



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

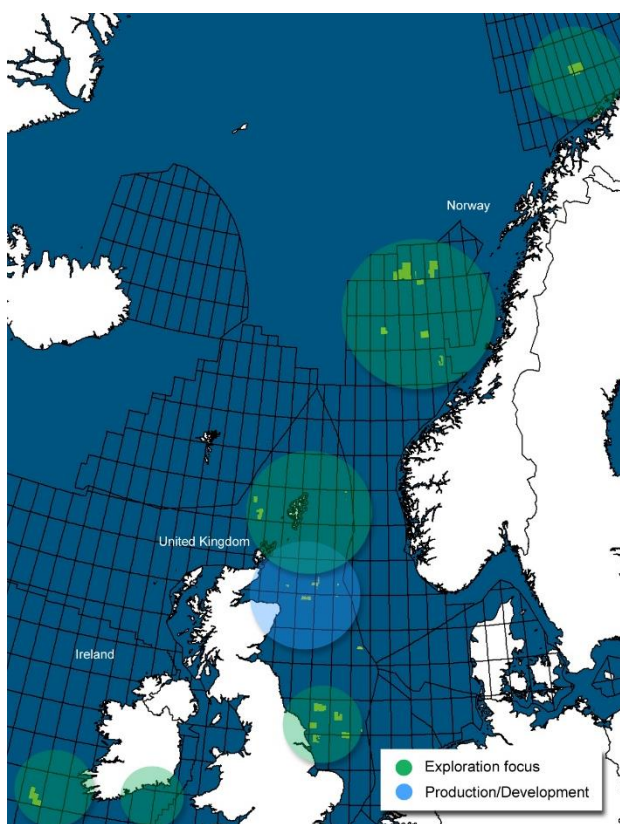
FOR THE 9 MONTHS ENDED 30th SEPTEMBER 2015

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.

OUR PORTFOLIO



A total of 29 oil & gas licences at report publication date.

UK

3 licences in UK Central North Sea with fields in production. 16 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

8 exploration & appraisal licences in Norwegian Sea, the Barents Sea and the Norwegian sector of North Sea..

IRELAND

2 exploration & appraisal licences

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

HIGHLIGHTS & OUTLOOK

Production and EBITDAX increased from 2Q 2015 to 3Q 2015.

Production for 3Q was 125,000 boe (1H 2015: 240,200 boe) corresponding to an average of 1,359 boepd net (1H 2015: 1,327 net) which results in an average of 1,338 boepd net for the first nine months.

EBITDAX for 3Q was positive with DKK 26.1MM and contributed to reduce the total negative EBITDAX to a positive EBITDAX DKK 5.5MM for the first nine months of the year.

Gross loss in 3Q 2015, after asset impairments and write-offs, was DKK 124.6MM which results in a total gross loss DKK 129.0MM for the first nine months.

Revenue for 3Q 2015 was DKK 47.6MM and this was impacted by the lower than expected production and lower oil price. Net loss for 3Q 2015 was DKK 112.6MM. Cash and cash equivalents at end of 3Q 2015 was DKK 34.0MM and net assets/shareholders equity DKK 314.6MM. Bank debt excluding exploration finance facility was DKK 58.5MM.

G&A costs have been reduced and are total DKK 26.4MM for the first 9 months of 2015 (DKK 38.6 in 2014).

The Pegasus West transaction 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) completed 31st July and Atlantic Petroleum received GBP 7.5MM (DKK 77.3MM). This transaction is accounted for in 3Q 2015 and resulted in an extraordinary income of GBP 5.2MM including changes in deferred tax in 3Q 2015.

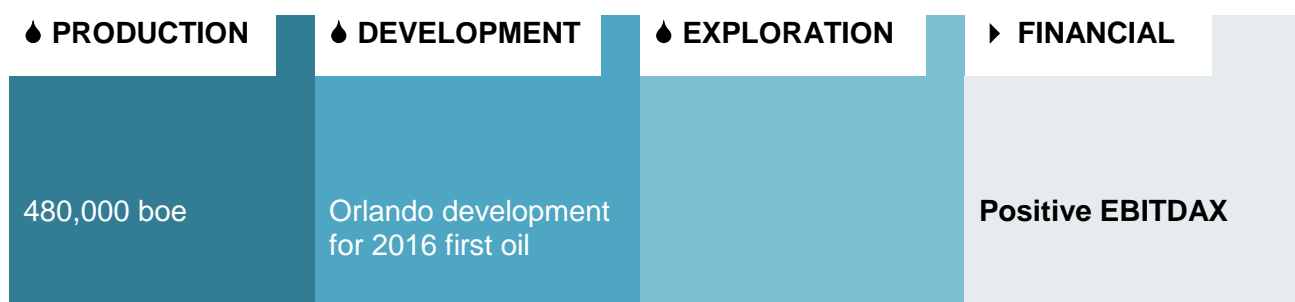
On August 3rd 2015 the Board of Directors authorized the Company's management team to explore a broad range of strategic alternatives to address the future of the Group. Pareto Securities AS was engaged as the Company's financial advisors in this process. As part of the strategic review, Atlantic Petroleum considered a full range of options in order to unlock the value underlying the Company's assets, including: the sale or merger of the Company, the sale, joint venture or partnership in respect of the Company's activities in the United Kingdom and/or Norway; or continuing to execute on the Company's strategy as an independent company which will require debt and/or further equity injection.

The strategic review process did not provide an integrated solution. There was market interest for parts of the company and assets, but due to prevailing market conditions with a prolonged period of very low oil prices; the Company's significant capital commitments and the uncertain financial position of the Orlando operator, no definitive offers were forthcoming. Part of the process was however, trying to secure funding. This has been continuing with encouragement that there was a reasonable possibility of securing development finance, provided a negotiated exit on our late life, producing assets could be reached. In anticipation of such an outcome, we have consequently impaired our producing assets, as we see little likelihood of value being recovered. Similarly, for the Perth development and the Goodwill that arose on the Volantis and Emergy acquisitions.

However, Iona Energy, the operator of Orlando, issued a press release on the 18th November stating that their restructuring of their debt had failed and that it was highly likely that Iona Energy would go into liquidation. This was followed up by an Iona press release 24th November saying that the Board of Directors of Iona Energy had resigned but that the CEO and Chairman were retained as Directors in the UK subsidiaries to protect value for the creditors. This has created further uncertainty with regards to the Orlando project and the efforts to secure financing. Currently Iona is trying to sell the asset and retaining the 4Q 2016 first oil date. Atlantic Petroleum is in discussion with financial investors on a similar basis with the intent of securing financing or a commercial arrangement for the Orlando project.

These discussions will complete within days or weeks at the most. However the outcome is uncertain, but management currently believe there's a reasonable prospect of securing a funding or commercial solution, and have therefore prepared the accounts on a going concern basis. Consequently, Orlando and certain exploration asset values have meantime been maintained. However, should these discussions fail, then there's little likelihood of finding a funding solution for 2016 and the group is likely to go into administration. Also, subject to the solution, and the outlook for market conditions, there is no guarantee that a solution would enable the company to salvage any remaining equity value.

2015 TARGETS



PERFORMANCE SUMMARY

► KEY METRICS

DKK 1,000	3 months to 30 th Sep 2015	3 months to 30 th Sep 2014	9 months to 30 th Sep 2015	9 months to 30 th Sep 2014	Full year 2014
Income statement					
Revenue	47,597	63,410	163,236	261,588	343,146
Impairment on producing assets	-117,326	0	-117,326	0	-209,085
Gross loss/profit	-124,570	15,507	-128,977	77,891	-186,856
Exploration expenses	-115,807	-52,411	-144,594	-156,525	-214,862
EBITDAX	26,054	21,773	5,555	102,946	124,358
Operating loss (EBIT)	-222,714	-57,645	-302,729	-139,629	-454,073
Depreciations	-15,634	-27,008	-46,363	-86,049	-154,484
Loss before taxation	-226,289	-58,499	-327,847	-158,407	-484,215
Loss after taxation	-112,646	-40,528	-139,742	-76,502	-218,257
Financial position					
Non-current assets	576,228	1,072,146	576,228	1,072,146	698,261
Current assets	261,661	318,495	261,661	318,495	374,808
Total assets	837,889	1,390,641	837,889	1,390,641	1,073,068
Current liabilities	205,670	168,917	205,670	168,917	262,080
Non-current liabilities	317,618	644,273	317,618	644,273	387,807
Total liabilities	523,288	813,190	523,288	813,190	649,887
Net assets/Equity	314,600	577,451	314,600	577,451	423,181
Cash flow and cash					
Cash provided by operating activities	35,868	-26,075	-52,748	-6,970	96,795
Change in cash and cash equivalents	20,198	-38,628	-83,060	-32,384	-69,426
Cash and cash equivalents	34,038	157,412	34,038	157,412	111,989
Bank debt – excluding drawdown on the exploration finance facility	58,500	78,000	58,500	78,000	58,500
Financial statement related key figures					
Gross Margin	-261.7%	24.5%	-79.0%	29.8%	-54.5%
EBIT Margin	-467.9%	-90.9%	-185.5%	-53.4%	-132.3%
EBITDAX Margin	54.7%	34.3%	3.4%	39.4%	36.2%
Return on Equity	-29.5%	-7.0%	-37.9%	-13.0%	-42.8%
Share related key figures					
Earnings per share Basic	-30.46	-10.96	-37.79	-20.69	-59.03
Earnings per share Diluted	-30.46	-10.96	-37.79	-20.69	-59.03
Share price in DKK on OMX CPH and Oslo Stock Exchange	21/25	72/75	21/25	72/75	42/45
Other key numbers					
Production boepd – net to the Group	1,359	1,283	1,338	1,597	1,605
Average realised oil price USD/bbl	49.1	100.8	59.9	107.4	101.0
Full time equivalent positions including staff that has been given notice of termination of their employment.	24	27	24	28	27

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 3Q 2015.

DEVELOPMENT & PRODUCTION

UNITED KINGDOM

CHESTNUT (15%)

P354, Block 22/2a

Chestnut production was slightly above expectation in 3Q 2015. Studies to update the existing reservoir models to produce improved forecasts and reserve estimates have been completed and the joint venture is looking at potential infill well targets. A site survey for an infill well has been approved.

ETTRICK (8.27%)

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

Ettrick field production was around expectation in 3Q 2015. The gas import project has been successfully completed enabling imported gas to be used to help the production wells recover more quickly after shutdowns. In November Atlantic Petroleum decided to go into default on the asset. The asset is loss making in the current oil price and consequently decommissioning is accelerating. Atlantic Petroleum is preparing an offer for a negotiated exit.

BLACKBIRD (9.39773%)

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

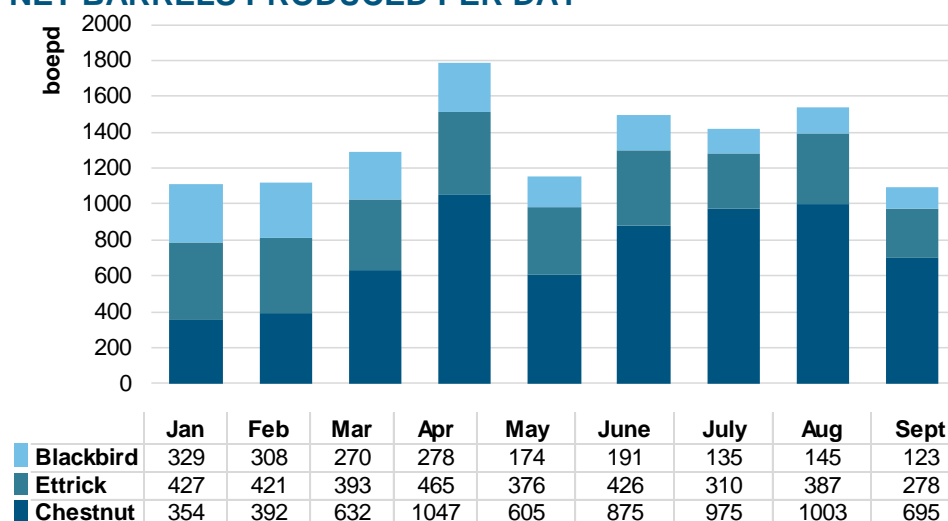
Blackbird production was slightly below expectation in 3Q 2015. In November Atlantic Petroleum decided to go into default on the asset. The asset is loss making in the current oil price and consequently decommissioning is accelerating. Atlantic Petroleum is preparing an offer for a negotiated exit.

ORLANDO (25%)

P1606 Block 3/3a

Development activities have been progressing in Q3 with contracts being awarded for several packages and work continuing on the Ninian Host modifications. The Operator, Iona Energy, has been working to reduce the development costs, with savings being forecast on drilling and subsea installation activities. Iona Energy, the operator of Orlando, issued a press release on the 18th November stating that their restructuring of their debt had failed and that it was highly likely that Iona Energy would go into liquidation. This was followed up by an Iona press release 24th November saying that the Board of Directors of Iona Energy had resigned but that the CEO and Chairman were retained as Directors in the UK subsidiaries to protect value for the creditors. This has created further uncertainty with regards to the Orlando project and the efforts to secure financing.

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. A licence extension has been granted by OGA.

PERTH (13.35%)

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

Joint studies have been completed to determine the feasibility of a joint Perth/Dolphin/Lowlander development. Work continues on finalizing the commercial agreements necessary to allow the joint venture to launch a marketing exercise for the assets. Due to the market outlook Atlantic Petroleum has written off the Perth field in the accounts. Atlantic Petroleum has decided to go into default on Perth in November and is pursuing a negotiated exit.

EXPLORATION & EVALUATION

No wells or major activities are currently planned in 2015 or 2016.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 30th SEPTEMBER 2015:

- **On 3rd November 2015** Atlantic Petroleum announced that the Company now expects total net annual production for 2015 to be around 495,000 boe or 1,356 boe per day, down from its previous guidance of 520,000 boe or 1,420 boe per day.
- **On 18th November 2015** Atlantic Petroleum announced that the press release issued by Iona Energy today at 1pm UK time on Iona's restructuring update. The Atlantic Petroleum Board will convene and will discuss with its advisers what the implications are for Atlantic Petroleum and what the appropriate actions are. The company will provide a further update to the market once implications and actions are clear
- **On 19th November 2015** Atlantic Petroleum announced that further to the press release issued by Atlantic Petroleum yesterday 18th November, the company is still evaluating the situation following the announcement 18th November at 1300 GMT by Iona Energy, saying that their restructuring cannot be completed as proposed, and what this means for the Orlando project and Atlantic Petroleum. This will be done over the coming days.

As a consequence of the situation Atlantic Petroleum postpones the issuing of the 3Q accounts from 25th November to 30th November. Therefore the financial calendar for 2015 is reissued to announce a changed 3rd Quarter 2015 Condensed Consolidated Interim Report date from 25th November 2015 to 30th November 2015.

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

The Condensed Consolidated Interim Report for the first nine 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 30th September 2015, and of the results of the Group's operations and cash flow for the period 1st January – 30th September 2015.

Atlantic Petroleum like many of its peer group is adjusting to the rapid decline in oil price at the end of 2014 and the continued volatility and sustained low oil prices in 2015. After a rapid descent from \$80-90/bbl at the end of 2014 to below \$50 in 1Q, the oil price began to recover in 2Q into the \$55 -65/bbl range only for it to soften to below \$50/bbl in 3Q. Joint Venture budgets were developed by the field operators in the last quarter of 2014 while the oil price was sitting in the \$80-90/bbl region. The decline of prices has led to all companies instigating reviews and cuts to previously approved budgets.

On August 3rd 2015 the Board of Directors authorized the Company's management team to explore a broad range of strategic alternatives to address the future of the Group. Pareto Securities AS was engaged as the Company's financial advisors in this process. As part of the strategic review, Atlantic Petroleum considered a full range of options in order to unlock the value underlying the Company's assets, including: the sale or merger of the Company, the sale, joint venture or partnership in respect of the Company's activities in the United Kingdom and/or Norway; or continuing to execute on the Company's strategy as an independent company which will require debt and/or further equity injection.

Tórshavn 30th November 2015

Management:

Ben Arabo
CEO

Board of Directors:

David A. MacFarlane
Chairman

Jan E. Evensen
Deputy Chairman

Teitur Samuelsen

Jan Müller

Knud H. Nørve

The strategic review process did not provide an integrated solution. There was market interest for parts of the company and assets, but due to prevailing market conditions with a prolonged period of very low oil prices; the Company's significant capital commitments and the uncertain financial position of the Orlando operator, no definitive offers were forthcoming. Part of the process was however, trying to secure funding. This has been continuing with encouragement that there was a reasonable possibility of securing development finance, provided a negotiated exit on our late life, producing assets could be reached.

However, Iona Energy, the operator of Orlando, issued a press release on the 18th November stating that their restructuring of their debt had failed and that it was highly likely that Iona Energy would go into liquidation. This was followed up by an Iona press release 24th November saying that the Board of Directors of Iona Energy had resigned but that the CEO and Chairman were retained as Directors in the UK subsidiaries to protect value for the creditors. This has created further uncertainty with regards to the Orlando project and the efforts to secure financing. Currently Iona is trying to sell the asset and retaining the 4Q 2016 first oil date. Atlantic Petroleum is in discussion with financial investors on a similar basis with the intent of securing financing or a commercial arrangement for the Orlando project.

These discussions will complete within days or weeks at the most. However the outcome is uncertain, but management currently believe there's a reasonable prospect of securing a funding or commercial solution, and have therefore prepared the accounts on a going concern basis. Consequently, Orlando and certain exploration asset values have meantime been maintained. However, should these discussions fail, then there's little likelihood of finding a funding solution for 2016 and the group is likely to go into administration. Also, subject to the solution, and the outlook for market conditions, there is no guarantee that a solution would enable the company to salvage any remaining equity value.

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 30th September 2015, and the related condensed consolidated statements of income and cash flows and notes for the nine months ended 30th September 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 30th September 2015, and of the results of its operations and its cash flows for the nine months ended 30th September 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 the Endorsement of the Managing Director and Board of Directors and Note 1 "Going Concern", where the Board of Directors and Management describe the Group's current going-concern situation and the measures taken in this respect. If negotiations to obtain additional funding are unsuccessful, the Group is likely to file for administration and the Going Concern precondition is no longer valid. In this eventuality, significant write-downs of Intangible Non-current Assets and Tangible Development Assets are to be made.

We refer to "Endorsement of the Managing Director and the Board of Directors and Note 1 "Going Concern" for further description.

Tórshavn 30th November 2015

JANUAR

State Authorized Public Accountants P/F

Heini Thomsen

State Authorized Public Accountant

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 9 MONTHS ENDED
30th SEPTEMBER 2015**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	3 months to 30 th Sep 2015	3 months to 30 th Sep 2014	9 months to 30 th Sep 2015	9 months to 30 th Sep 2014	Full year 2014
Revenue	4	47,597	63,410	163,236	261,588	343,146
Costs of sales	5	-172,167	-47,903	-292,213	-183,697	-530,002
Gross loss/profit		-124,570	15,507	-128,977	77,891	-186,856
Exploration expenses		-115,807	-52,411	-144,594	-156,525	-214,862
Pre-licence exploration cost		-3,912	-3,140	-6,592	-9,845	-12,631
General and administration cost		-5,214	-13,279	-26,404	-38,632	-41,548
Depreciation PPE and intangible assets		-2,639	-4,322	-8,278	-12,518	-16,675
Other operating cost/income		29,428	0	12,116	0	18,500
Operating loss	4	-222,714	-57,645	-302,729	-139,629	-454,073
Interest income and finance gains		0	55	25	287	1,181
Interest expenses and other finance costs	6	-3,575	-909	-25,143	-19,065	-31,323
Loss before taxation		-226,289	-58,499	-327,847	-158,407	-484,215
Taxation	7	113,643	17,971	188,105	81,905	265,958
Profit/loss after taxation		-112,646	-40,528	-139,742	-76,502	-218,257
Earnings per share (DKK):						
Basic	14	-30.46	-10.96	-37.79	-20.69	-59.03
Diluted	14	-30.46	-10.96	-37.79	-20.69	-59.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	3 months to 30 th Sep 2015	3 months to 30 th Sep 2014	9 months to 30 th Sep 2015	9 months to 30 th Sep 2014	Full year 2014
Items that may be recycled in P/L:					
Profit/loss for the period	-112,646	-40,528	-139,742	-76,502	-218,257
Exchange rate differences	-52,951	18,091	34,146	43,598	37,880
Value of Futures contracts	0	12,642	0	8,358	914
Total comprehensive loss/gain in the period	-165,597	-9,795	-105,596	-24,546	-179,464

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	At 30 th Sep 2015	At 30 th Sep 2014	At 31 st December 2014
Non-current assets				
Goodwill	8	0	57,727	51,917
Intangible assets	9	12,160	22,063	16,576
Intangible exploration and evaluation assets	10	189,757	229,885	258,653
Tangible development and production assets	11	318,289	642,317	369,079
Property plant and equipment	12	1,146	2,348	2,036
Tax repayable		54,876	117,806	0
		576,228	1,072,146	698,261
Current assets				
Inventories		7,045	50,080	17,019
Trade and other receivables		79,239	58,506	81,398
Tax repayable		138,318	45,053	145,374
Financial assets		3,021	7,444	19,027
Cash and cash equivalents		34,038	157,412	111,989
		261,661	318,495	374,808
Total assets		837,889	1,390,641	1,073,068
Current liabilities				
Exploration finance facility		138,318	45,053	146,238
Short term bank debt		19,500	19,500	19,500
Short term liabilities		0	0	40
Trade and other payables		46,809	87,850	92,198
Financial liabilities		0	0	0
Current tax payable		1,043	16,514	4,104
		205,670	168,917	262,080
Non-current liabilities				
Exploration finance facility		43,405	93,696	0
Long term bank debt		39,000	58,500	39,000
Long term provisions		195,348	186,073	187,381
Deferred tax liability		39,865	306,004	161,426
		317,618	644,273	387,807
Total liabilities		523,288	813,190	649,887
Net assets		314,600	577,451	423,181
Equity				
Share capital		369,786	369,786	369,786
Share premium account		233,444	233,444	233,444
Share based bonus schemes – LTIP	15	2,781	5,118	5,766
Futures Contracts Value		0	7,444	0
Translation reserves		84,462	56,035	50,316
Retained earnings		-375,873	-94,376	-236,131
Total equity shareholders' funds		314,600	577,451	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	541	0	0	0	0	2,657
Changes in Futures contracts value	0	0	0	8,358	0	0	8,358
LTIP awarded in the period	0	0	1,995	0	0	0	1,995
Change in translation reserves	0	0	0	0	43,598	0	43,598
Result for the period	0	0	0	0	0	-76,502	-76,502
At 30th Sept. 2014	369,786	233,444	5,118	7,444	56,035	-94,376	577,451
LTIP and bonus awarded i the period	0	0	648	0	0	0	648
Changes in Futures contracts value	0	0	0	-7,444	0	0	-7,444
Change in share premium account cost of capital raise	0	0	0	0	0	0	0
Translation reserves	0	0	0	0	-5,719	0	-5,719
Result for the period	0	0	0	0	0	-141,755	-141,755
At 1st January 2015	369,786	233,444	5,766	0	50,316	-236,131	423,181
LTIP awarded in the period, net	0	0	-2,985	0	0	0	-2,985
Translation reserves	0	0	0	0	34,146	0	34,146
Result for the period	0	0	0	0	0	-139,742	-139,742
At 30th Sept. 2015	369,786	233,444	2,781	0	84,462	-375,873	314,600

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	9 months to 30 th September 2015	9 months to 30 th September 2014	Full year 2014
Operating activities			
Operating loss	-302,729	-139,629	-454,073
Allocated consolidated capitalised interest	6,977	1,603	2,291
Unrealised cost/gain on futures contracts – oil price hedging	17,450	0	-18,493
Impairment on exploration and evaluation assets	144,381	104,551	144,284
Relinquishment and disposal of licences	213	51,871	70,578
Depreciation, depletion and amortisation	44,836	84,447	152,193
Impairment on producing licences	111,876	0	209,085
Change in inventories	11,198	-8,127	23,644
Change in trade and other receivables	-57,638	-127,235	-127,768
Change in trade and other payables	-66,958	-57,026	-28,101
Interest revenue and finance gain received	25	287	1,181
Interest expenses and other finance cost	-25,143	-19,065	-31,323
Income taxes	62,764	101,353	153,297
Net cash flow provided by operating activities	-52,748	-6,970	96,795
Investing activities			
Capital expenditure	-72,903	-140,872	-272,318
Net cash used in investing activities	-72,903	-140,872	-272,318
Financing activities			
Change in share capital	0	2,116	2,116
Change in share premium cost/cost of capital raise	0	541	541
Change in short term debt	-814	19,106	122,940
Change in long term debt	43,405	93,696	-19,500
Net cash flow provided from financing activities	42,591	115,458	106,097
Change in cash and cash equivalents	-83,060	-32,384	-69,426
Cash and cash equivalents at the beginning of the period	111,989	184,613	184,613
Currency translation differences	5,109	5,183	-3,198
Total cash and cash equivalents at the beginning of the period	117,098	189,796	181,415
Cash and cash equivalents at the end of the period	34,038	157,412	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, 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

Atlantic Petroleum like many of its peer group is adjusting to the rapid decline in oil price at the end of 2014 and the continued volatility and sustained low oil prices in 2015. After a rapid descent from \$80-90/bbl at the end of 2014 to below \$50 in 1Q, the oil price began to recover in 2Q into the \$55 -65/bbl range only for it to soften to below \$50/bbl in 3Q. Joint Venture budgets were developed by the field operators in the last quarter of 2014 while the oil price was sitting in the \$80-90/bbl region. The decline of prices has led to all companies instigating reviews and cuts to previously approved budgets.

On August 3rd 2015 the Board of Directors authorized the Company's management team to explore a broad range of strategic alternatives to address the future of the Group. Pareto Securities AS was engaged as the Company's financial advisors in this process. As part of the strategic review, Atlantic Petroleum considered a full range of options in order to unlock the value underlying the Company's assets, including: the sale or merger of the Company, the sale, joint venture or partnership in respect of the Company's activities in the United Kingdom and/or Norway; or continuing to execute on the Company's strategy as an independent company which will require debt and/or further equity injection.

The strategic review process did not provide an integrated solution. There was market interest for parts of the company and assets, but due to prevailing market conditions with a prolonged period of very low oil prices; the Company's significant capital commitments and the uncertain financial position of the Orlando operator, no definitive offers were forthcoming. Part of the process was however, trying to secure funding. This has been continuing with encouragement that there was a reasonable possibility of securing development finance, provided a negotiated exit on our late life, producing assets could be reached.

However, Iona Energy, the operator of Orlando, issued a press release on the 18th November stating that their restructuring of their debt had failed and that it was highly likely that Iona Energy would go into liquidation. This was followed up by an Iona press release 24th November saying that the Board of Directors of Iona Energy had resigned but that the CEO and Chairman were retained as Directors in the UK subsidiaries to protect value for the creditors. This has created further uncertainty with regards to the Orlando project and the efforts to secure financing. Currently Iona is trying to sell the asset and retaining the 4Q 2016 first oil date. Atlantic Petroleum is in discussion with financial investors on a similar basis with the intent of securing financing or a commercial arrangement for the Orlando project.

These discussions will complete within days or weeks at the most. However the outcome is uncertain, but management currently believe there's a reasonable prospect of securing a funding or commercial solution, and have therefore prepared the accounts on a going concern basis. Consequently, Orlando and certain exploration asset values have meantime been maintained. However, should these discussions fail, then there's little likelihood of finding a funding solution for 2016 and the group is likely to go into administration. Also, subject to the solution, and the outlook for market conditions, there is no guarantee that a solution would enable the company to salvage any remaining equity value.

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	9 months to 30th September 2015	9 months to 30 th September 2014	Full year 2014
Revenues by origin:			
Faroe Islands	0	0	0
United Kingdom	160,010	260,739	342,306
Norway	3,226	849	839
Other	0	0	0
	163,236	261,588	343,146
Operating loss/profit by origin:			
Faroe Islands	-3,526	-22,265	-30,145
United Kingdom	-235,507	53,317	-245,418
Norway	-48,055	-169,926	-173,987
Other	-15,641	-755	-4,522
	-302,729	-139,629	-454,073

5 COST OF SALE

DKK 1,000	9 months to 30th September 2015	9 months to 30 th September 2014	Full year 2014
Operating costs	125,604	100,859	159,465
Produced oil in inventory at market value	11,198	9,306	23,644
Amortisation and depreciation, PPE:			
Oil and gas properties	38,085	73,532	137,809
Impairment	117,326	0	209,085
	292,213	183,697	530,002

6 INTEREST INCOME & EXPENSE AND FINANCE GAIN & COST

DKK 1,000	9 months to 30th September 2015	9 months to 30 th September 2014	Full year 2014
Interest income and finance gain:			
Short term deposits	25	287	1,181
	25	287	1,181
Interest expense and other finance cost:			
Bank loan and overdrafts	8,148	8,782	12,073
Creditors	2	1	1
Unwinding of discount on decommissioning provision	3,551	2,632	4,238
Others	191	240	385
Exchange differences	13,251	7,410	14,626
	25,143	19,065	31,323

7 TAXATION

DKK 1,000	9 months to 30th September 2015	9 months to 30 th September 2014	Full year 2014
Current tax :			
Tax repayable/(payable) in UK	3,365	-14,694	-4,013
Tax repayable in Norway	59,398	116,047	157,323
Tax payable in Ireland	0	0	-12
Total current tax	62,763	101,353	153,297
Deferred tax:			
Deferred tax cost in UK	0	-103,919	0
Deferred tax income in UK	151,561	88,402	155,708
Deferred tax cost in Norway	-26,219	-3,931	-43,047
Total deferred tax	125,342	-19,448	112,661
Tax credit/tax on loss/profit on ordinary activities	188,105	81,905	265,958

As at 30th September 2015, the Group has a net deferred tax asset of DKK 44.3MM (31st December 2014: DKK 59.4MM).

This is made up of the following amounts: Effect of capital allowances in excess of depreciation: DKK 0.0MM (31st December 2014: DKK 0.1MM) and effect of tax loss available: DKK 44.3MM (31st December 2014: DKK 59.6MM).

The loss can be carried forward indefinitely.

8 GOODWILL

DKK 1,000	At 30th September 2015	At 30 th September 2014	At 31 st December 2014
At 1 st January	51,917	54,354	54,354
Impairment	-53,854	0	-3,817
Exchange movements	1,937	3,373	1,379
At end of period	0	57,727	51,917

9 INTANGIBLE ASSETS

DKK 1,000	At 30th September 2015	At 30 th September 2014	At 31 st December 2014
Costs			
At 1 st January	38,178	33,834	33,834
Exchange movements	-1,334	1,263	-1,873
Additions	3,303	6,555	6,218
At end of period	40,146	41,652	38,178
Amortisation and depreciation			
At 1 st January	21,602	7,351	7,351
Exchange movements	-1,301	463	-1,461
Charge this period	7,685	11,775	15,712
At end of period	27,986	19,589	21,602
Net book value at end of period	12,160	22,063	16,576

10 INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

DKK 1,000	At 30th September 2015	At 30 th September 2014	At 31 st December 2014
Costs			
At 1 st January	258,653	216,682	216,682
Exchange movements	6,483	8,651	11,187
Additions	7,517	161,123	239,361
Disposal/relinquishment of licences	-213	-51,769	-40,799
Explorations expenditures written off/sold	-82,683	-104,572	-167,548
Consolidated interest written off	0	-230	-230
At end of period	189,757	229,885	258,653

11 TANGIBLE DEVELOPMENT AND PRODUCTION (D&P) ASSETS

DKK 1,000	At 30th September 2015	At 30 th September 2014	At 31 st December 2014
Costs			
At 1 st January	1,353,864	1,211,488	1,211,488
Exchange movements	81,522	86,845	78,824
Additions	80,001	52,348	63,553
At end of period	1,515,387	1,350,681	1,353,864
Amortisation and depreciation			
At 1 st January	984,785	589,984	589,984
Exchange movements	56,901	44,849	47,908
Depreciation, charge	38,086	73,532	137,809
Impairment, charge	117,326	0	209,085
At end of period	1,197,098	708,364	984,785
Net book value at end of period	318,289	642,317	369,079

12 PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	At 30th September 2015	At 30 th September 2014	At 31 st December 2014
Costs			
At 1 st January	5,410	5,914	5,914
Exchange movements	51	260	72
Additions	-710	218	-576
At end of period	4,751	6,392	5,410
Amortisation and depreciation			
At 1 st January	3,374	3,133	3,133
Exchange movements	41	169	64
Charge this period	190	742	177
At end of period	3,605	4,044	3,374
Net book value at end of period	1,146	2,348	2,036

13 DIVIDENDS

No interim dividend is proposed. (30th September 2014: DKK nil)

14 EARNINGS PER SHARE

	Profit after tax		Weighted average number of shares		Earnings per share	
	3Q 2015 DKK 1,000	3Q 2014 DKK 1,000	3Q 2015 1,000	3Q 2014 1,000	3Q 2015 DKK	3Q 2014 DKK
Basic						
3 months to 30th September	-112,646	-40,528	3,698	3,698	-30.46	-10.96
Diluted						
3 months to 30th September	-112,646	-40,528	3,698	3,698	-30.46	-10.96
Basic						
9 months to 30th September	-139,742	-76,502	3,698	3,698	-37.79	-20.69
Diluted						
9 months to 30th September	-139,742	-76,502	3,698	3,698	-37.79	-20.69

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 30 th September 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	-1,620	130,05	0	0.00
Exercised during the period	0	0	0	0
Expired during the period	-22,352	169,50	0	0.00
Outstanding at end of period	45,545	118.79	67,897	135,75
Exercisable at end of period	0	0	0	0

The total fair value of the options granted in 2012 was estimated to be DKK 4.1MM provided that all the options were exercised by 24th March 2015. The options granted in year 2012 are expired and a total of DKK 4.3MM gain is entered in the result. 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. Part of the options granted in 2013 and 2014 are lapsed a total value of DKK 0.1MM is entered as gain in the result.

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.

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

16 CAPITAL COMMITMENTS AND GUARANTEES - CONTINUED

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 30th September 2015 of approximately DKK 36.8MM. 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.

Further proceeds are expected to arise from the Pegasus Sale and Purchase Agreement with Third Energy if and when certain milestones in the development and exploration of the Pegasus area occur. It should be noted that in the current market conditions that there is a higher than normal credit risk with oil and gas companies in general however, the Group has absolutely no reason to doubt or question the financial well-being of Third 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

P/F Atlantic Petroleum

Yviri við Strond 4
P.O.Box 1228
FO-110 Tórshavn
Faroe Islands
Telephone +44 208 834 1045
Fax +44 208 834 1125
E-mail: petroleum@petroleum.fo
www.petroleum.fo

VAT/Tax No. Faroes 475.653
Reg. No. Faroes 2695

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