



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

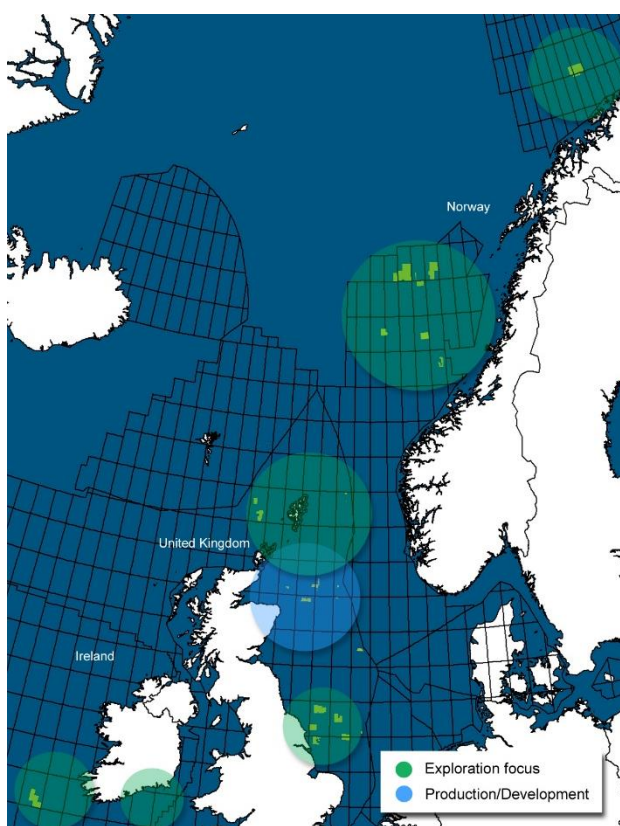
FOR THE 3 MONTHS ENDED 31st MARCH 2015

OPERATIONS IN PROLIFIC AREAS

NORTH WEST EUROPE FOCUSED

Atlantic Petroleum is a full cycle E&P company. Our portfolio of assets spans the full-cycle E&P value chain of exploration, appraisal, and development through to production and is located in some of the world’s most prolific hydrocarbon basins. Our main focus is on offshore North West Europe where we can provide steady growth from the existing asset base and be prepared to acquire new assets.

OUR PORTFOLIO



A total of 36 oil & gas licences at report which will deliver organic growth for the company portfolio.

UK

3 licences in UK Central North Sea with fields in production. 21 exploration, appraisal & development licences in the UK sector of the North Sea, Central North Sea, Southern North Sea & West of Shetland. One UK field has been sanctioned for development, and two are near development

NORWAY

10 exploration & appraisal licences in Norwegian Sea, the Barents Sea and the Norwegian sector of North Sea. Potential to increase significantly through licensing rounds and deals.

IRELAND

2 exploration & appraisal licences

More information on our licences and projects on WWW.PETROLEUM.FO

Steady organic growth from development of existing asset base

Cash flow from producing assets and expl. facility fund exploration activities
Low risk profile
Attractive asset base with exploration opportunities

Growth by farm-ins and acquisitions

Access through broad industrial network
Ability to quickly screen and evaluate opportunities
Proven ability to close farm-in deals
Proven ability to successfully acquire and integrate companies

Strong partnerships

Partnerships with over 30 reputable international oil companies
Diversification and risk sharing
Sharing of geological and operational knowledge

Strong team of professionals

Efficient organisation with proven track record
Core in-house technical and commercial skills
Network of qualified external advisers and technical consultants

SECURING THE LONG TERM SUCCESS

HIGHLIGHTS & OUTLOOK

Atlantic Petroleum has demonstrated exploration value creation in the short term by monetising the Pegasus West discovery in the UK. The Pegasus West discovery was made in September 2014 and **on 7th May 2015** Atlantic Petroleum announced that its subsidiary Atlantic Petroleum UK Limited had signed a sale and purchase agreement with Third Energy Offshore Limited for the sale of Atlantic Petroleum's interests in P1724 (UK Block 43/13b which contains the Pegasus West Gas Discovery), P1727 (UK Blocks 43/17b and 43/18b) and P2128 (Block 43/12). Under the sale and purchase agreement, Third Energy will purchase Atlantic Petroleum's 10% working interests in the above Licences for a total potential consideration of £16.5 million of which £7.5 million will be paid on completion of the deal. Remaining payments are conditional on production from Pegasus West and further development in the blocks.

In the first quarter this year Atlantic Petroleum was successful in the APA 2014 Licensing Round on the Norwegian Continental Shelf, with the Company being offered 2 licences. Atlantic Petroleum also made a post-tax cash deal with Statoil on the Norwegian shelf on PL 602 where a well was drilled resulting in a discovery on the Roald Rygg structure. The discovered resources have marginal economics on the basis of the costs and scheduled first production date provided by the operator consequently Atlantic Petroleum have decided to leave the PL602 license and redirect its focus on adjacent licenses.

In March Atlantic Petroleum North Sea Limited announced that Nexen Petroleum UK Ltd, a wholly owned subsidiary of CNOOC Limited, on behalf of the Ettrick joint venture has signed a significant amendment agreement with Bluewater Ettrick Production (UK) Ltd, to secure the use of the Aoka Mizu FPSO beyond March 2016. The amendment will mean that the FPSO operating day rate will reduce after March 2016, extending the economic life of the fields and combined with other cost saving initiatives, result in a substantial reduction in the overall operating costs for the Ettrick and Blackbird fields.

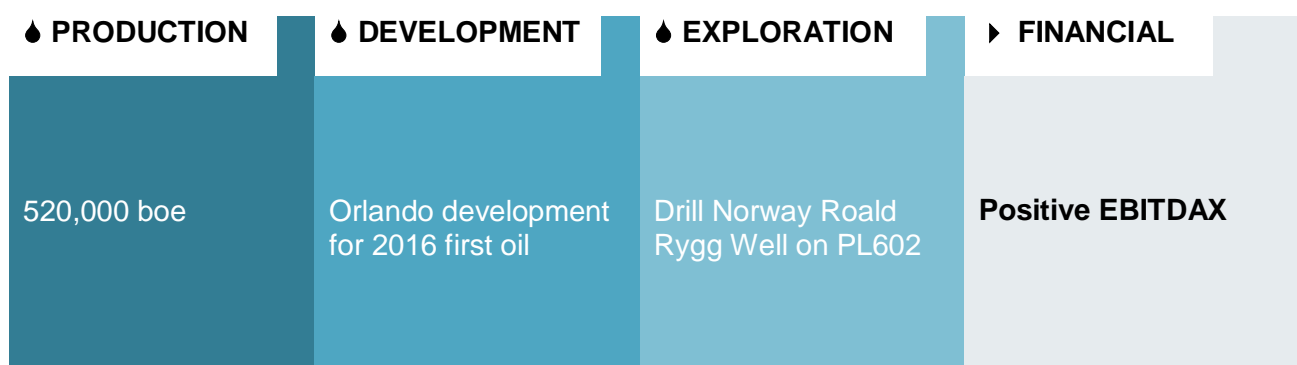
Production for the first 3 months was 106,000 boe corresponding to an average of 1,178 boepd net which is lower than the target of 1,534 boepd. Production on the Chestnut field was impacted during the first quarter by planned scale squeeze operations. Production in January was also impacted by a planned well intervention on the Ettrick Field. Both production fields are now back on stream.

In March, the company reported the results of an updated Competent Persons Report (CPR) undertaken by Gaffney, Cline and Associates (GCA)

- Net Remaining economic 2P reserves (including Kells), as reported by GCA, have moved from 8.6 mmbae to 7.6 mmbae, a 13% reduction. Over half the reduction was caused by production during 2014, with the remainder being due in-field adjustments and economic limit tests.
- Net 2C Contingent oil resources have increased from 17.1 mmbbls to 36.3 mmbbls and 2C Contingent gas resources have increased from 21.3 bcf to 43.8 bcf. In terms of barrels of oil equivalent (boe), this results in overall an increase of 111% from 20.7 mmbae to 43.6 mmbae.
- Net "Best" estimate of Prospective Risked Resources has increased from 50.7 mmbae to 53.6 mmbae, a 6% increase.

EBITDAX for the first 3 months was DKK negative with 28.2MM which was not within guidance. However, the guidance for the full year 2015 remains within the previous announced guidance. Revenue for 1Q 2015 was DKK 39.1MM and this was impacted by the lower than expected production and lower oil price. Net loss for 1Q 2015 was DKK 11.7MM. Cash and cash equivalents at end of 1Q 2015 was DKK 61.8MM and net assets/shareholders equity DKK 453.5MM. Bank debt excluding exploration finance facility was DKK 58.5MM. The lower than expected production in the first quarter and the reduced expenditure on projects that are no longer economic at current prices results in Atlantic Petroleum adjusting its full year guidance to 520,000 boe.

2015 TARGETS



PERFORMANCE SUMMARY

► KEY METRICS

DKK 1,000	3 months to 31 th March 2015	3 months to 31 th March 2014	Full year 2014
Income statement			
Revenue	39,143	112,706	343,146
Impairment on producing assets	0	0	-209,085
Gross profit	-14,102	38,812	-186,856
Exploration expenses	-1,434	-81,333	-214,862
EBITDAX	-28,165	47,451	124,358
Operating loss (EBIT)	-43,598	-64,020	-454,073
Depreciations	-13,999	-30,139	-154,484
Loss before taxation	-55,133	-68,483	-484,215
Loss after taxation	-11,700	-12,687	-218,257
Financial position			
Non-current assets	823,157	1,015,046	698,261
Current assets	319,401	339,185	374,808
Total assets	1,142,558	1,354,230	1,073,068
Current liabilities	267,217	232,805	262,080
Non-current liabilities	421,808	526,560	387,807
Total liabilities	689,025	759,365	649,887
Net assets/Equity	453,533	594,865	423,181
Cash flow and cash			
Cash provided by operating activities	-73,861	-32,719	96,795
Change in cash and cash equivalents	-55,426	-12,535	-69,426
Cash and cash equivalents	61,762	173,165	111,989
Bank debt – excluding drawdown on the exploration finance facility	58,500	78,000	58,500
Financial statement related key figures			
Gross Margin	-36,0%	34.4%	-54.5%
EBIT Margin	-111,4%	-56.8%	-132.3%
EBITDAX Margin	-72,0%	42.1%	36.2%
Return on Equity	-2,7%	-2.1%	-42.8%
Share related key figures			
Earnings per share Basic	-3.16	-3.43	-59.03
Earnings per share Diluted	-3.16	-3.43	-59.03
Share price in DKK on OMX CPH/IS and Oslo Stock Exchange	41/45	100/102	42/45
Other key numbers			
Production boepd – net to the Group	1,178	1,993	1,605
Average realised oil price USD/bbl	66.6	108.3	101.0
Full time equivalent positions	27	28	27

A ROBUST PROGRAMME GOING FORWARD

STATUS ON KEY LICENCES

Our portfolio of assets spans across all four stages of exploration, appraisal, development and production. The following section presents the status on some key licences at end of 1Q 2015.

DEVELOPMENT & PRODUCTION

UNITED KINGDOM

CHESTNUT (15%)

P354, Block 22/2a

Chestnut production was slightly below expectation in 1Q 2015. One of the production wells has suffered from scaling requiring remedial work to be undertaken. Studies are underway to update the existing reservoir models to produce improved forecasts and reserve estimates. A contract extension for the Hummingbird FPSO was announced in May 2014, enabling production to at least March 2017. Further contract extensions are being evaluated along with other long term options for the field.

ETTRICK (8.27%)

P273 & P317, Blocks 20/3a,2a

In March 2015, the Company announced that the Aoka Mizu FPSO contract was extended to allow use of the FPSO beyond March 2016 with a reduced day rate. Ettrick field production was slightly behind expectation in 1Q 2015 due to a well work-over not delivering the expected production increment. A project is ongoing to allow the FPSO to import gas for improved production efficiency.

BLACKBIRD (9.39773%)

P273, P317 & P1580, Blocks 20/3a,2a,3f

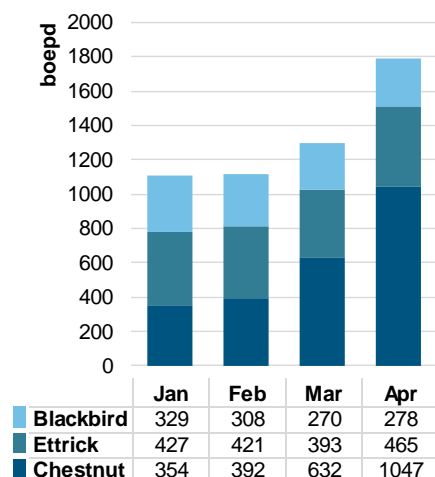
Blackbird production was slightly below expectation in 1Q 2015.

ORLANDO (25%)

P1606 Block 3/3a

The field was sanctioned for development in 2013. Discussions have been completed with the operator of the Ninian Central Platform to secure commercial terms for the modifications to the platform. The negotiations resulted in a series of revised commercial agreements being signed in early October to allow first oil in 4Q 2016. Development activities are progressing with contracts being awarded for several packages and work continuing on the Ninian Host modifications.

NET BARRELS PRODUCED PER DAY



NEAR DEVELOPMENT

UNITED KINGDOM

KELLS (25%)

P1607, Block 3/8d

Atlantic Petroleum holds a 25% interest in this licence which contains the Kells discovery. Due to the delays with Orlando, work is now on-going to determine the optimum time for Kells sanction and development.

PERTH (13.35%)

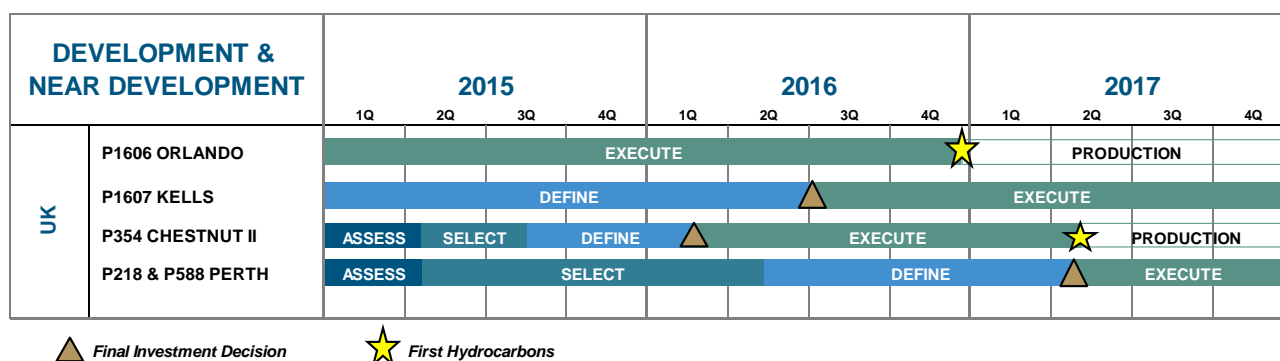
P218 & P588, Blocks 15/21a,b,c,f

Joint studies have been ongoing between Faroe Petroleum (operator of Lowlander) and the Perth group to determine the feasibility of a joint Perth/Dolphin/Lowlander development. These appraise phase joint studies were completed during the period and the results and implications are being reviewed by the Joint Ventures.

PEGASUS (10%)

P1724, Block 43/13b

Work has continued on examining the development options for the Pegasus discoveries. As announced on 07/05/2015 Atlantic Petroleum has entered into an agreement with Third Energy Offshore Limited for the sale of Atlantic Petroleum's interests in P1724 (UK Block 43/13b which contains the Pegasus West Gas Discovery), P1727 (UK Blocks 43/17b and 43/18b) and P2128 (Block 43/12).



EXPLORATION & EVALUATION

UNITED KINGDOM – SELECTED LICENCES

MAGNOLIA (20%)

P1610 & P1766, Blocks 13/23a,22d

Work is on-going and the partnership is looking at further exploration on the blocks, especially in the light of the announcement by Dana of the Liberator discovery in the block adjacent to 13/23a.

GREATER YORK AREA (10%)

P1906, Blocks 47/2b,3g,7a,8d

These blocks lie adjacent to the Centrica operated York field which came on stream in March 2013. A 3D seismic survey was acquired in 2013 and the data is currently being interpreted. A well could possibly be drilled in 2016.

ORCHARDS/AURORA (10%)

P2126, Blocks 42/2(part),3(part),7,8b,9b, 43/3b

New 3D seismic data has been acquired over this licence and is currently being interpreted. The licence has a contingent well commitment. A well could possibly be drilled in 2016.

SKERRYVORE (30.5%)

P2082, Blocks 30/12c,13c,18c

New seismic data has been purchased and a seismic data inversion completed. These data are being interpreted and drilling planning has started. A well is planned in 2016.

POLECAT (50%)P 2218, Block 20/3c & 20/4a This licence was awarded to Atlantic Petroleum as part of the 28th licence round awards and contains the Polecat and Marten discoveries. Parkmead is the operator and the group will undertake work to examine development options for these stranded discoveries nearby to Etrick and Blackbird.

NORWAY

NAPOLEON SOUTH (30%)

PL704, Blocks 6704/12, 6705/10(part)

PL704 was awarded in the 22nd Licensing Round on the Norwegian Continental Shelf (NCS). The licence contains multiple high potential prospects and given a discovery the reserves could be tied in to the Aasta Hansteen Field. The technical work is ongoing. In February 2015 Atlantic Petroleum entered in to a farm-down option deal with Statoil Petroleum, allowing Statoil to take over up to 20 % of the ownership. The option must be exercised in May 2015 (extended deadline).

NAPOLEON NORTH (30%)

PL705, Blocks 6705/7(part),8,9,10(part)

PL705 was awarded in the 22nd Licensing Round on the Norwegian Continental Shelf (NCS). The licence contains multiple high potential prospects and given a discovery the reserves could be tied in to the Aasta Hansteen Field. The technical work is ongoing and a drill or drop decision will be taken in Q2 2015. In February 2015 Atlantic Petroleum entered in to a farm-down option deal with Statoil Petroleum, allowing Statoil to take over up to 20 % of the ownership. Should the option be exercised by Statoil, there will be a carry associated with the cost related to the drilling of the first exploration well. The option must be exercised in May 2015 (extended deadline).

KARIUS (30%)

PL763, Blocks 6606/2(part), 6606/3(part)

PL763 was awarded in APA 2013 (Awards in predefined areas) 7th February 2014. The licence contains multiple prospects and given a discovery the reserves could be tied in to the Aasta Hansteen Field located 10-15 km away. The technical work is ongoing.

LANGLITINDEN (10%)

PL659, Blocks/part blocks 7121/3, 7122/1,2, 7221/10,12, 7222/11,12

PL659 was awarded in February 2012 (APA 2011). New seismic has been acquired over untested areas, and interpretation of these data is in progress.

IVORY (9%)

PL528/528B, Blocks 6707/8,9,11,10

As announced in December 2014 a gas discovery was made in the Ivory Prospect and preliminary estimates from the operator is that the discovery contains 2-8 BSM³ recoverable gas (70-280 bcf). The license is currently evaluating the commercial potential of this discovery, and also maturing all the other prospects in the license for future drilling. Atlantic Petroleum was partly carried in the Ivory well after a farm down agreement with Repsol.

EXPLORATION & EVALUATION

NORWAY - CONTINUED

ROALD RYGG (7.5%)

PL602, Blocks 6706/10,11,12

In December 2014 Atlantic Petroleum entered into the PL 602 licence after taking over Ithaca Petroleum's equity. The licence is located on the Vema Dome in the Vøring Basin (Norwegian Sea), immediately west of the ongoing Aasta Hansteen field development. In February 2015 Atlantic Petroleum sold 2.5% of this equity to Statoil for a post-tax consideration. In March 2015 the first exploration well in this licence spudded, and the 6706/12-3 (Roald Rygg) was announced as a discovery in April 2015. The Roald Rygg well encountered 38 m gas in the Nise 1 sandstone, and preliminary evaluations by the operator suggested that the discovery contains between 2-7 BSm³ gas (70-245 bcf). The discovered resources have marginal economics on the basis of the costs and scheduled first production date provided by the operator.

BLEKKSPRUT (10%)

PL601, Blocks 6609/3 & 6610/1

In January 2015 Atlantic Petroleum entered into the PL 601 licence after taking over Ithaca Petroleum's equity. The licence is located in the Træna Basin (Norwegian Sea). The licence contains several high potential prospects, and a drill or drop decision is expected to be taken in Q4 2015. The licence partnership consist of Wintershall (40%, operator), Edison (20%), North Energy (20%), Rocksource (10%) and Atlantic Petroleum (10%).

BELUGA (20%)

PL796, Blocks 6407/3,5,6

PL796 was awarded in February 2015 as a result of a successful application in the APA 2014 round on the Norwegian Continental Shelf (NCS). The partnership consists of Statoil (operator, 40%), Edison (20%), Core Energy (20%) and Atlantic Petroleum (20%). PL796 is located in the Norwegian Sea on the Halten Terrace, and the licence is surrounding the Mikkel Field. 3D seismic data have been used to interpret the area, and the main prospectivity has been identified in Upper Jurassic sandstones. In addition to several prospects and leads identified the licence contains the 6407/5-2 S discovery that has been re-evaluated. The work program is to acquire and evaluate 3D seismic data over prospective areas, before a drill or drop decision is to be taken after two years. A potential well must be drilled within four years from the award date.

GANSKE (20%)

PL802, Blocks 6705/11,12

PL802 was awarded in February 2015 (APA 2014 award). The partnership consists of Repsol (operator, 40%), Eon (20%), OMV (20%) and Atlantic Petroleum (20%). The licence is sitting just north east of the Asterix discovery, and contains several prospects within the Upper Cretaceous play system that has been proven successful in this area. The work program is to do a geological and geophysical evaluation of the licence based on existing data, and to take a drill or drop decision within the first two years. A potential well must be drilled within four years from award. In February 2015 Atlantic Petroleum entered in to a farm-down option deal with Statoil Petroleum, allowing Statoil to take over up to 10 % of the ownership. The option must be exercised in May 2015 (extended deadline).

IRELAND

SEL 2/07 (18.3333%)

Part Blocks 50/6,7,11, 49/9

The licence group is in the process of application with the PAD to convert the licence into a Lease Undertaking where development options will be studied. In November 2013, it was announced that the joint venture had agreed a phased farm-in by ABT Oil & Gas into the Helvick and Dunmore oil discoveries. Under the agreed terms of the farm-in, ABT Oil & Gas will carry out a work programme which will include an assessment of commerciality and, as appropriate, submission of plans for field development to first oil, using ABT Oil & Gas' low cost development solutions. Upon completion of agreed work programme ABT Oil & Gas will earn a 50% interest in the discoveries.

DUNQUIN (4%)

FEL 3/04, Blocks 44/18, 44/23, 44/24, 44/29, 44/30

Dunquin North well was drilled in 2013. The well has indicated a working hydrocarbon system, which is positive for the surrounding area, including the Dunquin South prospect. Post well evaluation is ongoing.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 31st MARCH 2015:

- **On 13th April 2015** Atlantic Petroleum announced that the Company had made a gas discovery in the Roald Rygg exploration well. The operator Statoil Petroleum AS in licence PL 602, was completing the drilling of exploration well 6706/12-3. The well is located approximately 12 km west of the Aasta Hansteen field in the northern part of the Norwegian Sea. Formation in the Upper Cretaceous. Water depth is 1287 m. The well was permanently plugged and abandoned. Atlantic Petroleum announced on 27th May 2015 that it was withdrawing from PL602 following the operator's decision to proceed immediately with further drilling. Atlantic Petroleum does not consider the economics of drilling small prospects with a long lead time to first productions as an efficient use of its resources and funds in the current price environment. The withdrawal is underway.
- **On 4th May 2015** Atlantic Petroleum announced that during the month of April, Atlantic Petroleum produced a net total of 54,000 barrels of oil equivalents (boe) from the Chestnut, Ettrick and Blackbird fields. The average daily production was 1,800 boe per day net to the Company. A planned shut down on the Hummingbird FPSO for annual maintenance is expected to impact production in May.
- **On 7th May 2015** Atlantic Petroleum announced that its subsidiary Atlantic Petroleum UK Limited had signed a sale and purchase agreement with Third Energy Offshore Limited for the sale of Atlantic Petroleum's interests in P1724 (UK Block 43/13b which contains the Pegasus West Gas Discovery), P1727 (UK Blocks 43/17b and 43/18b) and P2128 (Block 43/12). Under the sale and purchase agreement, Third Energy will purchase Atlantic Petroleum's 10% working interests in the above Licences for a total potential consideration of £16.5 million of which £7.5 million will be paid on completion of the deal. Remaining payments are conditional on production from Pegasus West and further development in the blocks.



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

The Condensed Consolidated Interim Report for the first three months of 2015 comprises the Consolidated Statement of Financial Position of P/F Atlantic Petroleum and its subsidiaries. The Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standard 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 2015, and of the results of the Group's operations and cash flow for the period 1st January – 31st March 2015

The rapid decline in the commodity price environment in recent months has had a significant impact on the upstream sector and Atlantic Petroleum is no exception.

Should the anticipated recovery in oil price not exceed USD 75+ within the next 12 months, then the Group will have an additional funding requirement not covered under the current arrangements in particular to cover its development funding requirements. The Group has instigated closure of the Faroese office and is considering various further options including farm-down or sales of certain assets, negotiation of reductions in capital and operating budgets, further G&A reductions and exploring re-financing opportunities to cover the funding shortfall. The recently announced sale of the Pegasus discovery is the first step in addressing the funding requirement. Through these initiatives, Management and the Board intend to stabilise the business such that the Group will be a going concern in a USD 60/bbl oil environment and therefore continues to adopt the going concern basis in preparing the interim report.

Tórshavn 27th May 2015

Management:

Ben Arabo
CEO

Board of Directors:

David A. MacFarlane
Chairman

Jan E. Evensen
Deputy Chairman

Teitur Samuelsen

Jan Müller

Knud H. Nørve

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 Statement of Financial Position of P/F Atlantic Petroleum and its subsidiaries as of 31st March 2015, and the related condensed consolidated statements of income and cash flows and notes for the three months ended 31st March 2015.

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 standard ISA 2410 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 2015, and of the results of its operations and its cash flows for the three months ended 31st March 2015 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 1 "Going Concern" in which the Board of Directors and Management describe the impact the decline in oil price is having on the group, as well as the plans for remedial measures to make up for the shortfall in funds, left by the weak Brent Oil prices and development funding requirements. These measures are currently not concluded, and remain uncertain.

We refer to note 1.1 "Going Concern" for further description

Tórshavn 27th May 2015

JANUAR

State Authorized Public Accountants P/F

Heini Thomsen

State Authorized Public Accountant

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 3 MONTHS ENDED
31st MARCH 2015**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	3 months to 31 st March 2015	3 months to 31 st March 2014	Full year 2014
Revenue	4	39,143	112,706	343,146
Cost of sales	5	-53,246	-73,894	-530,002
Gross loss/profit		-14,102	38,812	-186,856
Exploration expenses		-1,434	-81,333	-214,862
Pre-licence exploration cost		-654	-3,451	-12,631
General and administration cost		-12,117	-14,188	-41,548
Depreciation PPE & Intangible assets		-2,834	-3,860	-16,675
Other operating cost/income		-12,457	0	18,500
Operating loss	4	-43,598	-64,020	-454,073
Interest expenses/income and finance cost/gain	6	-11,535	-4,463	-30,142
Loss before taxation		-55,133	-68,483	-484,215
Taxation	7	43,433	55,796	265,958
Loss after taxation		-11,700	-12,687	-218,257
Earnings per share (DKK):				
Basic	14	-3.16	-3.43	-59.03
Diluted	14	-3.16	-3.43	-59.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	3 months to 31 st March 2015	3 months to 31 st March 2014	Full year 2014
Items that may be recycled in P&L:			
Loss for the period	-11,700	-12,687	-218,257
Exchange rate differences	41,127	6,736	37,880
Value of Futures contracts	0	174	914
Total comprehensive loss in the period	29,427	-5,777	-179,464

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	At 31 st March 2015	At 31 st March 2014	At 31 st December 2014
Non-current assets				
Goodwill	8	55,617	55,111	51,917
Intangible assets	9	14,740	28,332	16,576
Intangible exploration and evaluation assets	10	311,628	235,484	258,653
Tangible development and production assets	11	411,764	613,886	369,079
Property plant and equipment	12	1,925	2,625	2,036
Tax repayable		27,483	79,608	0
		823,157	1,015,046	698,261
Current assets				
Inventories		26,929	31,106	17,019
Trade and other receivables		71,377	90,470	81,398
Tax repayable		151,555	44,443	145,374
Financial assets		7,777	0	19,027
Cash and cash equivalents		61,762	173,165	111,989
		319,401	339,185	374,808
Total assets		1,142,558	1,354,230	1,073,068
Current liabilities				
Exploration finance facility		151,555	41,280	146,238
Short term bank debt		19,500	19,500	19,500
Short term liabilities		0	0	40
Trade and other payables		91,732	170,157	92,198
Financial liabilities		0	739	0
Current tax payable		4,430	1,129	4,104
		267,217	232,805	262,080
Non-current liabilities				
Exploration finance facility		24,344	0	0
Long term bank debt		39,000	58,500	39,000
Long term provisions		203,282	174,998	187,381
Deferred tax liability		155,181	293,062	161,426
		421,808	526,560	387,807
Total liabilities		689,025	759,365	649,887
Net assets		453,533	594,865	423,181
Equity				
Share capital		369,786	369,786	369,786
Share premium account		233,444	233,470	232,444
Share based bonus schemes - LTIP	15	6,690	3,737	5,766
Futures Contracts Value		0	-739	0
Translation reserves		91,443	19,171	50,316
Retained earnings		-247,830	-30,560	-236,131
Total equity shareholders' funds		453,533	594,865	423,181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Share premium account	Share based Payments LTIP and Bonus	Futures contracts value	Translation reserves	Retained earnings	Total
At 1st January 2014	367,670	232,903	3,123	-914	12,435	-17,873	597,345
Capital raise	2,116	567	0	0	0	0	2,683
Changes in Futures contracts value	0	0	0	174	0	0	-4,804
LTIP awarded in the period	0	0	614	0	0	0	318
Change in translation reserves	0	0	0	0	6,736	0	-19,657
Result for the period	0	0	0	0	0	-12,687	6,277
At 31st March 2014	369,786	233,470	3,737	-739	19,171	-30,560	594,865
LTIP and bonus awarded i the period	0	0	2,029	0	0	0	2,029
Changes in Futures contracts value	0	0	0	739	0	0	739
Change in share premium account cost of capital raise	0	-26	0	0	0	0	-26
Translation reserves	0	0	0	0	31,145	0	31,145
Result for the period	0	0	0	0	0	-205,571	-205,571
At 1st January 2015	369,786	233,444	5,766	0	50,316	-236,131	423,181
LTIP awarded in the period	0	0	924	0	0	0	924
Translation reserves	0	0	0	0	41,127	0	41,127
Result for the period	0	0	0	0	0	-11,700	-11,700
At 31st March 2015	369,786	233,444	6,690	0	91,443	-247,830	453,533

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	3 months to 31 st March 2015	3 months to 31 st March 2014	Full year 2014
Operating activities			
Operating loss	-43,598	-64,020	-454,073
Allocated consolidated capitalised interest	453	636	2,291
Unrealised cost/gain on futures contracts – oil price hedging	12,457	0	-18,493
Impairment on exploration and evaluation assets	1,306	81,103	144,284
Relinquishment and disposal of licences	127	102	70,578
Depreciation, depletion and amortisation	13,547	29,503	152,193
Impairment on producing licences	0	0	209,085
Change in inventories	-8,355	8,066	23,644
Change in trade and other receivables	-11,079	-100,655	-127,768
Change in trade and other payables	-54,519	-61,694	-28,101
Interest revenue and finance gain received	1	0	1,181
Interest expenses and other finance cost	-11,536	-4,463	-31,323
Income taxes	27,336	78,705	153,297
Net cash flow provided by operating activities	-73,861	-32,719	96,795
Investing activities			
Capital expenditure	-5,009	1,817	-272,318
Net cash used in investing activities	-5,009	1,817	-272,318
Financing activities			
Change in share capital	0	2,116	2,116
Change in share premium cost/cost of capital raise	0	567	541
Change in short term debt	-900	15,684	122,940
Change in long term debt	24,344	0	-19,500
Net cash flow provided from financing activities	23,444	18,367	106,097
Change in cash and cash equivalents	-55,426	-12,534	-69,426
Cash and cash equivalents at the beginning of the period	111,989	184,613	184,613
Currency translation differences	5,199	1,086	-3,198
Total cash and cash equivalents at the beginning of the period	117,188	185,699	181,415
Cash and cash equivalents at the end of the period	61,762	173,165	111,989

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 Copenhagen and on Oslo Stock Exchange.

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

The Annual and Consolidated Report and Accounts of the Group as at and for the year ended 31st December 2014 are available upon request from the Company's registered office at Yviri við Strond 4, 3rd Floor, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands or at www.petroleum.fo.

This Condensed Consolidated Interim Report is presented in DKK.

1 GOING CONCERN

The rapid decline in the commodity price environment in recent months has had a significant impact on the upstream sector and Atlantic Petroleum is no exception. Should the anticipated recovery in oil price not exceed USD 75+ within the next 12 months, then the Group will have an additional funding requirement not covered under the current arrangements in particular to cover its development funding requirements. The Group has instigated closure of the Faroese office and is considering various further options including farm-down or sales of certain assets, negotiation of reductions in capital and operating budgets, further G&A reductions and exploring re-financing opportunities to cover the funding shortfall. The recently announced sale of the Pegasus discovery is the first step in addressing the funding requirement. Through these initiatives, Management and the Board intend to stabilise the business such that the Group will be a going concern in a USD 60/bbl oil environment and therefore continues to adopt the going concern basis in preparing the interim report.

2 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 2014.

3 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 2014.

4 GEOGRAPHICAL SEGMENTAL ANALYSIS

DKK 1,000	3 months to 31st March 2015	3 months to 31st March 2014	Full year 2014
Revenues by origin:			
Faroe Islands	0	0	0
United Kingdom	39,143	111,865	342,306
Norway	0	840	0
Other	0	0	0
	39,143	112,706	342,306
Operating loss/profit by origin:			
Faroe Islands	-1,659	-1,325	-30,145
United Kingdom	-34,297	29,059	-245,418
Norway	-7,452	-91,570	-173,987
Other	-191	-185	-4,522
	-43,598	-64,020	-454,073

5 COST OF SALE

DKK 1,000	3 months to 31st March 2015	3 months to 31st March 2014	Full year 2014
Operating costs	50,436	39,550	159,465
Produced oil in inventory at market value	-8,355	8,066	23,644
Amortisation and depreciation, PPE:			
Oil and gas properties	11,165	26,278	137,809
Impairment	0	0	209,085
	53,246	73,894	530,002

6 INTEREST INCOME & EXPENSE AND FINANCE GAIN & COST

DKK 1,000	3 months to 31st March 2015	3 months to 31st March 2014	Full year 2014
Interest income and finance gain:			
Short term deposits	1	0	1,181
	1	0	1,181
Interest expense and other finance cost:			
Bank loan and overdrafts	3,577	2,621	12,073
Creditors	1	0	1
Unwinding of discount on decommissioning provision	1,191	815	4,238
Others	63	57	385
Exchange differences	6,704	971	14,626
	11,536	4,463	31,323

7 TAXATION

DKK 1,000	3 months to 31st March 2015	3 months to 31st March 2014	Full year 2014
Current tax :			
Tax payable in UK	0	0	-4,013
Tax repayable in Norway	27,336	78,705	157,323
Tax payable in Ireland	0	0	-12
Total current tax	27,336	78,705	153,297
Deferred tax:			
Deferred tax cost in UK	0	-25,485	0
Deferred tax income in UK	36,481	9,315	155,708
Deferred tax cost in Norway	-20,384	-6,739	-43,047
Total deferred tax	16,097	-22,908	112,661
Tax credit/tax on loss/profit on ordinary activities	43,433	55,796	265,958

As at 31st March 2015, the Group has a net deferred tax asset of DKK 61.0MM (31st December 2014: DKK 59.4MM).

This is made up of the following amounts: Effect of capital allowances in excess of depreciation: DKK 0.1MM (31st December 2014: DKK 0.1MM) and effect of tax loss available: DKK 61.2MM (31st December 2014: DKK 59.6MM).

The loss can be carried forward indefinitely.

8 GOODWILL

DKK 1,000	At 31st March 2015	At 31st March 2014	At 31st December 2014
At 1 st January	51,917	54,354	54,354
Impairment	0	0	-3,817
Exchange movements	3,700	757	1,379
At end of period	55,617	55,111	51,917

9 INTANGIBLE ASSETS

DKK 1,000	At 31st March 2015	At 31st March 2014	At 31st December 2014
Costs			
At 1 st January	38,178	33,834	33,834
Exchange movements	1,711	664	-1,873
Additions	39	4,961	6,218
At end of period	39,928	39,459	38,178
Amortisation and depreciation			
At 1 st January	27,602	7,351	7,351
Exchange movements	967	177	-1,461
Charge this period	2,619	3,598	15,712
At end of period	25,188	11,127	21,602
Net book value at end of period	14,740	28,332	16,576

10 INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

DKK 1,000	At 31st March 2015	At 31st March 2014	At 31st December 2014
Costs			
At 1 st January	258,653	216,682	216,682
Exchange movements	15,665	2,469	11,187
Additions	38,743	98,596	239,361
Disposal/relinquishment of licences	-127	0	-40,799
Explorations expenditures written off	-1,306	-82,033	-167,548
Consolidated interest written off	0	-230	-230
At end of period	311,628	235,484	258,653

11 TANGIBLE DEVELOPMENT AND PRODUCTION (D&P) ASSETS

DKK 1,000	At 31st March 2015	At 31st March 2014	At 31st December 2014
Costs			
At 1 st January	1,353,864	1,211,488	1,211,488
Exchange movements	105,048	12,588	78,824
Additions	25,360	12,132	63,553
At end of period	1,484,272	1,236,208	1,353,864
Amortisation and depreciation			
At 1 st January	984,785	589,984	589,984
Exchange movements	76,558	6,060	47,908
Charge	11,165	0	137,809
Impairment	0	26,278	209,085
At end of period	1,072,508	622,322	984,785
Net book value at end of period	411,764	613,886	369,079

12 PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	At 31st March 2015	At 31st March 2014	At 31st December 2014
Costs			
At 1 st January	5,410	5,914	5,914
Exchange movements	244	64	72
Additions	20	69	-576
At end of period	5,674	6,047	5,410
Amortisation and depreciation			
At 1 st January	3,374	3,133	3,133
Exchange movements	160	28	64
Charge this period	215	262	177
At end of period	3,749	3,422	3,374
Net book value at end of period	1,925	2,625	2,036

13 DIVIDENDS

No interim dividend is proposed. (31st March 2014: DKK nil)

14 EARNINGS PER SHARE

	Profit after tax		Weighted average number of shares		Earnings per share	
	1Q 2015 DKK 1,000	1Q 2014 DKK 1,000	1Q 2015 1,000	1Q 2014 1,000	1Q 2015 DKK	1Q 2014 DKK
Basic						
3 months to 31st March	-11,700	-12,687	3,698	3,698	-3.16	-3.43
Diluted						
3 months to 31st March	-11,700	-12,687	3,698	3,698	-3.16	-3.43

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.

15 SHARE BASED PAYMENT SCHEMES

-LONG TERM INCENTIVE PLAN (LTIP)	At 31 st March 2015		At 31 st December 2014	
	Number of options	Weighted average exercise price DKK	Number of options	Weighted average exercise price DKK
1st January	67,897	135.75	44,156	163.57
Granted during the period	0	0	23,741	84.00
Lapsed during the period	0	0	0	0.00
Exercised during the period	0	0	0	0.00
Outstanding at end of period	67,897	135.75	67,897	135.75
Exercisable at end of period	0	0	0	0

The total fair value of the options granted in 2012 is estimated to be DKK 4.1MM provided that all the options are exercised by 24th March 2015. The total fair value of the options granted in 2013 is estimated to be DKK 3.1MM provided that all the options are exercised by 26th April 2016 and the total fair value of the options granted in 2014 is estimated to be DKK 1.1MM provided that all options are exercised by 7th April 2017.

16 CAPITAL COMMITMENTS AND GUARANTEES

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations the wholly owned subsidiary Atlantic Petroleum (Ireland) Limited, has in connection with the sale and purchase agreement with ExxonMobil Exploration and Production Ireland (Offshore) Limited and the related Joint Operating Agreement regarding Irish Continental Shelf Petroleum Exploration Licence No. 3/04 (Frontier) relating to Blocks 44/18, 44/23, 44/24, 44/29 and 44/30.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations its wholly owned subsidiary Atlantic Petroleum UK Limited has in connection with the share purchase agreement with the vendors of the entire issued share capital of Atlantic Petroleum North Sea Limited (was known as Volantis Exploration Limited).

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations the wholly owned subsidiary of Atlantic Petroleum UK Limited, Atlantic Petroleum North Sea Limited (was known as Volantis Exploration Limited), has in connection with the sale and purchase agreement with Iona Energy Company (UK) Ltd regarding UK licence P1606, block 3/3b and P1607, block 3/8d.

16 CAPITAL COMMITMENTS AND GUARANTEES - CONTINUED

P/F Atlantic Petroleum has provided guarantees on behalf of Atlantic Petroleum Norge AS to the Norwegian government for liabilities relating to its exploration and appraisal activities.

P/F Atlantic Petroleum has provided guarantees on behalf of Atlantic Petroleum Norge AS to SEB the lender of the bank credit facility established in January 2015 to finance the Company's growth plans in Norway.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations Atlantic Petroleum UK Limited has in connection with the farm-in agreement with Summit Petroleum Ltd regarding UK Licence P1556, block 29/1c.

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations Atlantic Petroleum UK Limited has in connection with the purchase of assets from Premier Oil.

P/F Atlantic Petroleum has provided a guarantee dated 30th October 2014 in favour of Centrica North Sea Gas Limited for the due and punctual payment of all sums which Atlantic Petroleum UK Limited is obliged to pay from time to time under Licences P1724 and P1727 and under the Joint Operating Agreement dated 24th May 2013 in respect of the Licences.

P/F Atlantic Petroleum has provided a guarantee dated 30th October 2014 in favour of Third Energy Offshore Limited for the due and punctual payment of all sums which Atlantic Petroleum UK Limited is obliged to pay from time to time under Licences P1724 and P1727 and under the Joint Operating Agreement dated 24th May 2013 in respect of the Licences.

P/F Atlantic Petroleum has provided a guarantee dated 11th November 2014 in favour of Centrica North Sea Oil Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licence P354 and under the Joint Operating Agreement dated 27th August 1982 in respect of the Licence.

P/F Atlantic Petroleum has provided a guarantee dated 11th November 2014 in favour of Dana Petroleum (BVUK) Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licence P354 and under the Joint Operating Agreement dated 27th August 1982 in respect of the Licence.

P/F Atlantic Petroleum has provided a guarantee dated 16th December 2014 in favour of Dana Petroleum (BVUK) Limited for the due and punctual payment of all sums which Atlantic Petroleum North Sea Limited is obliged to pay from time to time under Licences P273, P317 and P1580 and under the Ettrick Field Area Operating Agreement dated 7th February 2006 in respect of the Licences in so far as they relate to the Rest of Block Sub-Areas.

P/F Atlantic Petroleum has provided a parent guarantee to the UK Department for Energy and Climate Change in connection with Atlantic Petroleum UK Limited assets in the UKCS:

- (i) the parent will always provide necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
- (ii) the parent will not alter Atlantic Petroleum UK Limited legal rights, so that the Company cannot fulfil its obligations
- (iii) the parent will undertake Atlantic Petroleum UK Limited financial obligations if the Company fails to do so

P/F Atlantic Petroleum has a senior secured loan agreement with P/F Eik Banki. The Company has offered the following security to lender in connection with the loan agreement:

- (i) shares in Atlantic Petroleum UK Limited and Atlantic Petroleum North Sea Limited
- (ii) receivables from Atlantic Petroleum UK Limited
- (iii) charge over proceeds from insurance coverage

The Company has provided lender with a negative pledge and investment in new ventures shall be endorsed by the lender.

The Group had capital expenditure committed to, but not provided for in these accounts at 31st March 2015 of approximately DKK 90.8MM. The capital expenditure is in respect of the Group's interests in its exploration and development production licences.

17 CONTINGENT CONSIDERATIONS

In addition to the payments to Iona Energy Ltd for 25% equity in Orlando and Kells, pursuant to the agreement, Atlantic Petroleum North Sea Limited has committed to pay:

- (i) USD 1.25MM upon Kells FDP approval
- (ii) Staged payments commencing six months after first production from Orlando of USD 1.8MM, USD 1.8MM, USD 0.925MM and USD 0.925MM made every six months thereafter respectively and
- (iii) A proportionate share of royalties payable to the previous owner of the Kells field, Fairfield Energy.

18 RELATED PARTY TRANSACTIONS

Intra-group related party transactions, which are eliminated on consolidation, are not required to be disclosed in accordance with IAS 24.

GLOSSARY

APA	Awards in Predefined Areas
Appraisal well	A well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field.
BOEPD	Barrels of Oil Equivalent per Day
BOE	Barrels of Oil Equivalent
BOPD	Barrels of Oil per Day
Brown Field Allowance	A UK tax allowance for certain mature fields, known as brown fields, will shield a portion of income from the Supplementary Charge, encouraging companies to invest in getting the very most out of existing fields and infrastructure in the UK Continental Shelf.
DECC	UK Department of Energy & Climate Change
DKK	Danish kroner. The currency used in the Kingdom of Denmark
EBIT	Operating Profit - Earnings before Interest and Taxes
EBITDAX	Earnings before Interest, Taxes, Depreciation, Amortizations and Exploration Expenses
EBIT Margin	% (Operating Margin) (EBIT/Sales)
EBITDAX Margin	% (EBITDAX/Sales)
E&P	Exploration & Production
Exploration	A general term referring to all efforts made in the search for new deposits of oil and gas.
Exploration well	A well drilled in the initial phase in petroleum exploration
Farm out	A contractual agreement with an owner who holds a working interest in an area to assign all or part of that interest to another party in exchange for payment or fulfilling contractually specified conditions.
FDP	Field Development Plan
FPSO	A Floating Production, Storage and Offloading unit used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil.
Gross Margin	% (Gross profit or loss/Sales)
ISA	International Standard on Auditing
IFRS	International Financial Reporting Standards
Lead	Areas thought to contain hydrocarbons.
Lease Undertaking	When a discovery is made in a licensed area and the licensee is not in a position to declare the discovery commercial during the period of the licence but expects to be able to do so in the foreseeable future, the licensee may apply for a Lease Undertaking. This is an undertaking by the Minister, subject to certain conditions, to grant a Petroleum Lease at a stated future date. The holder of a Lease Undertaking is required to hold a Petroleum Prospecting Licence which will govern activities under the Lease Undertaking.
Ltd	A limited liability company
MM	Million
NCS	Norwegian Continental Shelf
Net Cash	Cash and cash equivalents less Short & Long Term Debt
Oil field	An accumulation of hydrocarbons in the subsurface.
PPE	Property, Plant and Equipment
Prospect	An area of exploration in which hydrocarbons have been predicted to exist in economic quantity.
Return on Equity	(ROE) (%) (Profit for the period excl. Minorities/Average Equity excl. Minorities)
ROE	Return on Equity
Spud	To start drilling a well
TSR	Total Shareholder Return
Water injector well	A well into which water is pumped in order to increase the yield of adjacent wells
2D/3D	2D and 3D seismic is an acoustic measuring technology which generates a cross-section of the deep seabed and is used primarily when initially reconnoitring for the presence of oil or gas reservoirs. 3D has a narrower grid, which gives a better map of the area.
Wildcat	An exploration well drilled in an unproven area to find out whether petroleum exists in a prospect.

CONTACTS

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SUBSIDIARIES

- **Atlantic Petroleum UK Ltd**
- **Atlantic Petroleum North Sea Ltd**
- **Volantis Netherlands BV**
- **Atlantic Petroleum (Ireland) Ltd**
- **Atlantic Petroleum Norge AS**

For subsidiary's contact details please see company website