

P/F ATLANTIC PETROLEUM

Condensed Consolidated Interim Report

For the 3 months ended 31st March 2010

DKK



ATLANTIC PETROLEUM



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Report for 1Q 2010

Profit before taxation for 1Q 2010 of DKK 28.4MM. Best interim pretax result since company inception in 1998.

HIGHLIGHTS

Operational

- Total production in first quarter of 2010 amounted to 178,000 barrels of oil equivalents (boe) corresponding to an average of 1,977 boepd net to Atlantic Petroleum. Production from the Ettrick field amounted to some 60,000 boe and from Chestnut to about 118,000 boe
- Drilling operations on two additional production wells on the Ettrick field have been completed. One involved sidetracking the 20/2a-E3 well, drilled in 2007, to a more favourable location in the reservoir. The second well was drilled in the northern part of the Ettrick field. The results of both wells are within or better than pre-drill expectations. It is planned that the wells will be tied back and ready for production in July 2010
- The Chestnut field is producing at steady rates and up to now production performance for 2010 has exceeded expectations
- The Marten license has been extended 2 years to a July 2012 expiry
- Ben Arabo has been appointed as Chief Executive Officer from 1st August 2010. Sigurð í Jákupsstovu will resume the position as Chief Operating Officer

Financial

- Revenues in 1Q 2010 of DKK 76.9MM (1Q 2009: DKK 26.6MM)
- Operating profit (EBIT) in 1Q 2010 of DKK 22.3MM (1Q 2009: DKK -15.4MM)
- Profit before tax in 1Q 2010 of DKK 28.4MM (1Q 2009: DKK 8.7MM)
- Profit after tax in 1Q 2010 of DKK 20.5MM (1Q 2009: DKK 15.3MM)
- Net cash from operating activities in 1Q 2010 of DKK 47.6MM (1Q 2009: DKK 2.7MM)
- Average realised oil price was 77 USD/bbl in 1Q 2010 compared to 76 USD/bbl in 4Q 2009
- Total assets at end 1Q 2010 of DKK 659.0MM (At year end 2009: DKK 646.8MM)
- Total shareholder's equity of DKK 298.4MM (At year end 2009: DKK 279.0MM)
- Administration costs reduced to DKK 3.6MM from DKK 5.3MM in 1Q 2009
- The Company has in 1Q 2010 paid down debt of DKK 25.0MM. In 2010 a total of DKK 46.7MM debt has been repaid



2010 OUTLOOK

Operational

- Production is expected to stabilise within the range of 2,500-3,000 boepd as the Ettrick field performance is expected to improve over the year
- Unchanged estimated total production in the range of 725,000 to 850,000 barrels net
- The Blackbird appraisal well will be drilled over the summer and the results will decide whether the proven volumes are sufficient to warrant the field to be developed as a satellite to the Ettrick field 6 km to the north
- Complete evaluation of Perth feasibility study
- Company is actively pursuing opportunities to increase license portfolio
- Further evaluation of the commercial potential of the Helvick, Ardmore and Hook Head discoveries in the Irish Standard Exploration License 2/07 will be undertaken

Financial

- Maintain expectation of EBIT to be in the range DKK 70-90MM for 2010 (2009: DKK -75.6MM realised). This is based on the initially estimated average oil price of 75 USD/bbl in 2010 and an average currency exchange rate of DKK/USD of 5.21, compared to the realised average oil price of 77 USD/bbl and DKK/USD exchange rate of 5.43. Production volumes for the year are expected to be in the range of 725,000 and 850,000 barrels net to Atlantic Petroleum
- The Company's debt is expected to be reduced by DKK 120MM in 2010
- Investments in exploration and appraisal activities are estimated to be around DKK 36MM for the whole year 2010
- Investments in field developments are estimated to be around DKK 47MM for the whole year 2010
- The majority of the short term bridge loan facilities have been rolled into a five year senior loan facility
- The Company has engaged in oil price hedging to secure a more stable revenue stream. Approximately 6 percent of current production has been hedged 12 months ahead. Average oil price hedged is 88 USD/bbl



COMPARISON FIGURES

Summary of figures for 1Q 2010 and comparison figures for the preceding four quarters:

	3 months 31 st March 2010 KDKK	3 months 31 st December 2009 KDKK	3 months 30 th September 2009 KDKK	3 months 30 th June 2009 KDKK	3 months 31 st March 2009 KDKK
Revenue	76,855	81,924	60,698	50,012	26,618
Gross profit	26,045	30,509	13,136	15,242	-4,274
Operating profit	22,319	27,366	9,902	-97,471	-15,419
Profit before taxation	28,402	24,547	-36,825	-56,897	8,733
Profit after taxation	20,492	10,959	-33,403	-47,768	15,341
Non-current assets	573,074	565,057	592,355	645,207	676,771
Current Assets	85,933	81,791	62,925	37,778	29,213
Total assets	659,007	646,848	655,279	682,985	705,984
Current liabilities	142,976	154,729	327,884	144,910	486,340
Non current liabilities	217,617	213,159	235,559	414,848	43,715
Total liabilities	360,593	367,888	563,443	559,758	530,055
Net assets	298,414	278,960	91,836	123,227	175,928
Equity	298,414	278,960	91,836	123,227	175,928
Net cash provided from operating activities	47,575	18,216	7,706	25,434	2,680
Net cash used in investing activities	-16,084	4,008	-1,398	-64,055	-73,671
Net cash used in financing activities	-23,692	-19,113	8,720	33,491	72,600
Change in cash and cash equivalents	7,799	3,111	15,028	-5,130	1,609
Cash and cash equivalents	26,465	18,802	15,291	66	5,460
Equity ratio	45.3%	43.1%	14.0%	18.0%	24.9%
Full time equivalent positions	7	9	9	9	9
Earning per share	7.80	-48.39	-29.67	-42.43	13.63
Share price at end of period (NASDAQ OMX Iceland) DKK/Share	160	160	355	475	260
Share price at end of period (NASDAQ OMX Copenhagen) DKK/Share	159	162	198	440	269
Operations:					
Production (working interest) (boepd)	1,977	2,488	2,025	1,507	1,330
Drilled wells	1	0	1	0	1



STATUS ON LICENSES

A brief outline of the status and forward program for the licences in which Atlantic Petroleum participates is shown below:

United Kingdom

Exploration

- UK Licence P099, Block 110/14c and 110/14d: This licence is currently being relinquished
- UK Licence P1478, Blocks 110/9c and 110/14e: This licence was relinquished 11th March 2010

Appraisal and Development

- UK Licences P273 & P317, Blocks 20/3a & 20/2a: In the summer of 2008, the 20/2a-8 Blackbird well was drilled around six kilometres south of the Ettrick field and oil was discovered in sandstones similar in age to those in the Ettrick field. The Blackbird discovery is promising and is anticipated to be a positive addition to production over the Ettrick field facilities. The well encountered 111 feet of net pay in multiple zones and tested at an average restricted rate of 3,800 bopd through a 34/64 inch choke. An appraisal well on the Blackbird structure is planned to be spudded soon and, if successful, a subsea tie-back will be installed to the Aoka Mizu FPSO at Ettrick with first oil expected in late 2011 or 2012.

Atlantic Petroleum holds 8.27% equity in these licences.

- UK Licences P218 & P588, Blocks 15/21a, b, c & f: Development planning for the Perth Field is progressing and various development scenarios are under consideration. It is expected that a field development plan will be submitted to the authorities for approval in the autumn of 2010 allowing for first production by 2012 or 2013.

Atlantic Petroleum holds 3.75% equity in these licences.

- UK Licence P1047, Block 20/3c: The licence contains the Marten 20/3-4 discovery well, drilled in 1984 by Amoco. It is hoped that the field can be developed as a tie-back to nearby producing fields or as a standalone facility, along with other sour oil fields in the area. In April 2010 DECC granted a two year extension to the licence, such that the expiry date is extended to July 2012.

Atlantic Petroleum holds 17.5% equity in this licence.

Production

- UK Licences P354, Block 22/2a: The Chestnut field came on stream on 20th September 2008 and has been flowing at rates up to 17,000 bopd (net 2,550 bopd to Atlantic Petroleum). During the first quarter of 2010, there have been four cargo liftings, each between 225,800 and 237,100 barrels gross. The South Chestnut 22/2a-16Y well, which was successfully drilled in the later part of 2008, was tied into the Chestnut facilities and started production on 17th March 2009. The field has been performing well.

Atlantic Petroleum holds 15% equity in this licence.

- UK Licences P273 & P317, Blocks 20/3a & 20/2a: The Ettrick field came on stream on 15th August 2009 and has been flowing at rates up to 27,500 bopd and 14 MMscfpd of gas. First gas was achieved on 3rd October 2009, with export via the SAGE pipeline. Commissioning of the production facilities is continuing and production is currently stable at between 15,000 and 25,000 bopd (net 1,310 bopd to 2,070 bopd to Atlantic Petroleum). During the first quarter of 2010, there has been one cargo lifting of 526,000 barrels gross. Two further production wells have been drilled during the first quarter of 2010 and are currently being completed prior to tying them back to the production facilities. This is currently planned for July this year.

Atlantic Petroleum holds 8.27% equity in these licences.

Ireland

- Standard Exploration Licence 2/07: This licence includes four discoveries (Helvick, Hook Head, Ardmore and Dunmore) and further exploration structures. The initial three year licence term ended on 31st January 2010 and the group applied to continue the licences for a further term. Official consent was received in February 2010 to



take the licence into a second phase to 31st January 2013, subject to a specific work programme and relinquishment of part of the held acreage. The work programme consists of reviewing the potential of utilising innovative production technology for marginal oil field developments along with other technical studies on the licence.

The Company recently announced that the partnership is cooperating with *Unmanned Production Buoy Limited* to assess the feasibility of using a minimal facilities unmanned buoy development on the Helvick field. The Helvick field was discovered in 1983 and has been appraised by three further wells; the latest drilled in 2000 and tested at 5,064 bopd and 5.8 MMscfpd of gas. The operator estimates the STOOIP (Stock Tank Oil Originally In Place) for the Helvick discovery to be around 9.4 MMBbls. Mapping has identified additional leads such as an upthrown terrace play and stratigraphic plays which have potentially higher volumes totalling 52 MMBbls STOOIP. As mentioned above, innovative technologies are being considered to develop the field.

The 50/11-3 well was drilled on Hook Head in 2007 and confirmed a significant oil accumulation. Operational issues precluded a full investigation of the reservoir. The 50/11-4 well was drilled in 2008 and targeted a separate fault block. The well encountered oil and gas shows whilst drilling but hydrocarbon bearing intervals were thinner than prognosed. Work is currently being carried out to assess the potential of developing the central panel of the Hook Head field, where the 50/11-1 and 50/11-3 wells were drilled, using innovative development techniques.

The Ardmore field was discovered in 1974, and comprises a gas cap with an underlying heavy oil (around 16 degrees API) accumulation. Recent work in the area carried out by Providence prompted a re-evaluation of the resource potential within the Ardmore oil leg. This work, which is based on a 3D seismic data acquired in 2006, suggests potentially significant oil in place volumes. Partners are now planning to seek heavy oil specialist advice to assess the potential of the field.

Atlantic Petroleum holds 18.333% equity in this licence.

- Standard Exploration Licence 3/07: This licence was relinquished on 31st March 2010, at the end of the three year term.

Faroe Islands

- Licence 006: The Brugdan exploration well was drilled in 2006 and was plugged and abandoned with minor gas shows. The results from the well have been analysed and future plans for the licence are being considered. The licence has been extended into a third term that expires on 17th January 2013. The work programme associated with the licence is that prior to the expiry of the licence in 2013, one well shall be drilled in one of the following licences - 006, 009 or 011. Licences 009 and 011 are 100% Statoil owned.

Atlantic Petroleum holds 1% equity in this licence.

- Licences 013 & 014: These 2nd Round licences contain the Stella Kristina and Marselius leads. The second term of the licences expired on 17th April 2009, but the partnership applied for and were granted an additional two years, during which time selected 2D seismic data will be depth migrated and reprocessed, amongst other elements of an agreed work programme. The work programme has to be carried out prior to 17th January 2011. There is also an option to extend the licence to 17th January 2013 if additional 2D seismic data is acquired during this period. The depth migration reprocessing of the seismic dataset is nearing completion and an interpretation of the data will be carried out during 3Q and 4Q.

Atlantic Petroleum holds 40% equity in each of the two licences.

- Licence 016: Atlantic Petroleum was awarded this license in December 2008 as part of the 3rd Licensing Round. The area covers 5,312 square kilometres and is the largest licence to be awarded in Faroese waters. It contains a large four-way dip closed structure called Kúlubøkan, with potential at various stratigraphic levels. The group acquired seismic data over the area during the summer of 2009. The data has now been processed and interpretation work is currently ongoing. A seabed coring survey is expected to be carried out during the summer of 2010 as part of the work programme commitment. A decision will be made before January 2011 as to whether the licence will be extended by shooting additional seismic data and ultimately drill a well.

Atlantic Petroleum holds 10% equity in this licence.



ENDORSEMENT AND SIGNATURES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Condensed Consolidated Interim Report for the first three months of 2010 comprises the Consolidated Financial Statements of P/F Atlantic Petroleum and its subsidiaries. The Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

We consider the accounting policies used to be appropriate, such that the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 31st March 2010, and of the results of the Group's operations and cash flow for the period 1st January – 31st March 2010.

Tórshavn, 19th May 2010

Birgir Durhuus, Chairman

Poul R. Mohr, Deputy Chairman

Mortan H. Johannesen

Jan Edin Evensen

Diana Leo

Chief Executive Officer:

Sigurð í Jákupsstovu



AUDITOR'S REVIEW REPORT

To the shareholders of P/F Atlantic Petroleum

According to agreement with the Company's Board of Directors, we have reviewed the accompanying condensed consolidated interim balance sheet of P/F Atlantic Petroleum and its subsidiaries as of 31st March 2010, and the related condensed consolidated statements of income and cash flows and notes for the three months ended 31st March 2010.

These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

Basis of opinion

We conducted our review in accordance with generally accepted review standards as applied in the Faroe Islands. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the preliminary financial information is free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Report does not give a true and fair view of the financial position of the Group as of 31st March 2010, and of the results of its operations and its cash flows for the three months ended 31st March 2010 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn, 19th May 2010

SP/F Grannskoðaravirkid *INPACT*

State Authorized Public Accountants

Jógvan Amonsson

State Authorized Public Accountant

Fróði Sivertsen

State Authorized Public Accountant



CONSOLIDATED INCOME STATEMENT

For the period ended 31st March 2010

	Note	3 months to 31 st March 2010 DKK	3 months to 31 st March 2009 DKK
Revenue	4	76,854,603	26,617,955
Costs of sales	3	-50,809,940	-30,891,663
Gross profit		26,044,664	-4,273,708
Exploration expense		-7,387	-5,774,998
Pre-licence exploration costs		-96,211	-143,662
General and administration costs		-3,635,368	-5,252,847
Other operating income		13,552	26,400
Operating profit	4	22,319,250	-15,418,815
Interest revenue and finance gains	5	11,211,259	25,902,849
Interest expenses and other finance costs		-5,128,269	-1,751,198
Profit before taxation		28,402,240	8,732,837
Taxation	6	-7,909,924	6,608,656
Profit after taxation		20,492,316	15,341,493
Earnings per share (DKK):			
Basic	13	7.80	13.63
Diluted	13	7.80	13.63

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSES

For the period ended 31st March 2010

	3 months to 31 st March 2010 DKK	3 months to 31 st March 2009 DKK
Profit for the period	20,492,316	15,341,493
Exchange rate differences	-1,039,084	-5,886,559
Fair value adjustment on securities available for sale in the period	0	-401,699
Changes in comprehensive income in the period	19,453,232	9,053,234

**CONSOLIDATED BALANCE SHEET**As at 31st March 2010

	Note	At 31 st March 2010 DKK	At 31 st December 2009 DKK
Non-current assets			
Intangible exploration and evaluation assets	7	67,343,066	64,625,118
Development and production assets	8	457,752,983	445,426,063
Property plant and equipment	9	477,080	514,690
Deferred tax asset		47,500,760	54,491,384
		573,073,888	565,057,255
Current assets			
Inventories		2,431,181	4,138,906
Trade and other receivables	10	57,021,184	58,833,822
Securities available for sale		16,025	16,025
Cash and cash equivalents		26,464,537	18,802,488
		85,932,926	81,791,241
Total assets		659,006,814	646,848,496
Current liabilities			
Short term debt		95,012,812	118,704,771
Trade and other payables	11	47,963,338	36,024,238
		142,976,150	154,729,009
Non-current liabilities			
Long term debt		165,000,000	165,000,000
Long term provisions		52,617,080	48,159,135
		217,617,080	213,159,135
Total liabilities		360,593,231	367,888,144
Net assets		298,413,583	278,960,351
Equity			
Share capital		262,670,300	262,670,300
Share premium account		231,154,090	231,154,090
Translation reserves		25,439,174	26,357,345
Retained earnings		-220,849,981	-241,221,383
	14	298,413,583	278,960,351

**CONSOLIDATED CASH FLOW STATEMENT**For the period ended 31st March 2010

	3 months to 31st March 2010 DKK	3 months to 31 st March 2009 DKK
Operating activities		
Operating profit	22,319,250	-15,418,815
Allocated consolidated capitalised interest	890,029	311,952
Impairment on non-current assets	0	5,627,282
Depreciation, depletion and amortisation	21,705,623	12,242,830
Warrant based payment	0	48,523
Change in inventories	1,579,255	0
Change in trade and other receivables	3,763,543	-578,815
Change in trade and other payables	622,410	-1,231,550
Interest revenue and finance gains received	1,822,800	2,242,504
Interest expenses and other finance costs paid	-5,128,269	-564,025
Net cash from operating activities	47,574,642	2,679,886
Investing activities		
Capital expenditure	-16,083,617	-64,300,573
Capitalised interests and debt arrangement fee		-9,370,501
Net cash from investing activities	-16,083,617	-73,671,074
Financing activities		
Change in short term debt	-23,691,959	72,600,288
Change in long term debt	0	0
Net cash from financing activities	-23,691,959	72,600,288
Change in cash and cash equivalents	7,799,066	1,609,100
Cash and cash equivalents at the beginning of the period	18,802,488	3,976,823
Currency translation differences	-137,016	-125,602
Cash and cash equivalents at the end of the period	26,464,537	5,460,321



NOTES TO THE ACCOUNTS

Accounting Policy

General information

P/F Atlantic Petroleum is a limited company incorporated and domiciled in the Faroe Islands and listed on NASDAQ OMX Iceland and NASDAQ OMX Copenhagen.

The principal activities of the Company and its subsidiaries (the Group) are oil and gas exploration, appraisal, development and production in the UK, Ireland and the Faroe Islands.

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31st December 2009 are available upon request from the Company's registered office at Gongin 9, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands or at www.petroleum.fo.

This Condensed Consolidated Interim Report is presented in DKK.

1. Statement of compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting* as adopted by the EU. It does 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 Group as at and for the year ended 31st December 2009.

2. Significant accounting policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31st December 2009.

**3. Costs of sale**

	3 months to 31st March 2010 DKK	3 months to 31 st March 2009 DKK
Operating costs	-28,186,282	-18,073,430
Amortisation and depreciation, plant and equipment:		
Oil and gas properties	-22,623,658	-12,818,234
Impairment of oil and gas properties	0	0
	-50,809,940	-30,891,663

4. Geographical segmental analysis

	3 months to 31st March 2010 DKK	3 months to 31 st March 2009 DKK
Revenues by origin and destination:		
Faroe Islands	0	0
United Kingdom	76,854,603	26,617,955
Ireland	0	0
	76,854,603	26,617,955
Operating profit/loss by origin:		
Faroe Islands	-2,397,925	-102,008
United Kingdom	24,717,178	-14,635,256
Ireland	-2	-681,551
	22,319,250	-15,418,815

5. Interest revenue & expenses and finance gains & costs

	3 months to 31st March 2010 DKK	3 months to 31 st March 2009 DKK
Interest revenue and finance gains:		
Short term deposits	0	748
Exchange differences	11,211,259	25,902,101
	11,211,259	25,902,849
Finance expenses and other finance costs:		
Bank loan and overdrafts	-4,562,782	-8,958,159
Debt arrangement fees	0	-663,158
Others	-521,634	-21,630
Exchange differences	-43,853	-1,478,752
Gross finance costs and other finance expenses	-5,128,269	-11,121,699
Interest and debt arrangement fee capitalised during the period	0	9,370,501
	-5,128,269	-1,751,198



6. Taxation

	3 months to 31 st March 2010 DKK	3 months to 31 st March 2009 DKK
Current tax :		
Faroese corporation tax	0	0
Overseas tax on interest income	0	0
Overseas tax on dividend	0	0
Total current tax	0	0
Deferred tax:		
UK Deferred tax (asset)	-7,909,924	6,608,656
Faroese petroleum tax	0	0
Overseas tax	0	0
Total deferred tax	-7,909,924	6,608,656
Tax on profit on ordinary activities	-7,909,924	6,608,656

As at 31st March 2010, the Company has a net deferred tax asset of DKK 8.6MM which has not been recognised in the Company's accounts.

This is made up of the following amounts:

Effect of capital allowances in excess of depreciation:
DKK 4.3MM

Effect of tax losses available: DKK 12.9MM

The losses can be carried forward indefinitely

7. Intangible exploration and evaluation assets

	At 31 st March 2010 DKK	At 31 st December 2009 DKK
At 1 st January	64,625,116	152,372,520
Exchange movements	680,700	3,526,658
Additions	2,037,250	17,522,187
Disposal of licence	0	0
Exploration expenditures written off	0	-108,796,249
At end of period	67,343,066	64,625,116

8. Development and production assets

	At 31 st March 2010 DKK	At 31 st December 2009 DKK
At 1 st January	445,426,063	423,227,716
Exchange movements	6,919,486	31,191,149
Additions	27,960,644	59,002,848
Charge	-22,553,210	-67,995,650
At end of period	457,752,983	445,426,063

**9. Property plant and equipment**

	At 31st March 2010 DKK	At 31st December 2009 DKK
At 1 st January	514,690	774,893
Exchange movements	4,932	28,345
Additions	0	0
Depreciations	-42,543	-288,548
At end of period	477,079	514,690

10. Trade and other receivables

	At 31st March 2010 DKK	At 31st December 2009 DKK
Trade receivables	49,793,250	42,906,552
Prepayments	1,497,969	2,038,346
Other taxes and VAT receivables	1,977,802	2,097,071
Other receivables	3,752,163	11,791,852
	57,021,184	58,833,820

11. Trade and other payables

	At 31st March 2010 DKK	At 31st December 2009 DKK
Trade payables	18,441,925	24,268,730
Accruals	1,285,225	11,738,430
Other payables	28,236,188	17,077
	47,963,338	36,024,237

**12. Dividends**

No interim dividend is proposed. (31st March 2009: DKK nil)

13. Earnings per share

	Profit after tax		Number of shares		Earnings per share	
	31 st March	31 st March	31 st March	31 st March	31 st March	31 st March
	2010	2009	2010	2009	2010	2009
	DKK	DKK	DKK	DKK	DKK	DKK
3 months to 31st March	20,492,316	15,341,493	2,626,703	1,125,730	7.80	13.63

The calculation of basic earnings per share is based on the profit after tax and on the weighted average number of ordinary shares in issue during the period.

14. Consolidated statement of changes in equity

	Share capital DKK	Share premium account DKK	Retained earnings DKK	Translation reserves DKK	Total DKK
At 1st January 2009	112,573,000	207,969,117	-190,341,569	36,626,177	166,826,724
Issuance of warrants	0	0	115,541	0	115,541
Shares issued	150,097,300	37,524,325	0	0	187,621,625
Transaction costs	0	-14,339,351	0	0	-14,339,351
Fair value adjustment on securities available for sale	0	0	3,758,795	0	3,758,795
Translation reserves	0	0	-4,647	-10,147,920	-10,152,567
Total recognised income	0	0	-54,870,416	0	-54,870,416
At 1st January 2010	262,670,300	231,154,090	-241,342,295	26,478,258	278,960,351
Issuance of warrants	0	0	0	0	0
Fair value adjustment on securities available for sale	0	0	0	0	0
Translation reserves	0	0	0	-1,039,082	-1,039,082
Total recognised income	0	0	20,492,316	0	20,492,316
At 31st March 2010	262,670,300	231,154,090	-220,849,981	25,439,174	298,413,583

15. Capital commitments and guarantees

In connection with Atlantic Petroleum UK Limited's assets in UK area, Atlantic Petroleum P/F has provided the following security towards the UK Department for Energy and Climate Change:

1. A security is provided that P/F Atlantic Petroleum can always provide the necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area.
2. A security is provided that P/F Atlantic Petroleum will not change Atlantic Petroleum UK Limited's legal rights, so that this Company could not fulfil its obligations.
3. A security is provided that if Atlantic Petroleum UK Limited fails to fulfil its financial obligations, P/F Atlantic Petroleum will undertake to do so.



P/F Atlantic Petroleum answers for all obligations which Atlantic Petroleum UK Limited has in connection with purchase of assets from Premier Oil in accordance with the Sales and Purchase Agreement.

In its participation in Joint Ventures Atlantic Petroleum and Joint Venture Partners are jointly liable to all commitments made by the Joint Venture.

The Group had capital expenditure committed but not provided in these accounts at 31st March 2010 of approximately DKK 35 million. The capital expenditure is in respect of the Group's interests in its exploration, development and production licences.

In accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a two and a half year charter contract for the use of a floating production, storage and offloading platform, counting from 20th September 2008. The Group's annual commitment is estimated to USD 4 million.

Also in accordance with the Group's participation in joint arrangements with other companies, an agreement has been signed whereby the Group is a party to a five year charter contract for the use of a floating production, storage and offloading platform, counting from 15th August 2009. The Group's annual commitment is estimated to USD 3.5 million.

In acquiring its interests in certain UK petroleum production licences, the Group has entered into agreements whereby there is an option for the seller to back into 5.515% of the Group's interest in Block 20/2a. The consideration payable would equate to the Group's total exploration costs incurred to the date when the option is exercised. The terms of the agreement also state that the Group cannot dispose of more than 5.515% of its interest in the Etrick exploration licence without first obtaining the consent of the seller.

P/F Atlantic Petroleum has two loan facilities that previously were bridge loans but the Company and lenders P/F Eik Banki and P/F Føroya Banki agreed to change part of the loans into long term debt.

According to the agreement DKK 194MM of debt to P/F Eik Banki has been rolled into a five year senior facility expiring 11th December 2014. Further it has been agreed that the Company shall endeavour to pay down the DKK 194MM facility to DKK 130MM by the end of 2010.

P/F Atlantic Petroleum has further agreed with P/F Føroya Banki that the current DKK 50MM credit facility by 1st January 2011 shall be replaced with a new rolling credit facility of DKK 35MM. In 2010 the Company has paid down DKK 9MM on this facility.

P/F Atlantic Petroleum has in connection with the loan facilities, charged the following security to the lenders:

- (i) Its shares in its wholly owned subsidiary Atlantic Petroleum UK Limited; and
- (ii) Its inter-company receivables from Atlantic Petroleum UK Limited
- (iii) That Atlantic Petroleum UK Limited shall ensure that liquidity income into the Company is only used for payments in consent from the lenders
- (iv) P/F Atlantic Petroleum has provided the lenders with a negative pledge
- (v) The terms and conditions for the new rolling credit facility from P/F Føroya Banki of DKK 35MM requires that the drawdown on the credit shall be payable within 3 months cash flow at any time. Further the basis for the credit will be reviewed quarterly.

16. Contingent considerations

The Group holds interests in a UK petroleum production licence which it acquired in 2007. Contingent consideration of up to a maximum amount of approximately DKK 1.7MM (GBP 200,000) is payable contingent on first hydrocarbons being achieved from this licence.