capital (Note 11)		107,387,933		107,387,933
Contributed surplus		4,888,547		4,539,668
Accumulated other comprehensive loss		(8,948,381)		(6,215,855)
Deficit		(26,760,894)		(25,947,116)
		76,567,205		79,764,630
	$	83,751,460	$	86,745,872

Commitments (Note 18)
Subsequent events (Note 19)

Approved on behalf of the Board of Directors:

"Gordon Kettleson" *"Murray McCartney"*

Gordon Kettleson
Director

Murray McCartney
Director

See accompanying notes to the consolidated financial statements.

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Canadian dollars)

	Four months ended December 31 2012	Year ended August 31 2012
Revenue		
Oil and gas	$ 8,206,914	$ 10,772,942
Royalties	(1,460,984)	(2,387,282)
	6,745,930	8,385,660
Expenses		
Operating	2,825,897	2,820,736
General and administrative	1,981,848	4,423,025
Acquisition costs (Note 5)	–	1,336,163
Share-based payments	313,359	1,426,595
Depletion and depreciation	2,940,162	3,692,091
Foreign exchange (gain) loss	(125,719)	20,677
	7,935,547	13,719,287
Results from operating activities	(1,189,617)	(5,333,627)
Finance income (expense)		
Interest income	108,703	342,169
Financing fees and bank charges	(286,657)	(335,386)
Accretion of decommissioning provision	(102,591)	(150,591)
Recovery of Value Added Tax	656,384	37,612
Loss from operations before income taxes	(813,778)	(5,439,823)
Current income tax recovery (Note 13)	–	346,800
Net loss	(813,778)	(5,093,023)
Exchange differences on translation of foreign operations	(2,732,526)	(3,803,706)
Comprehensive loss	$ (3,546,304)	$ (8,896,729)
Net loss per share (Note 12)		
Basic and diluted	$ (0.01)	$ (0.07)

See accompanying notes to the consolidated financial statements.

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Canadian dollars)

	Share Capital			Accumulated		
	Number (Note 11)	Amount (Note 11)	Contributed Surplus (Note 11)	Other Comprehensive Loss	Deficit	Total Equity
Balance as of August 31, 2011	54,674,907	$ 67,132,442	$ 2,463,973	$ (2,412,149)	$(20,854,093)	$46,330,173
Acquisition of Antrim Argentina (Note 5)	35,761,290	28,609,032	–	–	–	28,609,032
Private placement	13,774,900	13,086,155	–	–	–	13,086,155
Exercise of warrants	303,729	303,828	–	–	–	303,828
Exercise of finders’ options	396	297	–	–	–	297
Transfer on exercise of options	–	234	(234)	–	–	–
Share issue costs	–	(1,239,741)	–	–	–	(1,239,741)
Expiry of warrants	–	(504,314)	504,314	–	–	–
Share-based payments	–	–	1,571,615	–	–	1,571,615
Other comprehensive loss for the year	–	–	–	(3,803,706)	–	(3,803,706)
Net loss for the year	–	–	–	–	(5,093,023)	(5,093,023)
Balance as of August 31, 2012	104,515,222	$107,387,933	$ 4,539,668	$ (6,215,855)	$(25,947,116)	$79,764,630
Share-based payments	–	–	348,879	–	–	348,879
Other comprehensive loss for the period	–	–	–	(2,732,526)	–	(2,732,526)
Net loss for the period	–	–	–	–	(813,778)	(813,778)
Balance as of December 31, 2012	104,515,222	$107,387,933	$ 4,888,547	$ (8,948,381)	$(26,760,894)	$76,567,205

See accompanying notes to the consolidated financial statements.

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Canadian dollars)

	Four months ended December 31 2012	Year ended August 31 2012
Cash provided by (used in):		
Operating:		
Net loss	$ (813,778)	$ (5,093,023)
Items not affecting cash:		
Depletion and depreciation	2,940,162	3,692,091
Share-based payments	313,359	1,426,595
Unrealized foreign exchange loss (gain)	29,786	(876,534)
Accretion of decommissioning provision	102,591	150,591
	2,572,120	(700,280)
Change in non-cash working capital (Note 14)	(162,490)	137,021
	2,409,630	(563,259)
Investing:		
Property and equipment expenditures, net	(2,568,454)	(16,420,417)
Exploration and evaluation asset expenditures	(2,987,552)	(1,567,331)
Acquisition, net of cash acquired (Note 5)	–	(2,815,087)
Change in other non-current assets	13,019	30,446
Change in non-cash working capital (Note 14)	(125,466)	(1,824,611)
	(5,668,453)	(22,597,000)
Financing:		
Share issuance proceeds, net of costs	–	12,150,539
Change in cash and cash equivalents	(3,258,823)	(11,009,720)
Foreign exchange effect on cash held in foreign currencies	(39,165)	(50,488)
Cash and cash equivalents, beginning of period	16,170,117	27,230,325
Cash and cash equivalents, end of period	$ 12,872,129	$ 16,170,117

See accompanying notes to the consolidated financial statements

1. REPORTING ENTITY:

Crown Point Energy Inc. ("Crown Point" or the "Company"), previously Crown Point Ventures Ltd., was incorporated under the laws of British Columbia and continued under the laws of Alberta on July 27, 2012. Crown Point is based in Calgary, Alberta and is involved in the exploration for, and development and production of petroleum and natural gas in Argentina.

Crown Point changed its financial year-end from August 31 to December 31 and the transition period is the four months ending December 31, 2012. The comparative period is the prior fiscal year ended August 31, 2012.

The Company's registered office is Suite 1600, 700 – 6th Street SW, Calgary, Alberta, T2P OT8.

2. BASIS OF PRESENTATION:

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 24, 2013.

(b) Basis of measurement

The financial statements have been prepared in accordance with IFRS on a historical cost basis except for financial instruments which are measured at fair value.

(c) Functional and presentation currency

The presentation currency of the Company is the Canadian dollar.

The functional currency of each of the parent company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The functional currency of Crown Point Oil & Gas S.A., CanAmericas (Argentina) Energy Ltd. and Antrim Argentina S.A. is the Argentina Peso, and for the Company, the functional currency is Canadian dollars.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Following are the accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position:

Business combinations

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as cash paid and the estimated fair value of other assets given, common shares and other equity instruments issued and liabilities incurred or assumed at the date of exchange. The acquired identifiable assets and liabilities assumed, including contingent liabilities, are measured at their recognized amount (mostly fair value) at the date of acquisition. Any excess of the cost of the acquisition over the fair value of the net identifiable assets acquired is recognized as goodwill. Any deficiency of the cost of the acquisition below the fair value of the net identifiable assets acquired is recognized in earnings in the period of acquisition. Associated transaction costs are expensed when incurred.

Reserves

The estimate of petroleum and natural gas reserves is integral to the calculation of the amount of depletion charged to the consolidated statement of loss and comprehensive loss and is also a key determinant in assessing whether the carrying value of any of the Company's development and production assets has been impaired. Changes in reported reserves can impact asset carrying values and the decommissioning provision due to changes in expected future cash flows.

The Company's reserves are evaluated and reported on by independent reserve engineers at least annually in accordance with Canadian Securities Administrators' National Instrument 51-101. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgment and interpretation.

Carrying value of development and production and exploration and evaluation assets

The Company used judgment to assess, at each reporting date, whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. A CGU is defined as the lowest grouping of assets that generate identifiable cash inflows that are largely independent of cash inflows of other assets or groups of assets. The allocation of assets into CGU's requires significant judgment and interpretations with respect to the way in which management monitors operations.

If any indication exists that an asset or CGU may be impaired, the Company estimates the recoverable amount. The recoverable amounts of individual assets and cash-generating units have been determined based on the higher of value-in-use and fair value less costs to sell.

These calculations require the use of estimates and assumptions, such as estimates of proved plus probable reserves, future production rates, oil and natural gas prices, future costs and other relevant assumptions, all of which are subject to change. A material adjustment to the carrying value of the Company's development and production and exploration and evaluation assets may be required as a result of changes to these estimates and assumptions.

The Company's concessions may be subject to renewal extensions which require approval from local government authorities. The Company has been successful in obtaining approvals for certain of its concessions and is currently awaiting renewal on others. As there is no indication that pending extensions will not be approved, management has used judgment to conclude that all extensions will be approved. If the Company fails to obtain extension renewals, estimates of proved plus probable reserves may be negatively impacted.

Depletion and depreciation

Amounts recorded for depletion and depreciation and amounts used for impairment calculations are based on estimates of total proved and probable petroleum and natural gas reserves and future development capital. By their nature, the estimates of reserves, including the estimates of future prices, costs and future cash flows, are subject to measurement uncertainty. Accordingly, the impact to the financial statements in future periods could be material.

Decommissioning provisions

Amounts recorded for decommissioning obligations require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third party information and calculations and are subject to change over time and may have a material impact on profit and loss or financial position. For more information on the Company's decommissioning provisions, see Note 10.

Share-based payments

The Company measures the estimated cost of its share-based payments using a Black-Scholes pricing model. Measurement inputs include: the share price on the measurement date, expected lives of options, expected forfeiture rates, risk-free rates of return and expected stock price volatility. Changes to assumptions may have a material impact on the amounts presented. For more information on the Company's share-based payments, see Note 11.

Deferred income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Management uses judgment to assess deferred income tax assets the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. For more information on the Company's deferred income taxes, see Note 13.

Contingencies

Although the Company believes it has title to its oil and natural gas properties, it cannot control or completely protect itself against the risk of title disputes or challenges.

3. SIGNIFICANT ACCOUNTING POLICIES:

(a) Consolidation

Subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned Argentine subsidiaries, Crown Point Oil & Gas S.A., CanAmericas (Argentina) Energy Ltd. and Antrim Argentina S.A.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their recognized amounts (generally fair value) at the acquisition date. The excess of the cost of acquisition over the recognized amounts of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, a bargain purchase gain is recognized immediately in the consolidated statement of loss and comprehensive loss.

Jointly controlled assets

The Company's oil and natural gas activities involve jointly controlled assets. The consolidated financial statements include the Company's share of these jointly controlled assets and a proportionate share of the relevant revenue and related costs.

Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's exchange difference on translating foreign operations on the Statement of Comprehensive Loss and are reported as a separate component of shareholders' equity titled "Accumulated Other Comprehensive Income". These differences are recognized in profit or loss in the period in which the operation is disposed of.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits and short-term money market investments with an original maturity of three months or less.

(d) Inventory

Inventory is 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 producing cost, including royalties and 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.

(e) Oil and gas exploration and development expenditures

Exploration and evaluation costs ("E&E" assets")

All costs incurred prior to obtaining the legal right to explore an area are expensed when incurred.

Generally, costs directly associated with the exploration and evaluation of crude oil and natural gas reserves are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been demonstrated. These costs generally include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, drilling and completion costs and capitalized decommissioning costs. Interest and borrowing costs incurred on E&E assets are not capitalized.

E&E costs are not depleted and are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability, which is assessed at least annually. Technical feasibility and commercial viability is considered to be demonstrable when proved or probable reserves have been assigned and there is a reasonable assessment of the economics associated with the future production of those reserves, required government and regulatory approvals have been obtained or are likely to be obtained, and management has made the decision to proceed with development and production of those reserves by incurring the future capital costs attributed to them. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, E&E assets will be tested for impairment and reclassified from exploration assets to development and production assets, a separate category within property and equipment.

Impairment

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to development and production ("D&P") assets. For the purpose of impairment testing, E&E assets are grouped by concession or field with other E&E and D&P assets belonging to the same cash-generating unit (''CGU'') for the purpose of impairment testing, which is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment grouping and any resulting impairment loss is recognized in profit or loss. Recoverable amount is determined by reference to the greater of value in use or fair value less costs to sell. 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.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the assets, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the assets.

(f) Property and equipment

Development and production expenditures

D&P assets include costs incurred in developing commercial reserves and bringing them into production, together with the E&E expenditures incurred in finding the commercial reserves that have been reclassified from E&E assets as outlined above, the projected cost of retiring the assets and any directly attributable general and administrative expenses. Items of property and equipment, including D&P assets, are carried at cost less accumulated depletion and depreciation and accumulated impairment losses.

When significant parts of an item of property and equipment, including D&P assets, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment, including D&P assets, are determined by comparing the proceeds of disposal with the carrying amount of the item and are recognized in profit or loss.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability, costs of replacing parts of property and equipment and workovers of property and equipment are recognized only if they increase the economic benefits of the assets to which they relate. All other expenditures are recognized in profit or loss when incurred. The carrying amounts of previous inspections or any replaced or sold components are derecognized. The costs of day-to-day servicing of an item of property and equipment are recognized in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets are depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production.

For purposes of these calculations, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crude oil.

Other assets are depreciated over the estimated useful lives of the assets using a 20% declining balance basis for Canadian office furniture and equipment, a straight line basis over 3 – 10 years for Argentina office furniture and equipment and a straight line basis over the term of the lease for all leasehold improvements.

The Company assesses the method of depreciation, useful lives and residual values at least annually.

Impairment

At the end of each reporting period, the Company reviews the D&P assets for circumstances that indicate the assets may be impaired. Assets are grouped together into CGUs for the purpose of impairment testing. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGUs recoverable amount is the higher of its fair value less costs to sell and its value in use. 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. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm’s length transaction between knowledgeable and willing parties. The fair value less cost to sell of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognized as an expense in profit or loss.

At the end of each subsequent reporting period these impairments are assessed for indicators of reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in profit or loss.

(g) Decommissioning provision

The Company recognizes a decommissioning provision in the period in which a well is drilled or acquired and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning provision is recorded with a corresponding increase in the carrying amount of the related cost centre.

Decommissioning obligations are measured at the present value of management’s best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(h) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded, using the statement of financial position method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affect neither accounting nor taxable profit or loss. Deferred tax is also not recorded on differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and other non-current assets. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

- Financial assets at fair value through profit or loss

  An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has classified cash and cash equivalents as fair value through profit or loss.

- Other

  Other non-derivative financial instruments, such as trade and other receivables, trade and other payables and other non-current assets are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company has not entered into any financial derivative contracts.

(j) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the consolidated statement of loss and comprehensive loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the consolidated statement of loss and comprehensive loss.

(k) Share capital

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(l) Share-based payments

The Company follows the fair value method of accounting for stock options. The fair value of each stock option is calculated using the Black-Scholes option pricing model and is charged to income over the vesting period of the option, with a corresponding increase recorded in contributed surplus. Forfeitures are accounted for at grant date and adjusted based on actual vesting. Upon exercise of the stock option, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase to share capital.

(m) Per share amounts

The Company presents basic and diluted per share data for its common shares. Basic per share amounts are calculated by dividing the profit of loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted per share amounts are determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted, for the effects of all dilutive potential common shares.

(n) Revenue recognition

Petroleum and natural gas revenues are recognized when title and risks pass to the purchaser and payment is reasonably assured.

(o) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the

Company's short-term incentive bonus plan as a result of service provided by employees once the obligation can be estimated reliably.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the executive directors that make strategic decisions.

(q) New standards and interpretations not yet adopted

In May 2011, the IASB issued four new standards and two amendments. Five of these items related to consolidation, while the remaining one addresses fair value measurement. All of the new standards are effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted.

IFRS 10, "Consolidated Financial Statements" replaces IAS 27 "Consolidated Separate Financial Statements". It introduces a new principle-based definition of control, applicable to all investees to determine the scope of consolidation. The standard provides the framework for consolidated financial statements and their preparation based on the principle of control.

IFRS 11 "Joint Arrangements" replaces IAS 31, "Interests in Joint Ventures". IFRS 11 divides joint arrangements into two types, each having its own accounting model. A "joint operation" continues to be accounted for using proportionate consolidation, whereas a "joint venture" must be accounted for using equity accounting. This differs from IAS 31, where there was the choice to use proportionate consolidation or equity accounting for joint ventures. A "joint operation" is defined as the joint operators having rights to the assets, and obligations for the liabilities, relating to the arrangement. In a "joint venture", the joint ventures partners have rights to the net assets of the arrangement, typically through their investment in a separate joint venture entity.

IFRS 12 "Disclosure of Interests in Other Entities" is a new standard, which combines all of the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

IFRS 13 "Fair Value Measurement" is a new standard meant to clarify the definition of fair value, provide guidance on measuring fair value and improve disclosure requirements related to fair value measurement.

IAS 28 "Investments in Associates and Joint Ventures" has been amended as a result of the issuance of IFRS 11 and the withdrawal of IAS 31. The amended standard sets out the requirements for the application of the equity method when accounting for interest in joint ventures, in addition to interests in associates.

IAS 27 "Separate Financial Statements" has been amended to focus solely on accounting and disclosure requirements when an entity presents separate financial statements, due to the issuance of the new IFRS 10 which is specific to consolidated financial statements.

In November 2009, the IASB published IFRS 9, "Financial Instruments," which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to a company's own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2015. Early adoption is permitted and the standard is required to be applied retrospectively.

The Company is currently evaluating the impact of adopting all of the newly issued and amended standards.

(Canadian dollars)

4. DETERMINATION OF FAIR VALUES:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property and equipment and E&E assets

The fair value of property and equipment and E&E assets recognized in a business combination is based on fair values. The fair value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of petroleum and natural gas assets (included in property, and equipment) and E&E assets is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Cash and cash equivalents, trade and other receivables and trade and other payables

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2012 and August 31, 2012, the fair value of these balances approximated their carrying amount due to their short term to maturity.

(c) Other non-current assets

The fair value of other non-current assets is based on the discounted present value of future cash flows and approximates carrying amount.

(d) Stock options and warrants

The fair value of stock options and warrants is measured using a Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected forfeiture rate (based on historic forfeitures), expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The Company did not grant any options during the four months ended December 31, 2012. The grant date weighted average fair value of stock options granted in the year ended August 31, 2012 was $0.55 per option, estimated using the Black-Scholes pricing model calculations based on the following significant assumptions:

Risk-free interest rate	1.53%
Expected forfeitures	10%
Expected volatility	117%
Expected life	5 years
Dividends	nil

(Canadian dollars)

(e) Financial instruments

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1– Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and cash equivalents are Level 1 financial assets.

Level 2 –Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward rates for interest rate, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Other non-current assets are Level 2 financial instruments.

Level 3 –Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

5. ACQUISITION OF ANTRIM ARGENTINA S.A.:

On May 28, 2012, the Company acquired all of the issued and outstanding shares of Antrim Argentina S.A. (“Antrim Argentina”) pursuant to a Plan of Arrangement under the Business Corporations Act (Alberta). Consideration for the acquisition was $9,246,784 of cash and 35,761,290 common shares of the Company at $0.80 per share based on the market price of the Company’s common shares on the date of acquisition.

The acquisition increased the Company’s presence in Argentina including ownership of oil and gas focused concessions and related production volumes. The acquisition has been accounted for as a business combination.

The fair values of the identifiable assets acquired and liabilities assumed by the Company are as follows:

Consideration:		
Cash	$	9,246,784
Issue of 35,761,290 common shares		28,609,032
Total consideration	$	37,855,816
Allocated to:		
Property and equipment	$	29,699,160
Exploration and evaluation assets		1,000,000
Other non-current assets		800,883
Working capital (including cash of $6,431,697)		8,862,340
Decommissioning provision		(2,506,567)
Net assets acquired	$	37,855,816

Working capital includes $3,577,951 of acquired trade and other receivables which represents the fair value of gross contractual amounts receivable, all of which was subsequently collected.

The Company incurred $1,336,163 of transaction costs in conjunction with the acquisition which have been expensed as incurred.

For the period May 28, 2012 to August 31, 2012, Antrim Argentina contributed $2.5 million of revenue and $1.1 million of net loss to the Company’s consolidated statement of loss and comprehensive loss. Had the transaction closed on September 1, 2011, the estimated incremental revenue and net earnings that would have been reported by the Company for the year ended August 31, 2012 are $12.4 million and $0.7 million, respectively.

(Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (''E&E''):

		December 31 2012		August 31 2012
Carrying amount, beginning of period	$	7,338,886	$	6,003,404
Additions		2,987,552		1,567,331
Transferred to property and equipment		–		(854,928)
Acquired (Note 5)		–		1,000,000
Decommissioning changes		5,562		(23,276)
Effect of change in exchange rates		(416,968)		(353,645)
Carrying amount, end of period	$	9,915,032	$	7,338,886

E&E assets consist of the Company's intangible exploration projects in Argentina which are pending the determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period. E&E assets are not depreciated or depleted.

The amounts capitalized as Argentina E&E assets at December 31, 2012 include $838,999 of Value Added Tax (August 31, 2012 – $880,524).

(Canadian dollars)

7. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
	$	$	$	$
Cost:				
Balance at August 31, 2011	17,185,251	59,073	78,896	17,323,220
Additions	16,331,643	114,995	118,799	16,565,437
Transferred from E&E assets	854,928	–	–	854,928
Acquired (Note 5)	29,613,367	85,793	–	29,699,160
Disposition	–	(11,456)	–	(11,456)
Decommissioning changes	(715,534)	–	–	(715,534)
Effect of change in exchange rates	(3,131,291)	(14,993)	–	(3,146,284)
Balance at August 31, 2012	60,138,364	233,412	197,695	60,569,471
Additions	2,125,391	28,688	449,895	2,603,974
Decommissioning changes	42,157	–	–	42,157
Effect of change in exchange rates	(2,579,019)	(12,085)	–	(2,591,104)
Balance at December 31, 2012	59,726,893	250,015	647,590	60,624,498
Accumulated depletion and depreciation:				
Balance at August 31, 2011	791,409	15,417	29,761	836,587
Depletion and depreciation	3,712,688	51,224	56,066	3,819,978
Disposition	–	(11,456)	–	(11,456)
Effect of change in exchange rates	(258,633)	(3,170)	–	(261,803)
Balance at August 31, 2012	4,245,464	52,015	85,827	4,383,306
Depletion and depreciation	2,947,701	35,142	152,571	3,135,414
Effect of change in exchange rates	(275,641)	(3,373)	–	(279,014)
Balance at December 31, 2012	6,917,524	83,784	238,398	7,239,706
Net carrying amount:				
At August 31, 2012	55,892,900	181,397	111,868	56,186,165
At December 31, 2012	52,809,369	166,231	409,192	53,384,792

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the four months ended December 31, 2012 include $328,310 of general and administrative costs and $35,520 of share-based compensation (year ended August 31, 2012 – $611,440 and $145,020, respectively).

As at December 31, 2012, D&P assets in Argentina include $5,195,991 of Value Added Tax ("VAT") (August 31, 2012 – VAT $5,047,186). VAT is payable on goods and services supplied to the Company and is not recoverable from the Government of Argentina, however the Company is allowed to retain VAT on any sales that it collects to the extent of the VAT recorded and paid on previous expenditures.

Future development costs and salvage value:

The depletion expense calculation for the year ended December 31, 2012 included $37.2 million (August 31, 2012 – $38.7 million) for estimated future development costs associated with proved and probable reserves in

Argentina. The Company reduced the December 31, 2012 depletable amount by $752,300 of estimated salvage value (August 31, 2012 – $836,600).

Impairment:

The Company did not identify any indicators of impairment during the four months ended December 31, 2012 and the year ended August 31, 2012.

Dispositions:

During the year ended August 31, 2012, the Company disposed of certain fully depreciated minor equipment for nominal proceeds.

8. OTHER NON-CURRENT ASSETS:

Other non-current assets are comprised of $455,476 (August 31, 2012 – $502,823) of interest bearing bonds and $264,289 (August 31, 2012 – $267,614) of long-term receivables for which fair value approximates the carrying amount.

(a) Interest bearing bonds

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. Antrim Argentina 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 December 31, 2012, the interest rate for the period was 18% (August 31, 2012 – 17.8%). Repayment of the bonds is in thirty quarterly installments of principal that commenced in January 2011. The principal balance receivable as at December 31, 2012 is $566,894 (August 31, 2012 – $598,600) of which $111,418 (August 31, 2012 – $95,777) is classified as current and included in trade and other receivables and $455,476 (August 31, 2012 – $502,823) is classified as non-current.

(b) Long-term receivables

Long-term receivables primarily relate to Minimum Presumptive Income Tax paid by Antrim Argentina which can be applied against future taxable income of Antrim Argentina.

9. DEBT FACILITY:

On December 20, 2012, Antrim Argentina signed a lending agreement with HSBC Bank Argentina S.A. (“HSBC Argentina”) for a development loan in the amount of ARS$26,800,000 (Cdn$5.4 million).

- The loan bears compensatory interest at 15.01% (the “Fixed Rate”) and is repayable in 24 monthly installments commencing 396 days after the funds have been drawn on by the Company.
- The loan may not be drawn until the Tierra del Fuego concession ten-year extension to 2026 has been approved.
- The loan must be drawn in one sum on or before June 30, 2013.
- Pursuant to the terms of the loan agreement, Antrim Argentina will be required to provide a standby letter of credit to HSBC Argentina in the amount of the USD equivalent to 50% of the loan amount drawn.
- The use of the loan is restricted to the acquisition of capital assets and/or the building of facilities necessary for the production and/or commercialization of oil and natural gas from the Company’s TDF concession.
- Any breach in the terms of the loan will entitle HSBC Argentina to modify the compensatory interest rate to the CORRECTED BALDAR Rate (as defined in the lending agreement) corresponding to the date of

(Canadian dollars)

the breach plus 4% (the "Market Rate"). The Market Rate will be variable each 30 days thereafter. At the date the Market Rate becomes the applicable rate of compensatory interest, the Market Rate will be deemed applicable as of the loan origin date and any difference between the Fixed Rate compensatory interest and Market Rate compensatory interest from the date of loan origin to the breach date will be payable to the lender.

- In the event of default in the payment of principal and/or interest, HSBC Argentina will be entitled to receive additional punitive interest equivalent to 50% of the compensatory interest rate in effect at the time of the default or the maximum percentage authorized by the Banco Central de la Republica Argentina on the owed amounts, in addition to compensatory interest. The punitive interest will be calculated as of the default date until the owed amount is settled.
- As at December 31, 2012, the Company had not drawn on the loan.

10. DECOMMISSIONING PROVISION:

The Company's decommissioning provision results from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. At December 31, 2012 the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $5.4 million (August 31, 2012 – $5.3 million). These costs are expected to be incurred over the next 13 years. The decommissioning obligations have been estimated using existing technology at current prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability. An average risk-free interest rate of 15% (August 31, 2012 – 14.5%) and an inflation rate of 10.8% (August 31, 2012 – 10%) was used to calculate the fair value of the decommissioning provision in Argentina.

A reconciliation of the decommissioning provision is provided below:

	December 31 2012	August 31 2012
Balance, beginning of period	$ 2,267,574	$ 565,291
Additions	–	170,574
Acquired (Note 5)	–	2,506,567
Accretion	102,591	150,591
Change in estimates	47,719	(907,425)
Effect of change in exchange rates	(118,657)	(218,024)
Balance, end of period	$ 2,299,227	$ 2,267,574

(Canadian dollars)

11. SHARE CAPITAL:

(a) Authorized

Unlimited number of common shares without par value
Unlimited number of Class “A” preferred shares at $1 each par value

(b) Issued and outstanding

i. On December 15, 2011, the Company issued 13,774,900 common shares pursuant to a bought-deal financing at a price of $0.95 per share for gross proceeds of $13,086,155. Share issue costs of $1,239,741 were incurred as part of the financing.

ii. On May 28, 2012, the Company issued 35,761,290 common shares pursuant to the acquisition of Antrim Argentina as described in Note 5.

iii. During the year ended August 31, 2012, the Company issued 303,729 common shares on the exercise of the same number of warrants for gross proceeds of $303,828.

iv. During the year ended August 31, 2012, the Company issued 396 common shares and 198 Series A Warrants on the exercise of 396 finders’ options for gross proceeds of $297.

(c) Stock options

The Company’s stock option plan provides for the granting of options to directors, officers, employees and consultants. Under the terms of the option plan, options issued will not exceed 10% of the issued and outstanding shares from time to time. The option price under each option is not less than the market price on the grant date. One third of the options granted vest immediately and the remainder generally vest in equal tranches on the first and second year anniversaries of the date of grant. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

Stock option activity is summarized as follows:

	Four months ended December 31, 2012		Year ended August 31, 2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of period	4,990,000	$ 1.09	3,365,000	$ 1.32
Granted	–	–	2,780,000	0.76
Expired	–	–	(275,000)	1.08
Forfeited	–	–	(880,000)	0.63
Balance, end of period	4,990,000	$ 1.09	4,990,000	$ 1.09
Balance exercisable, end of period	2,751,656	$ 1.19	2,751,656	$ 1.19

(Canadian dollars)

Stock options outstanding and exercisable at December 31, 2012 are as follows:

Expiry date	Exercise price	Outstanding	Exercisable
July 9, 2013	$ 0.60	180,000	180,000
July 18, 2013	0.60	30,000	30,000
October 7, 2014	0.70	150,000	150,000
February 23, 2015	0.86	25,000	25,000
June 9, 2015	1.22	620,000	620,000
June 24, 2015	1.22	50,000	50,000
March 18, 2016	1.96	1,005,000	669,997
June 9, 2016	1.98	100,000	66,666
August 2, 2016	1.70	50,000	33,333
October 19, 2016	1.25	150,000	50,000
May 1, 2017	0.78	2,045,000	681,662
May 31, 2017	0.78	150,000	50,000
June 15, 2017	0.58	150,000	50,000
August 1, 2017	0.40	285,000	94,998
		4,990,000	2,751,656

During the four months ended December 31, 2012, the Company recognized $348,879 (year ended August 31, 2012 – $1,571,615) of share-based compensation. As at December 31, 2012, the remaining unvested share-based compensation was $576,521.

(d) Finders' options

	Number of Options		Exercise Price
Balance, August 31, 2011	396	$	0.75
Exercised	(396)		0.75
Balance, August 31, 2012 and December 31, 2012	–	$	–

Finders' options vested on the date of grant and entitled the holder to acquire one Unit at $0.75 until May 5, or May 31, 2012 comprised of one common share plus one-half of one Series A Warrant (Note 11(e)).

(e) Share purchase warrants

	Series A Warrant		Exercise Price	Series B Warrant		Exercise Price
Balance, August 31, 2011	1,879,316	$	1.00	1,002,365	$	1.50
Issued	198		1.00	303,531		1.50
Exercised	(303,531)		1.00	(198)		1.50
Expired	(1,575,983)		1.00	–		1.50
Balance, August 31, 2012 and December 31, 2012	–	$	1.00	1,305,698	$	1.50

(Canadian dollars)

Upon the exercise of a Series A Warrant, a Series B Warrant was issued entitling the holder to acquire a common share of the Company at $1.50 until May 5, 2013 or May 31, 2013 as noted below:

Expiry Date	Series B Warrants Number of Warrants
May 5, 2013	1,008,494
May 31, 2013	297,204
	1,305,698

12. PER SHARE AMOUNTS:

	Four months ended December 31 2012	Year ended August 31 2012
Net loss	$ (813,778)	$ (5,093,023)
Basic weighted average number of shares:		
Issued common shares, beginning of period	104,515,222	54,674,907
Effect of shares issued	–	19,231,832
	104,515,222	73,906,739
Basic and diluted per share amounts:		
Net loss	(0.01)	(0.07)

For the four months ended December 31, 2012 and year ended August 31, 2012, all stock options and share purchase warrants were excluded from the diluted per share amounts as their effect was anti-dilutive.

13. INCOME TAXES:

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision (reduction) is as follows:

	Four months ended December 31 2012	Year ended August 31 2012
Statutory rate	25%	25.5%
Income tax reduction at statutory rates	$ (203,445)	$ (1,387,155)
Share-based payments	78,340	363,782
Non-taxable items and other	(718,901)	(266,040)
Effect of tax rate changes	(84,484)	(214,464)
Effect of loss carried back to prior years	–	(346,800)
Foreign exchange	11,555	284,546
Change in unrecognized deferred tax assets	916,935	1,219,331
Income tax expense (reduction)	$ –	$ (346,800)

The statutory income tax rate lowered to 25% for the four months ended December 31, 2012 from 25.5% for the year ended August 31, 2012 due to the Canadian Federal rate dropping from 16.5% in the 2011 calendar year to 15% in the 2012 calendar year.

(Canadian dollars)

Recognized deferred tax assets (liabilities) are attributable to the following:

		December 31 2012		August 31 2012
Property and equipment and E&E assets	$	(1,302,955)	$	(960,253)
Non-capital loss carry forwards		1,302,955		960,253
	$	–	$	–

Unrecognized deferred tax assets

Deferred tax assets have not been recognized for the following deductible temporary differences as it is not probable that future taxable profit will be available against which the Company can utilize the benefits:

		December 31 2012		August 31 2012
Property and equipment and E&E assets	$	8,271,747	$	6,831,012
Decommissioning obligation		312,826		226,451
Non-capital loss carry forwards		17,039,724		15,627,347
Share issue costs		2,520,348		2,810,680
Foreign exchange and other		1,949,974		1,742,417
	$	30,094,619	$	27,237,907

As at December 31, 2012, the Company has approximately $7.4 million and $13.3 million (August 31, 2012 – $6.5 million and $11.9 million) of non-capital losses in Canada and Argentina, respectively, available to reduce taxable income. The Canadian non-capital losses expire at various times between 2016 and 2032. Argentina non-capital losses have a five-year life and expire between 2013 and 2018.

The Company has temporary differences associated with its investments in its foreign subsidiary and branch. At December 31, 2012, the Company has no deferred tax liabilities in respect of these temporary differences.

14. SUPPLEMENTAL CASH FLOW INFORMATION:

Change in non-cash working capital items for the four months ended December 31, 2012 and year ended August 31, 2012 are as follows:

		December 31 2012		August 31 2012
Trade and other receivables	$	(723,803)	$	449,184
Inventory		171,946		(365,364)
Prepaid expenses		167,634		(269,705)
Trade and other payables		171,360		(1,647,082)
Effect of change in exchange rates		(75,093)		145,377
	$	(287,956)	$	(1,687,590)
Attributable to:				
Operating activities		(162,490)		137,021
Investing activities		(125,466)		(1,824,611)
	$	(287,956)	$	(1,687,590)

(Canadian dollars)

The breakdown of the Company's cash and cash equivalents is as follows:

		December 31 2012		August 31 2012
Cash in bank	$	1,092,328	$	1,841,582
Short-term investments		11,779,801		14,328,535
	$	12,872,129	$	16,170,117

15. PERSONNEL EXPENSES:

(a) Salaries and benefits:

The Company's consolidated statement of loss and comprehensive loss is prepared primarily by nature of expense, with the exception of $740,271 of salaries and benefits for employees and executive management which are included in general and administrative expenses for the four months ended December 31, 2012 ($1,504,341 – year ended August 31, 2012).

(b) Key management compensation:

The Company considers its key management personnel to consist of its officers and directors. The Company's directors and officers participate in the Company's stock option plan.

As at December 31, 2012, key management personnel included 11 individuals (August 31, 2012 – 11 individuals) and the related compensation recognized in the consolidated statement of loss and comprehensive loss comprised the following:

		Four months ended December 31 2012		Year ended August 31 2012
Salaries and benefits	$	442,264	$	1,124,347
Director fees		27,074		87,929
Share-based compensation		290,754		1,379,217
	$	760,092	$	2,591,493

16. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT:

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, policies and procedures. The following outlines the Company's risk exposures and explains how these risks and its capital structure are managed.

(a) Capital management:

The Company's objective is to maintain a strong capital position in order to execute on its exploration and development plans and maximize shareholder value.

The Company currently defines its capital as shareholders' equity. Changes to the relative weighting of the capital structure are driven by our business plans, changes in economic conditions and risks inherent in the oil and gas industry. In order to maintain or adjust the capital structure, the Company may consider any or all of the following activities, depending on existing economic conditions and access to external capital sources:

- Issue new shares through a public offering or private placement;
- Farm-out of existing exploration opportunities; or

(Canadian dollars)

- Raise fixed or floating interest rate debt.

The Company is not subject to any external restrictions on its capital structure and currently has no drawn debt facilities (Note 9).

The Company periodically reviews its capital structure in relation to its exploration and development budgets. The Company's capital management is currently focused on completion of existing exploration commitments and providing for the Company's share of any development programs.

(b) Credit risk:

The Company is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables and other non-current assets.

Cash and cash equivalents are held with highly rated Canadian and international banks. Therefore, the Company does not believe these financial instruments are subject to material credit risk.

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. The majority of the Company's oil production is sold by the Company to the Argentina subsidiary of a major international oil and natural gas company; the majority of the Company's natural gas production is sold by the Company to Argentine companies. Although trade and other receivables are subject to credit risk, the Company has not written off any trade and other receivables in the four months ended December 31, 2012 or year ended August 31, 2012 and has not recorded an allowance for doubtful accounts.

The Company's trade and other receivables consist of:

		December 31 2012		August 31 2012
Due from international oil and gas company	$	1,054,544	$	1,414,725
Due from other Argentine companies		2,883,657		1,626,327
Canadian income tax receivable		–		346,800
Other receivables		991,795		818,341
Total trade and other receivables	$	4,929,996	$	4,206,193

The Company's trade and other receivables are aged as follows:

		December 31 2012		August 31 2012
Not past due (less than 90 days)	$	4,695,579	$	3,794,554
Past due (more than 90 days)		234,417		411,639
Total trade and other receivables	$	4,929,996	$	4,206,193

Interest bearing bonds are due from a national trust created by the Argentine government for which quarterly repayment commenced on schedule in January 2011. The Company does not believe these bonds are subject to material credit risk.

Long-term receivables primarily relate to Minimum Presumptive Income Tax which will be applied against future taxable income of Antrim Argentina and therefore the Company does not believe these receivables are subject to material credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows. As of December 31, 2012 the Company has working capital of $14,846,843 (August 31, 2012 – $17,586,716) which includes $4,885,028 (August 31, 2012 – $4,713,668) of trade and other payables with a contractual maturity of less than one year. Given planned capital expenditures, administrative overhead requirements and commitments, management considers the Company's working capital to be sufficient to meet all current financial obligations in the upcoming year.

(d) Market risk:

Changes in commodity prices, interest rates and foreign currency exchange rates can expose the Company to fluctuations in its net earnings and in the fair value of its financial assets and liabilities.

(i) Commodity price risk:

Price fluctuations for both crude oil and natural gas are determined by world supply and demand factors. The Company has no influence over the pricing of oil and natural gas and has not attempted to mitigate commodity price risk through the use of financial derivatives. Currently all of the Company's oil and gas revenue is from Argentina. Oil prices in Argentina are subject to domestic market discounts which result in prices significantly below world benchmark rates.

(ii) Interest rate risk:

The Company is exposed to interest rate fluctuations on its investments of excess cash in short-term money market investments held with international banks. Assuming all other variables remain constant, a 1% change in the interest rate applicable to the Company's cash and cash equivalents would result in a $117,798 change to net loss.

(iii) Foreign currency exchange rate risk:

A substantial portion of the Company's exploration and development activities are conducted in foreign jurisdictions and a portion of the Company's cash and cash equivalents are denominated in US dollars (USD) and Argentina Pesos (ARS). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

The following table provides information on the foreign currency denominated financial instruments held by the Company:

As at December 31, 2012	Balance denominated in		Total CDN $
	USD	ARS	equivalents
Cash and cash equivalents	$ 207,544	$ 3,937,518	$ 1,003,439
Trade and other receivables	$ 3,463,635	$ 5,995,543	$ 4,659,467
Trade and other payables	$ 1,782,558	$ 12,714,090	$ 4,346,799

As at August 31, 2012	Balance denominated in		Total CDN $
	USD	ARS	equivalents
Cash and cash equivalents	$ 213,316	$ 6,414,748	$ 1,575,452
Trade and other receivables	$ 2,890,109	$ 4,187,508	$ 3,741,616
Trade and other payables	$ 1,337,744	$ 12,909,147	$ 4,066,483

(Canadian dollars)

(iv) Sensitivity analysis:

The following table presents an estimate of the impact on loss from continuing operations of the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at December 31, 2012 and August 31, 2012.

Market risk	Change in exchange rates	Change in net loss: Four months ended December 31 2012	Change in net loss: Year ended August 31 2012
Foreign exchange - effect of strengthening CAD$:			
USD denominated financial assets and liabilities	5%	$ 93,950	$ 87,075
ARS denominated financial assets and liabilities	5%	$ 28,144	$ 24,545

17. SEGMENTED INFORMATION:

The Company's one reportable operating segment is the acquisition, exploration and development of oil and gas properties. Geographic information is as follows:

	Canada	**Argentina**	**Total**
	$	$	$
December 31, 2012			
Assets	12,792,732	70,958,728	83,751,460
Liabilities	(536,105)	(6,648,150)	(7,184,255)
Four months ended December 31, 2012			
Revenue [1]	108,703	8,206,914	8,315,617
Net income (loss)	(1,146,146)	332,368	(813,778)
August 31, 2012			
Assets	15,470,699	71,275,173	86,745,872
Liabilities	(606,192)	(6,375,050)	(6,981,242)
Year ended August 31, 2012			
Revenue [1]	342,169	10,772,942	11,115,111
Net loss	(3,871,185)	(1,221,838)	(5,093,023)

[1] Represents interest income in Canada and oil and gas revenue in Argentina.

18. COMMITMENTS:

(a) Leased Premises

- As at December 31, 2012, the Company is committed to future payments for office rental and a proportionate share of operating costs in the amount of $23,294 per month from January 1, 2013 until October 31, 2014, $23,903 from November 1, 2014 to October 31, 2017 and $24,512 from November 1, 2017 to October 31, 2019.
- As at December 31, 2012, the Company is committed to future payments for accommodation rental in the amount of US$3,000 (Cdn$2,985) per month until August 31, 2013.

- As at December 31, 2012, the Company is committed to future payments for Buenos Aires Office rental in the amount of US$10,000 (Cdn$9,949) per month from January 1, 2013 to May 31, 2013 and US$10,500 (Cdn$10,446) per month from June 1, 2013 to May 31, 2014.
- As at December 31 2012, the Company had paid ARS$342,000 (Cdn$69,221) for Comodoro Office rent from January 1, 2013 to May 31, 2013. The Company cancelled the office rental in Comodoro effective May 31, 2013.
- In the cases of Argentina leases, the Company has the option to cancel the commitments at any time for a penalty of one month rent cost.

(b) El Valle Concession

On October 25, 2012, the Parliament of Santa Cruz Province issued Law 3293 approving the extension of the El Valle Concession until January 2026. The extension includes the following commitments on the Lago de Desierto UTE (100% working interest):

(in millions of $)	2013 to 2016	2017 to 2020	2021 to 2024	2025 to 2028	Total
Total US$	9.3	8.8	5.1	3.5	26.7
Total Cdn$	9.2	8.7	5.0	3.5	26.4

The Company's share of the above commitments is 50%.

As part of the extension commitment the Company paid US$66,953 (Cdn$66,612) on November 24, 2012 and US$18,576 (Cdn$18,481) on January 4, 2013 and will have to pay US$18,576 (Cdn$18,481) before July 3, 2013.

The Company has the right to freely market and dispose of the hydrocarbons lifted from the area, after paying 15% production royalties to the Province of Santa Cruz. In addition, the Company is required to pay a yearly surface rent of ARS$110,236 (Cdn$22,312) based on a rate of ARS$3,445 (Cdn$697) per square kilometre on the acreage covered by the El Valle Concession at the Company's 50% working interest.

(c) Cañadón Ramirez Concession

The Cañadón Ramirez Concession is not subject to any mandatory relinquishments of acreage nor any outstanding work commitments other than the work plans submitted by the Company to the Provincial and Federal governments on a yearly basis.

The Company has the right to freely market and dispose of the hydrocarbons lifted from the area, after paying the standard 12% royalties to the Province of Chubut. In addition, the Company is required to pay a yearly surface rent of ARS$88,085 (Cdn$17,831) based on a rate of ARS$3,445 (Cdn$697) per square kilometre on the acreage covered by the Cañadón Ramirez Concession.

(d) Cerro De Los Leones Concession

Following the receipt of environmental permits for its 100% interest in the Cerro De Los Leones Concession in May 2012, the Company has the following work commitments with respect to the concession:

- Commencing May 2012, US$13.85 million (Cdn$13.78 million) of expenditures over a three-year period ("Period 1");
- Commencing upon the expiry of Period 1, US$0.75 million (Cdn$0.75 million) of expenditures including one exploration well over a two-year period ("Period 2"); and
- Commencing upon the expiry of Period 2, one exploration well ("Period 3").

If the Company fails to make the necessary expenditures during Period 1, it will surrender all of the land on that concession.

If a commercial discovery is made by the Company, it will be entitled to obtain an exclusive 25-year exploitation concession to produce hydrocarbons from the relevant discovery and shall also be granted the right to freely market and dispose of the hydrocarbons lifted from the area, after paying the standard monthly 16% royalty to the Province of Mendoza. The Cerro Los Leones Permit is also subject to the payment of yearly surface rent per square kilometre on the acreage covered by the Cerro Los Leones Permit.

(e) Laguna de Piedra Concession

The Company will have the following work commitments with respect to its 100% interest in the Laguna de Piedra Concession in the event that the necessary environmental work permits are received:

- Commencing upon the receipt by the Company of the environmental permits, US$2.85 million (Cdn$2.84 million) of expenditures over a two-year period ("Period 1") including a minimum of one exploration well; and
- Commencing upon the expiry of Period 1, US$1.75 million (Cdn$1.74 million) of expenditures including one exploration well over a one-year period ("Period 2").

If a commercial discovery is made by the Company, it will be entitled to obtain an exclusive 25-year exploitation concession to produce hydrocarbons from the relevant discovery and shall also be granted the right to freely market and dispose of the hydrocarbons from the relevant discovery, after paying the standard monthly 12% royalty to the State of Rio Negro. The Laguna de Piedra Permit is also subject to the payment of yearly surface rent per square kilometre on the acreage covered by the Laguna de Piedra Permit.

19. SUBSEQUENT EVENTS:

(a) On January 31, 2013, the Company granted 2,775,000 stock options to directors, officers and employees of the Company. The options are exercisable at $0.37 per share and expire January 31, 2018.

(b) The Government of Argentina implemented the Petroleo Plus Program in 2008 to reward producers who materially increase oil reserves and production through drilling and development by issuing export tax credits ("Petroleo Plus Credits") that can be used to offset taxes on oil sold off shore at market price. Petroleo Plus Credits are transferrable and can be sold for cash to other domestic oil exporters.

Subsequent to December 31, 2012, the Company received proceeds of $1.2 million for the sale of Petroleo Plus Credits.