



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

**CONDENSED
CONSOLIDATED
INTERIM REPORT**

FOR THE 3 MONTHS ENDED 31st MARCH 2016

LOOKING TO THE FUTURE

Atlantic Petroleum has gone through a challenging period where cost of production has exceeded revenue. The organisation and license portfolio have been rationalised and future value is in the process of being secured from the remaining assets.

There are still challenges in the North Sea for Atlantic Petroleum, but the company is trying to secure the best possible outcome and value through commercial arrangements.

One key step in the process to stabilise and prepare the base for new expansion is to ensure funding for the company. This has been achieved with the signing of the loan agreement with London Oil and Gas announced 25th May. The loan agreement will give us the flexibility we need to expand our business and to take advantage of current market situation.

Atlantic Petroleum will be looking beyond the North Sea for future opportunities. The new focus area will be Eastern Europe and the Eurasian Union. With the strengthening of the Board of Directors to include relevant experience and the addition of key resources to the management team, Atlantic Petroleum is well placed to capture opportunities in the new focus area and the plan is to secure assets and opportunities over the coming months.

HIGHLIGHTS & OUTLOOK

Production (from the 1st January to the 27th January) for 1Q was 23,441 boe corresponding to an average of 868 boepd net. (Note: The status of this production and revenue derived from it remain subject to the final resolution of Atlantic Petroleum North Sea Limited's withdrawal from Chestnut Licence)

EBITDAX for 1Q was negative with DKK 24.7MM.

Gross loss in 1Q 2016, after asset impairments and write-offs, was DKK 17.1MM.

Revenue for 1Q 2016 was DKK 10.9MM and this was impacted by the loss of production from Chestnut due to the Atlantic Petroleum North Sea Limited's inability to resolve a default under the Chestnut Joint Operating Agreement and lower oil price. Net loss for 1Q 2016 was DKK 38.7MM. Cash and cash equivalents at end of 1Q 2016 was DKK 17.6MM and net assets/share-holders equity was negative DKK 134.2MM. Bank debt excluding exploration finance facility was DKK 61.0MM.

G&A costs are total DKK 8.1MM for the first 3 months of 2016 (DKK 12.1MM in 2015).

Atlantic Petroleum Norge AS ("APN") entered into a Sale and Purchase Agreement ("SPA") with M Vest Energy AS for the sale of its Norwegian activities for the consideration of NOK 1. The Norwegian activities include all of APN's assets and licenses, the liabilities of the licences, the employees and a cash balance of approx. NOK 19MM to be adjusted for costs and expenses from the date of the transaction, 1 January 2016, to closing. Subject to completion, the transaction will constitute a cessation of all of APN's petroleum activities. As a result of the transaction, APN expects to realize the tax value of the tax loss carry forward in December 2017 – currently estimated to be approx. NOK 27MM in cash.

Negotiations are continuing on a commercial solution on Orlando and Kells; there is an expectation that these will reach a conclusion in Q2 2016.

As a consequence of Atlantic Petroleum North Sea Limited (APNSL) being unable to resolve the default under the Chestnut Joint Operating Agreement its interest in the Chestnut Field is now liable to forfeiture. Atlantic Petroleum is finalising discussions with the Operator of the Chestnut Field in regards to the forfeiture and the outstanding claims.

The Management continued to negotiate withdrawal and relinquishment from the UK exploration licences – during the period the Group left 3 UK exploration licences.

Atlantic Petroleum signed a loan agreement with London Oil & Gas 25th May for GBP 8MM (Please see press release no 12 2016 issued 25th May). The loan is a convertible loan with a strike price of DKK 15 per share. The loan will ensure the funds needed to run the company for the next 3 years and will provide funds for expanding the portfolio. As a result of the sale of Pegasus with contingent payments due; Atlantic Petroleum UK Limited expects to receive future cash inflows from the UK North Sea and a commercial solution is sought for Orlando & Kells which is expected to secure further value. Beyond that the company will re-focus its business and take advantage of the current downturn in the market to seek opportunities in Eastern Europe and the Eurasian Union. As part of the agreement the Board and management of Atlantic Petroleum will be strengthened with people with relevant experience in addition to the management being strengthened with corporate finance experience needed to finance future projects.

► KEY METRICS

DKK 1,000	3 months to 31 st Mar 2016	3 months to 31 st Mar 2015	Full year 2015
Income statement			
Revenue	10,883	39,143	186,722
Impairment on producing assets	-2,189	0	-123,606
Gross loss/profit	-17,088	-14,102	-420,729
Exploration expenses	-23,482	-1,434	-337,282
EBITDAX	-24,689	-28,165	-271,685
Operating loss (EBIT)	-52,416	-43,598	-805,813
Depreciations	-2,056	-13,999	-73,241
Loss before taxation	-48,363	-55,133	-833,842
Loss after taxation	-38,696	-11,700	-563,990
Financial position			
Non-current assets	116,093	823,157	124,921
Current assets	160,524	319,401	180,869
Total assets	276,618	1,142,558	305,790
Current liabilities	276,493	267,217	269,753
Non-current liabilities	132,886	421,808	138,051
Total liabilities	409,379	689,025	407,804
Net assets/Equity	-134,240	453,533	-102,014
Cash flow and cash			
Cash provided by operating activities	-21.745	-73,861	206,104
Change in cash and cash equivalents	-24.247	-55,426	-88,628
Cash and cash equivalents	17,623	61,762	42,049
Bank debt – excluding drawdown on the exploration finance facility	60,994	58,500	59,410
Financial statement related key figures			
Gross Margin	-157.0%	36.0%	-225.3%
EBIT Margin	-481.6%	-111.4%	-431.6%
EBITDAX Margin	-442.6%	-72.0%	-145.5%
Return on Equity	-26.6%	-2.7%	-351.2%
Share related key figures			
Earnings per share Basic	-10,46	-3.16	-152.52
Earnings per share Diluted	-10,46	-3.16	-152.52
Share price in DKK on OMX CPH and Oslo Stock Exchange	11/13,5	41/45	6/6
Other key numbers			
Production boepd – net to the Group (27 days in 2016)	868	1,178	1,331
Full time equivalent positions	15	27	26
including staff that has been given notice of termination of their employment. 11 of the current staff will leave as a result of the sale of the activities of Atlantic Petroleum Norway			

OUR PORTFOLIO 31ST MARCH

A total of 22 oil & gas licences at report publication date.

UK

13 exploration, appraisal & development licences remain in the UK sector of the North Sea, Central North Sea & Southern North Sea. It is expected that the Group will exit all these licences in the next few months

NORWAY

7 exploration & appraisal licences in Norwegian Sea, the Barents Sea and the Norwegian sector of North Sea. These licences will transfer to M Vest Energy ASA on completion of the sale announced on the 9th March 2016.

IRELAND

2 exploration & appraisal licences. The Group is in the process of exiting Dunquin and is looking to exit the remaining licence in the near future.

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

	Licence	Field/Discovery/Prospect	Company	AP equity	Comments
UK	P218	Perth	AP UK	13.35%	Withdrawal ongoing
	P588	Perth	AP UK	13.35%	Withdrawal ongoing
	P1610	Liberator	AP UK	20.00%	Relinquished 06/01/2016
	P2069	Davaar	AP UK	30.00%	Withdrawal complete 04/05/16
	P2082	Skerryvore	AP UK	30.50%	In default - Drilling deferred
	P2108	Prometheus	AP UK	20.00%	Withdrawal ongoing
	P2112	Badger	AP UK	20.00%	Withdrawal ongoing
	P2126	Orchards/Aurora	AP UK	10.00%	Possible 2017 well
	P2154	Perth Area	AP UK	13.35%	Withdrawal ongoing
	P2218	Marten & Polecat	AP UK	50.00%	Withdrawal complete 03/05/16
	P273	Ettrick	AP NS	8.27%	Forfeiture ongoing
	P317	Ettrick, Jarvis	AP NS	8.27%	Forfeiture ongoing
		Blackbird	AP NS	9.40%	Forfeiture ongoing
	P354	Chestnut	AP NS	15.00%	Forfeiture ongoing
	P1580	Blackbird	AP NS	8.27%	Forfeiture ongoing
P1606	Orlando	AP NS	25.00%	Sales Process	
P1607	Kells (Staffa)	AP NS	25.00%	Sales Process	
IRELAND	FEL 3/04	Dunquin South	AP IRE	4.00%	Sale ongoing
	SEL 2/07	Hook Head	AP IRE	18.33%	Lease undertaking granted
		Dunmore	AP IRE	18.33%	Lease undertaking granted
		Helvick	AP IRE	18.33%	Lease undertaking granted
NORWAY	PL 528	Ivory	AP NOR	9.00%	Evaluation ongoing
	PL659	Langlitinden	AP NOR	10.00%	Evaluation ongoing
	PL704	Schiller	AP NOR	30.00%	Evaluation ongoing
	PL705	Stordal/Surna	AP NOR	30.00%	Drilling planned for 2017
	PL763	Karius	AP NOR	30.00%	Voted to drop licence Jan 2016
	PL796	Beluga	AP NOR	20.00%	Evaluation ongoing
	PL802	Ganske	AP NOR	10.00%	Evaluation ongoing

STATUS ON KEY LICENCES

The following section presents the status on some key licences at end of 1Q 2016.

DEVELOPMENT & PRODUCTION

UNITED KINGDOM

CHESTNUT (15%)

P354, Block 22/2a

Atlantic Petroleum North Sea Ltd went into default on the field in mid-January 2016, with the loss of rights to petroleum shortly after. The company examined its options in the time available to remedy the default but was unable to find a solution; the field is now liable to forfeiture and the Company and Atlantic Petroleum is finalising discussions with Centrica and Dana Petroleum regarding hand-back of the asset

ETTRICK (8.27%) & BLACKBIRD (9.39773%)

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

On 3rd December Atlantic Petroleum North Sea Limited announced that the company was in default under the Ettrick and Blackbird Joint Operating Agreement for failing to make payments. The default has not been cured and the asset is, as of the 26th January 2016, subject to forfeiture. Furthermore, operator Nexen has announced the termination of the contact with Bluewater for the Aoka Mizu FPSO. Production from the field will cease on June 1, 2016 and decommissioning of the vessel will start from that date. The Company is in discussions with the Joint Venture partners regarding resolving the ongoing liabilities with respect to the asset.

ORLANDO (25%) & KELLS (25%)

P1606 Block 3/3a & P1607, Block 3/8d

Iona, the operator of the Orlando Field, announced on the 18th November that their financing for the field had fallen through and that they were likely to enter administration; subsequently confirmed on the 6th January 2016. Discussions on the future of the Orlando & Kells projects continues, but Orlando first oil will not be met by the end 2016 target. Negotiations are continuing on a commercial solution for Orlando and Kells; there is an expectation that these will reach a conclusion in Q2 2016.

NEAR DEVELOPMENT

UNITED KINGDOM

PERTH (13.35%)

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

Due to the low oil price, the Company has decided that the Perth/Dolphin/Lowlander (13.35%) development does not fit with the Company's future strategy and the company is in default on the assets. At the present time, the Company is in the process of withdrawing from the assets and transferring its equity to the existing JV partners

EXPLORATION & EVALUATION

No wells or major activities are currently planned.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 31ST MARCH 2016:

- **On 5th May 2016 Atlantic Petroleum** announced that the company has registered updated Articles of Association with the Faroese Company Register to reflect the decisions made by the General Assembly 29th April, as set out in company release of 29 April 2016 regarding the Result of the Annual General Meeting. The updated Articles of Association are available on the company website.
- **On 25th May 2016 Atlantic Petroleum** announced that further to its announcement of 24 March 2016, it has today entered into a loan agreement (the "Loan Agreement") with London Oil and Gas Limited ("LOG") (part of London Group Limited) for the provision of a secured convertible loan facility for up to £8 million (the "Facility").

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

The Condensed Consolidated Interim Report for the first three months of 2016 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 2016, and of the results of the Group's operations and cash flow for the period 1st January – 31st March 2016.

The continual reduction in oil price throughout 2015 and into Q1 2016 when it reached a low of \$30/bbl has had a drastic impact on the Group. The Group has continued to operate at a loss throughout Q1 2016 and its financial reserves were insufficient to service its operations and developments. However, Atlantic Petroleum has signed a loan agreement with London Oil and Gas for GBP 8MM. This agreement will secure the running of P/F Atlantic Petroleum for 3 years and will also enable the company to expand its business in the period. The company is still working with the bank and other creditors to resolve outstanding matters.

Tórshavn 25th May 2016

Management:

Ben Arabo
CEO

Board of Directors:

David A. MacFarlane
Chairman

Knud H. Nørve
Deputy Chairman

Jan Müller

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 2016, and the related condensed consolidated statements of income and cash flows and notes for the three months ended 31st March 2016.

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 the International Standard on Review Engagements (ISRE 2410). 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 provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Tórshavn 25th May 2016

JANUAR

State Authorized Public Accountants P/F

Heini Thomsen

State Authorized Public Accountant

Opinion

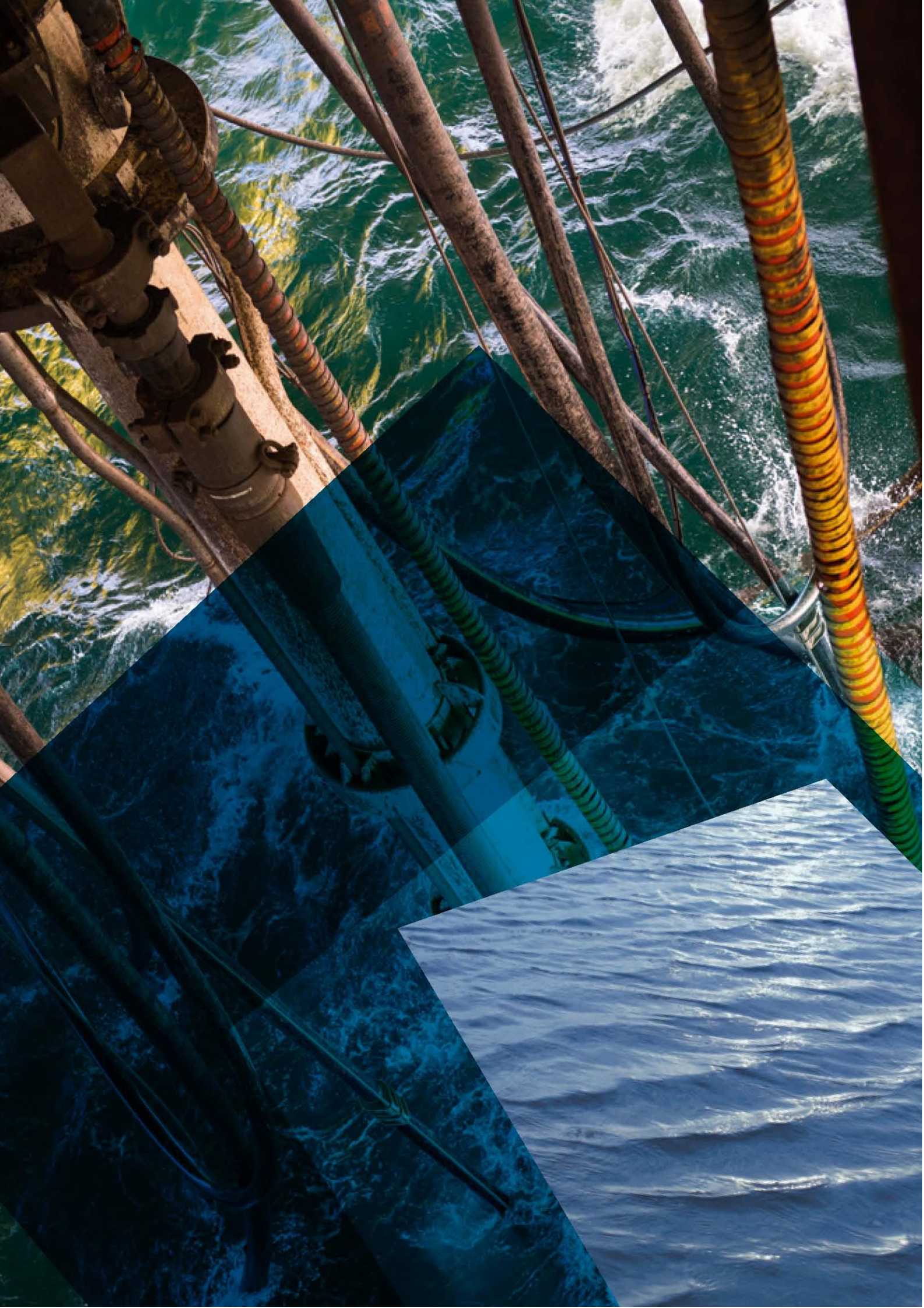
Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Report does not give a true and fair view of the financial position of the Group as of 31st March 2016, and of the results of its operations and its cash flows for the three months ended 31st March 2016 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", where the Management is describing the Group's Going Concern position and the measures taken to resolve the situation. We refer to Note 1 for further explanation.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 3 MONTHS ENDED
31st MARCH 2016**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	3 months to 31 st Mar 2016	3 months to 31 st Mar 2015	Full year 2015
Revenue	4	10,883	39,143	186,722
Costs of sales	5	-27,972	-53,246	-607,452
Gross loss/profit		-17,088	-14,102	-420,729
Exploration expenses		-23,482	-1,434	-337,282
Pre-licence exploration cost		-1,661	-654	-7,852
General and administration cost		-8,129	-12,117	-37,893
Depreciation PPE and intangible assets		-2,056	-2,834	-11,122
Other operating cost/income		0	12,457	9,066
Operating loss	4	-52,416	-43,598	-805,813
Interest income and finance gains		4,053		1,816
Interest expenses and other finance costs	6	0	-11,535	-29,845
Loss before taxation		-48,363	-55,133	-833,842
Taxation	7	9,667	43,433	269,851
Profit/loss after taxation		-38,696	-11,700	-563,990
Earnings per share (DKK):				
Basic	14	-10.46	-3.16	-152.52
Diluted	14	-10.46	-3.16	-152.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	3 months to 31 st Mar 2016	3 months to 31 st Mar 2015	Full year 2015
Items that may be recycled in P/L:			
Profit/loss for the period	-38,696	-12,687	-563,990
Exchange rate differences	6,187	6,736	41,386
Value of Futures contracts	0	174	0
Total comprehensive loss/gain in the period	-32,509	-5,777	-522,604

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	At 31 st Mar 2016	At 31 st Mar 2015	At 31 st December 2015
Non-current assets				
Goodwill	8	0	55,617	0
Intangible assets	9	7,616	14,740	9,485
Intangible exploration and evaluation assets	10	14,075	311,628	27,042
Tangible development and production assets	11	66,825	411,764	70,783
Property plant and equipment	12	859	1,925	992
Tax repayable		9,634	27,483	0
Deferred tax asset		17,084	0	16,619
		116,093	823,157	124,921
Current assets				
Inventories		0	26,929	7,849
Trade and other receivables		69,495	71,377	58,993
Tax repayable		73,407	151,555	71,978
Financial assets		0	7,777	0
Cash and cash equivalents		17,623	61,762	42,049
		160,524	319,401	180,869
Total assets		276,618	1,142,558	305,790
Current liabilities				
Exploration finance facility		72,191	151,555	70,786
Short term bank debt		41,494	19,500	39,910
Short term liabilities		0	0	0
Trade and other payables		163,804	91,732	158,538
Financial liabilities		0	0	0
Current tax payable		483	4,430	519
		277,972	267,217	269,753
Non-current liabilities				
Exploration finance facility		0	24,344	0
Long term bank debt		19,500	39,000	19,500
Long term provisions		113,386	203,282	118,551
Deferred tax liability		0	155,181	0
		132,886	421,808	138,051
Total liabilities		410,858	689,025	407,804
Net assets		-134,240	453,533	-102,014
Equity				
Share capital		369,786	369,786	369,786
Share premium account		233,444	233,444	233,444
Share based bonus schemes – LTIP	15	3,458	6,690	3,174
Futures Contracts Value		0	0	0
Translation reserves		97,889	91,443	91,702
Retained earnings		-838,817	-247,830	-800,121
Total equity shareholders' funds		-134,240	453,533	-102,014

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 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
Change in 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
LTIP and bonus awarded i the period	0	0	-3,516	0	0	0	-3,516
Changes in Futures contracts value	0	0	0	0	0	0	0
Change in share premium account cost of capital raise	0	0	0	0	0	0	0
Translation reserves	0	0	0	0	259	0	259
Result for the period	0	0	0	0	0	-552,291	-552,291
At 1st January 2016	369,786	233,444	3,174	0	91,702	-800,121	-102,014
LTIP awarded in the period, net	0	0	284	0	0	0	284
Translation reserves	0	0	0	0	6,187	0	6,187
Result for the period	0	0	0	0	0	-38,696	-38,696
At 31st March 2016	369,786	233,444	3,458	0	97,889	-838,817	-134,240

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	3 months to 31 st March 2016	3 months to 31 st March 2015	Full year 2015
Operating activities			
Operating loss	-52,416	-43,598	-805,813
Allocated consolidated capitalised interest	0	453	1,527
Unrealised cost/gain on futures contracts – oil price hedging	0	12,457	20,560
Impairment on exploration and evaluation assets	23,463	1,306	337,052
Relinquishment and disposal of licences	19	127	230
Depreciation, depletion and amortisation	2,056	13,547	71,714
Impairment on producing licences	2,189	0	389,172
Change in inventories	7,524	-8,355	10,409
Change in trade and other receivables	-20,347	-11,079	79,884
Change in trade and other payables	2,181	-54,519	48,988
Interest revenue and finance gain received	0	1	1,816
Interest expenses and other finance cost	4,053	-11,536	-29,845
Income taxes	9,533	27,336	81,410
Net cash flow provided by operating activities	-21,745	-73,861	206,104
Investing activities			
Capital expenditure	-4,085	-5,009	-228,558
Net cash used in investing activities	-4,085	-140,872	-228,558
Financing activities			
Change in share capital	0	0	0
Change in share premium cost/cost of capital raise	0	0	0
Change in short term debt	1,584	900	-46,674
Change in long term debt	0	24,344	-19,500
Net cash flow provided from financing activities	1,584	23,444	-66,174
Change in cash and cash equivalents	-24,247	-55,426	-88,628
Cash and cash equivalents at the beginning of the period	42,049	111,989	111,989
Currency translation differences	-179	5,199	18,688
Total cash and cash equivalents at the beginning of the period	41,870	117,188	130,677
Cash and cash equivalents at the end of the period	17,623	61,762	42,049

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 2015 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

The Group have previously reported that the continued low oil price throughout 2015 and into Q1 of 2016 when it reached a low of \$30/bbl has had a drastic impact on the Group. The Group operated at a loss throughout 2015 which has continued through Q1 2016. The Group's financial reserves have been insufficient to service its operations and developments. Attempts to raise debt have been unsuccessful and the Group has had only limited success in realising value through asset sales. Due to insufficient funds the Group has been unable to meet due payments and is now under Default (as defined in the relevant agreements) on all three producing fields, and as a consequence is no longer entitled to receive petroleum from the fields and the interests in the fields are now liable for forfeiture. The Group Management is in constant communication with the main creditors about the situation.

Atlantic Petroleum signed a loan agreement with London Oil & Gas 25th May for GBP 8MM (Please see press release no 12 2016 issued 25th May). The loan is a convertible loan with a strike price of DKK 15 per share. The loan will ensure the funds needed to run the company for the next 3 years and will provide funds for expanding the portfolio. As a result of the sale of Pegasus with contingent payments due; Atlantic Petroleum UK Limited expects to receive future cash inflows from the UK North Sea and a commercial solution is sought for Orlando & Kells which is expected to secure further value. Beyond that the company will re-focus its business and take advantage of the current downturn in the market to seek opportunities in Eastern Europe and the Eurasian Union. As part of the agreement the Board and management of Atlantic Petroleum will be strengthened with people with relevant experience in addition to the management being strengthened with corporate finance experience needed to finance future projects

For the above reasons, the Management and the Board of Directors have decided to prepare the Financial Report on a going concern basis.

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 2015.

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 2015.

4 GEOGRAPHICAL SEGMENTAL ANALYSIS

DKK 1,000	3 months to 31st March 2016	3 months to 31 st March 2015	Full year 2015
Revenues by origin:			
Faroe Islands	0	0	0
United Kingdom	10,883	39,143	183,376
Norway	0	0	3,346
Other	0	0	0
	10,883	39,143	186,722
Operating loss/profit by origin:			
Faroe Islands	-613	-1,659	-4,153
United Kingdom	-29,784	-34,297	-579,440
Norway	-15,251	-7,452	-206,420
Other	-6,768	-191	-15,800
	-52,416	-43,598	-805,813

5 COST OF SALE

DKK 1,000	3 months to 31st March 2016	3 months to 31 st March 2015	Full year 2015
Operating costs	18,259	39,550	155,070
Produced oil in inventory at market value	7,524	8,066	1,091
Amortisation and depreciation, PPE:			
Oil and gas properties	0	26,278	62,119
Impairment	2,189	0	389,172
	27,972	73,894	607,452

6 INTEREST INCOME & EXPENSE AND FINANCE GAIN & COST

DKK 1,000	3 months to 31st March 2016	3 months to 31 st March 2015	Full year 2015
Interest income and finance gain:			
Short term deposits	0	0	1,816
	0	0	1,816
Interest expense and other finance cost:			
Bank loan and overdrafts	2,606	2,621	10,732
Creditors	43	0	7
Unwinding of discount on decommissioning provision	1,949	815	4,509
Others	38	57	215
Exchange differences	-8,689	971	14,382
	-4,053	4,463	29,845

7 TAXATION

DKK 1,000	3 months to 31st March 2016	3 months to 31 st March 2015	Full year 2015
Current tax :			
Tax repayable/(payable) in UK	0	0	3,907
Tax repayable in Norway	9,533	27,336	77,503
Tax payable in Ireland	0	0	0
Total current tax	9,533	27,336	80,876
Deferred tax:			
Deferred tax cost in UK	0	0	0
Deferred tax income in UK	0	36,481	110,402
Deferred tax income/cost in Norway	134	-20,384	78,040
Total deferred tax	-134	-16,097	188,441
Tax credit/tax on loss/profit on ordinary activities	9,667	43,433	269,851

As at 31th March 2016, the Group has a net deferred tax asset of DKK 17.1MM.

This is made up of the following amounts: Effect of capital allowances in excess of depreciation: DKK -4.1MM and effect of tax loss available: DKK 21.2MM.

The loss can be carried forward indefinitely.

8 GOODWILL

DKK 1,000	At 31st March 2016	At 31 st March 2015	At 31 st December 2015
At 1 st January	0	51,917	51,917
Impairment	0	0	-53,800
Exchange movements	0	3,700	1,883
At end of period	0	55,617	0

9 INTANGIBLE ASSETS

DKK 1,000	At 31st March 2016	At 31 st March 2015	At 31 st December 2015
Costs			
At 1 st January	39,866	38,178	38,178
Exchange movements	372	1,711	-1,611
Additions	0	39	3,299
At end of period	40,238	39,928	39,866
Amortisation and depreciation			
At 1 st January	30,381	27,602	21,602
Exchange movements	302	967	-955
Charge this period	1,939	2,619	10,379
At end of period	32,622	25,188	30,381
Net book value at end of period	7,616	14,740	9,485

10 INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

DKK 1,000	At 31st March 2016	At 31 st March 2015	At 31 st December 2015
Costs			
At 1 st January	27,042	258,653	258,653
Exchange movements	-1,283	15,665	16,836
Additions	11,790	38,743	26,773
Disposal/relinquishment of licences	-19	-127	-230
Explorations expenditures written off/sold	-23,455	-1,306	-274,990
Consolidated interest written off	0	0	0
At end of period	14,075	311,628	27,042

11 TANGIBLE DEVELOPMENT AND PRODUCTION (D&P) ASSETS

DKK 1,000	At 31st March 2016	At 31 st March 2015	At 31 st December 2015
Costs			
At 1 st January	1,559,809	1,353,864	1,353,864
Exchange movements	-105,616	105,048	82,996
Additions	3,058	25,360	122,949
At end of period	1,457,251	1,484,272	1,559,809
Amortisation and depreciation			
At 1 st January	1,489,026	984,785	984,785
Exchange movements	-100,789	76,558	52,950
Depreciation, charge	0	11,165	62,119
Impairment, charge	2,189	0	389,172
At end of period	1,390,426	1,072,508	1,489,026
Net book value at end of period	66,825	411,764	70,783

12 PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	At 31st March 2016	At 31 st March 2015	At 31 st December 2015
Costs			
At 1 st January	4,738	5,410	5,410
Exchange movements	-120	244	38
Additions	-17	20	-710
At end of period	4,601	5,674	4,738
Amortisation and depreciation			
At 1 st January	3,746	3,374	3,374
Exchange movements	-109	160	31
Charge this period	104	215	341
At end of period	3,742	3,749	3,746
Net book value at end of period	859	1,925	992

13 DIVIDENDS

No interim dividend is proposed. (31st March 2015: DKK nil)

14 EARNINGS PER SHARE

	Profit or loss after tax		Weighted average number of shares		Earnings per share	
	1Q 2016 DKK 1,000	1Q 2015 DKK 1,000	1Q 2016 1,000	1Q 2015 1,000	1Q 2016 DKK	1Q 2015 DKK
Basic						
3 months to 31st March	-38,696	-11,700	3,698	3,698	-10.46	-3.16
Diluted						
3 months to 31st March	-38,696	-11,700	3,698	3,698	-10.46	-3.16
Basic						
3 months to 31st March	-38,696	-11,700	3,698	3,698	-10.46	-3.16
Diluted						
3 months to 31st March	-38,696	-11,700	3,698	3,698	-10.46	-3.16

The calculation of basic earnings per share is based on the profit or loss 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 2016		At 31 st December 2015	
	Number of options	Weighted average exercise price DKK	Number of options	Weighted average exercise price DKK
1st January	43,925	118.79	67,897	135.75
Granted during the period	0	0	0	0
Lapsed during the period	0	0	-1,620	130.05
Exercised during the period	0	0	0	0
Expired during the period	0	0	-22,352	169.5
Outstanding at end of period	43,925	118.79	43,925	118.79
Exercisable at end of period	0	0	0	0

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. Some of the options granted in 2013 and 2014 have lapsed leading to a total value of DKK 0.1MM being entered as gain in the 2015 result.

16 CAPITAL COMMITMENTS AND GUARANTEES AT 31st March 2016

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 Etrick 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 2016 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 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

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SUBSIDIARIES

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- **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