



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

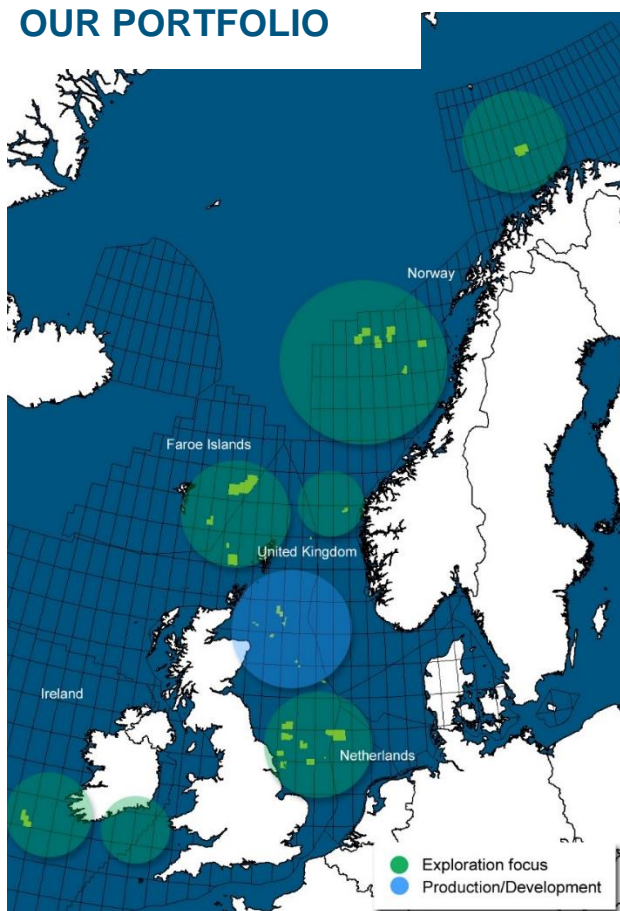
FOR THE 9 MONTHS ENDED 30th SEPTEMBER 2014

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 46 oil & gas licences at report date covering 126 blocks/part blocks which will deliver organic growth for the company portfolio.

UK

3 licences in UK Central North Sea with fields in production. 25 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 farm-ins (two licences are subject to Government approval)

FAROE ISLANDS

2 exploration licences

IRELAND

2 exploration & appraisal licences

NETHERLANDS

4 exploration 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 were successful in exploration with a discovery on the Pegasus West well in UK licence P1724 spudded in July. The well has been tested at a combined rate of circa 91 million standard cubic feet of gas per day (MMscf/d) from three Carboniferous intervals. The well lies in 29 meters water depth in the Southern North Sea, close to the producing Cavendish and Trent fields. The well will be suspended for later production and development options will be examined. Atlantic Petroleum holds additional acreage in the area and follow on potential is being pursued.

In October a big step forward was made on the Orlando development when the joint venture signed all necessary agreements securing the offtake arrangements for the Orlando field development, allowing the field development to progress towards first oil production before the end of 2016. Orlando will initially deliver approximately 2,600 boepd net to Atlantic Petroleum. The proven plus probable reserves were estimated by the independent reserves auditor Gaffney Cline Associates in 2013 to be 3.8MMboe net to Atlantic Petroleum.

The Ivory exploration well on licence PL528 was spudded in October. The well is currently drilling with a result expected later in the year.

Atlantic Petroleum also had success in the UK 28th Round, with the Company being offered a total of 6 licences for award with a further 5 licences still pending.

Production for the first 9 months was 436,000 boe corresponding to an average of 1,597 boepd net which is lower than the target of 1,650 – 1,950 boepd. This is due to a combination of the second Blackbird well coming on-stream later than planned, longer than anticipated annual shut-down on the Aoka Mizu FPSO and an operational issue with one of the Chestnut wells. The lower than expected production will impact the full year guidance and the target will now be 1,520 – 1,600 boepd.

EBITDAX for the first 9 months was DKK 102.9MM which was within target. The guidance for the full year 2014 remains within the previous announced guidance DKK 125MM – 175MM. Revenue for 3Q 2014 was DKK 63.4MM and this was impacted by the lower than expected production. Exploration expense in 3Q 2014 was DKK 52.4MM and this was mainly due to a non-cash write down in connection with the relinquishment of PL270 Agat in Norway following a decision by the operator to withdraw from the licence. Net loss for 3Q 2014 was DKK 40.5MM. Cash and cash equivalents at end of 3Q 2014 was DKK 157.4MM and net assets/shareholders equity DKK 577.5MM. Bank debt excluding exploration finance facility was DKK 78.0MM.

PRODUCTION	DEVELOPMENT	EXPLORATION	FINANCIAL
<p>The Group has currently three producing fields</p> <p>Chestnut The Hummingbird FPSO contract and hence Chestnut field life has been extended, enabling production to at least March 2017</p> <p>Ettrick The field is producing again following a planned extended shutdown over the summer to help prolong field life</p> <p>Blackbird A production well was successfully completed and tied into the Aoka Mizu FPSO facilities. Production commenced in August</p>	<p>The Group has currently three UK fields under development or near development</p> <p>Orlando Commercial agreements have been completed with the operator of the Ninian Central Platform to allow first oil by end 2016</p> <p>Kells Work is on-going to re-submit an FDP in 2015, with first oil planned in 2017</p> <p>Perth Joint studies ongoing to determine the feasibility of a joint Perth/Dolphin/Lowlander development. These appraise phase joint studies are expected to be complete by year end 2014</p>	<p>Our exploration portfolio has several high profile prospects identified</p> <p>Pegasus This UK well spudded in July and was announced as finding gas in September. The well tested at combined rates of more than 90 MMscf/d and is being suspended for use as a future producer</p> <p>Ivory The Norwegian Ivory well spudded in early October and is currently drilling. Operations are anticipated to take 60-90 days</p> <p>2015/16 Programme The exploration drilling programme is being populated with UK well Skerryvore in 2H 2015, Greater York 4Q 2015 and Aurora 1Q 2016</p>	<p>EBITDAX 9 months 2014 DKK 102.9MM (9 months 2013 DKK 184.0MM)</p> <p>Cash and cash equivalents at end September 2014 DKK 157.4MM (End 2013 DKK 184.6MM)</p> <p>Revenue 9 months 2014 DKK 261.6MM (9 months 2013 DKK 328.3MM)</p> <p>Exploration expense 9 months DKK 156.5MM (9 months 2013 DKK 113.8MM)</p> <p>G&A 9 months 2014 DKK 38.6MM (9 months 2013 DKK 44.1MM)</p> <p>Result after taxation 9 months DKK -76.5MM (9 months 2013 DKK -24.0MM)</p>
2014 TARGETS			
<p>Production average now expected to be in the range 1,520 – 1,600 boepd net for the year</p>		<p>Drill 4 exploration/ appraisal wells in 2014 targeting 86MMboe of net unrisked resources</p>	<p>EBITDAX in the range DKK 125MM - 175MM</p>

PERFORMANCE SUMMARY

► KEY METRICS

DKK 1,000	3 months to 30 th Sep 2014	3 months to 30 th Sep 2013	9 months to 30 th Sep 2014	9 months to 30 th Sep 2013	Full year 2013
Income statement					
Revenue	63,410	114,063	261,588	328,295	417,421
Gross profit	15,507	78,874	77,891	169,703	195,655
Exploration expenses	-52,411	-39,272	-156,525	-113,775	-119,647
EBITDAX	21,773	61,359	102,946	184,038	223,748
Operating loss/profit (EBIT)	-57,645	18,861	-139,629	-2,896	-1,629
Depreciations	-27,008	-3,225	-86,049	-73,158	-105,729
Loss/profit before taxation	-58,499	7,248	-158,407	-7,775	-11,623
Loss after taxation	-40,528	-21,567	-76,502	-24,025	-25,674
Financial position					
Non-current assets	1,072,146	944,468	1,072,146	944,468	921,804
Current assets	318,495	165,818	318,495	165,818	315,375
Total assets	1,390,641	1,110,286	1,390,641	1,110,286	1,237,179
Current liabilities	168,917	111,978	168,917	111,978	141,541
Non-current liabilities	644,273	508,762	644,273	508,762	498,293
Total liabilities	813,190	620,740	813,190	620,740	639,834
Net assets/Equity	577,451	489,546	577,451	489,546	597,345
Cash flow and cash					
Cash generated from operations	-26,075	44,421	-6,970	124,725	219,146
Change in cash and cash equivalents	-38,628	-22,426	-32,384	-185,775	-54,183
Cash and cash equivalents	157,412	53,052	157,412	53,052	184,613
Bank debt – excluding drawdown on the exploration finance facility	78,000	78,000	78,000	78,000	78,000
Financial statement related key figures					
Gross Margin	24.5%	69.1%	29.8%	51.7%	46.9%
EBIT Margin	-90.9%	16.5%	-53.4%	-0.9%	-0.4%
EBITDAX Margin	34.3%	53.8%	39.4%	56.1%	24.9%
Return on Equity	-7.0%	-4.3%	-13.0%	-4.7%	-5.0%
Share related key figures					
Earnings per share Basic	-10.96	-8.21	-20.69	-9.15	-9.54
Earnings per share Diluted	-10.96	-8.21	-20.69	-9.15	-9.67
Share price in DKK on OMX CPH/IS and Oslo Stock Exchange (From 3Q 2013)	72/NA & 75	166/190 & NA	72/NA & 75	149/155 & NA	129/145 & 128
Other key numbers					
Production boepd – net to the Group	1,283	2,076	1,597	2,068	1,973
Average realised oil price USD/bbl	100.8	110.0	107.4	109.5	109.2
Full time equivalent positions	27	24	28	25	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 3Q 2014.

DEVELOPMENT & PRODUCTION

UNITED KINGDOM

CHESTNUT (15%)

P354, Block 22/2a

Chestnut production was slightly below expectation in 3Q 2014. One of the production wells has suffered from scaling requiring remedial work to be undertaken and further work is planned before year end 2014. 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, 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

The Aoka Mizu FPSO contract was extended to March 2016. Further extension rights exist which can be exercised in future years. Ettrick field production was slightly behind expectation in 3Q 2014. The annual planned shutdown and subsequent full return to production took slightly longer than expected.

BLACKBIRD (9.39773%)

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

Blackbird production was at the low end of expectation in 3Q 2014, due to delay, relative to plan, in first oil from the B3 well and the slightly longer than planned annual shutdown of the Aoka Mizu FPSO. The 20/02a-B3 production well was spudded at the end of April and came on production in August 2014. It was announced in July that well was flow tested at rates around 7,000 bopd.

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.

NEAR DEVELOPMENT

UNITED KINGDOM

KELLS (25%)

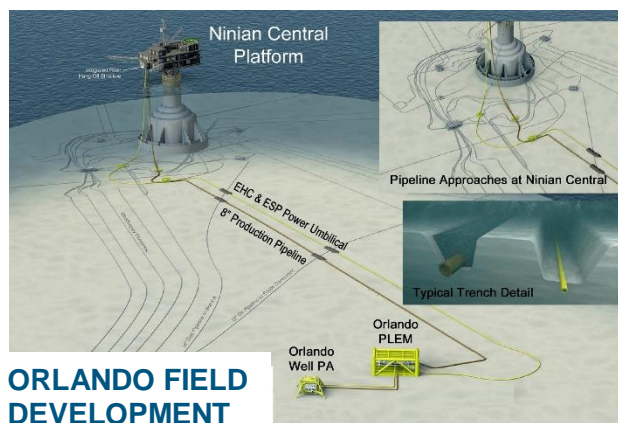
P1607, Block 3/8d

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 re-submit an FDP in 2015, with first oil planned in 2017.

PERTH (13.35%)

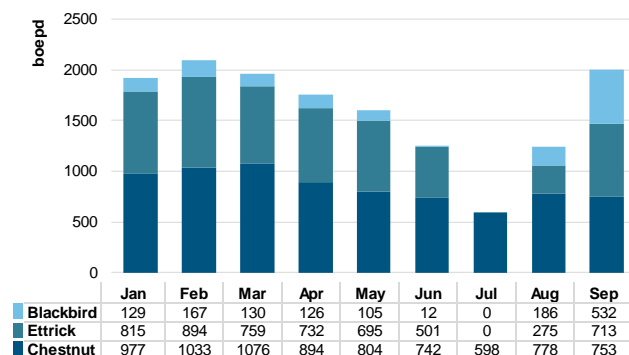
P218 & P588, Blocks 15/21a,b,c,f

Joint studies are now 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 are expected to be complete by year end 2014. The owners have agreed the commercial and ownership framework. A Heads of Agreement for the Joint Development of the fields was signed, which covers the equity alignment or "Unitisation" process, budget and management of the joint near term work programme, and plans for securing finance for the project.



ORLANDO FIELD DEVELOPMENT

2014 AVERAGE NET PRODUCTION



ORLANDO PROVIDES PRODUCTION GROWTH FROM END 2016



EXPLORATION & EVALUATION

UNITED KINGDOM

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.

PEGASUS (10%)

P1724, Block 43/13b

An appraisal well on Pegasus West was drilled and announced as a gas discovery in September 2014. The well tested at combined rate of over 90MMscfpd. Well testing has now been completed and the well is being suspended for use as a future producer.

HARMONIA & BROWNEY (10%)

P1727, Blocks 43/17b,18b

A well was drilled in 2014 on the Pegasus West structure which extends into this licence.

LEAD B (10%)

P1899, Blocks 44/4a,5, 45/1

This is a 26th Licensing Round licence award and lies next to the Dutch E Block acreage. The Group acquired new 3D data over the licence in 2013 which is currently being interpreted.

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 4Q 2015.

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 1Q 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 2H 2015.

FAROE ISLANDS

BRUGDAN DEEP (1%)

L006, Blocks 6104/16a,21 & 6105/25

The Brugdan II well re-entry commenced in May 2014. It was announced in June 2014 that the well did not encounter hydrocarbons. Capex incurred on the licence has been written off during 2014.

KÚLUBØKAN (4%)

L016, Blocks 6202/6a,7,8,9,10a,11,12,13, 14,15, 16,17,18,21a,22a,6203/14a,15a,16,17,18,19,20,21,22, 23, 24a,25a

3D seismic survey was acquired in 2013 and is currently being interpreted. The partnership has up to six years from award in December 2008 to decide whether or not to drill an exploration well.



2014 DRILLING ACTIVITIES

1Q

NORWAY



PL659 – Well 722/11-2
The Langlitinden Exploration Well encountered oil-bearing sands of Triassic age.

2Q

FAROE ISLANDS



L006 – Well 6104/21-2
Brugdan II Exploration Well. No hydrocarbons were found in the intervals drilled.

UNITED KINGDOM



P317, P273 & P1580 - Well 20/02a-B3
Blackbird Production Well. Production testing achieved sustained rates of over 7,000 bbls/day, which was constrained by surface equipment.

3Q

UNITED KINGDOM



P1724 – Well 43/13b-7
Pegasus West Exploration Well spudded in July. The well encountered gas bearing sandstones and tested at combined rate of over 90 MMscfpd.

4Q

NORWAY



PL528B – Well 6707/10-3 S
Ivory Exploration Well Drilling commenced on this well in early October. The well is expected to take 60 to 90 days to drill.

NETHERLANDS

Blocks E1, E2, E4, E6 (6%)

The licences are operated by Centrica and lie adjacent to UK/Netherlands border in approximately 35 - 40m of water. The area is also adjacent to UKCS Licence P1899, awarded in December 2012 to Atlantic Petroleum, Centrica and GdF Suez in the UKCS 26th Round.

NORWAY

AGAT (15%)

PL270/270B, Block 35/3

PL270 was acquired in December 2012 from the operator VNG, and in February 2014 PL270 B was awarded as an extension of the licence (APA 2013 round). Following a decision by the operator to withdraw from the licence a decision has been taken to relinquish the licence and acquisition cost and capex has been written off in these interim accounts.

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.

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.

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). Atlantic Petroleum farmed in to PL659 through a deal with the operator, Det norske prior to drilling the Langlitinden well. Cost related to the Langlitinden well has been written off during 2014.

7222/11-2 proved a significant oil column, but the reservoir has lower permeability than expected. The commerciality of this discovery is still not concluded. Significant prospectivity remains in the licence, in various targets and technical evaluation is ongoing.

IVORY (9%)

PL528/528B, Blocks 6707/8,9,11,10(part)

In 2013 the Company entered into a farm-in option agreement with Rocksource ASA regarding the PL528/528B licence in the Norwegian Sea. In April 2014 Atlantic Petroleum decided to utilize the full option and acquired 15% of the participating interest in PL528/528B, and the Company subsequently farmed down 6% to Repsol Exploration Norge. The PL528 licence contains the Ivory prospect. A well was spudded in early October with the West Navigator drillship.

BLEKKSPRUT (10%)*

PL601, Blocks 6609/3, 6610/1

The licence is located in the eastern part of the Træna Basin in the Norwegian Sea. The licence was awarded in the 21st Licensing Round in 2011. Within the licence several leads and prospects are identified.

ROALD RYGG (10%)*

PL602, Blocks 6706/10,11,12

The licence is located on the Vema Dome in the Vøring Basin (Norwegian Sea), immediately west of the ongoing Aasta Hansteen field development. The licence was awarded in the 21st Licensing Round. Within the licence several leads and prospects are identified.

**Atlantic Petroleum Norge acquired Ithaca Petroleum Norge's 10% interest in licences PL601 & PL602 in August 2014. The agreements are subject to government approval.*

IRELAND

SEL 2/07 (18.3333%)

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

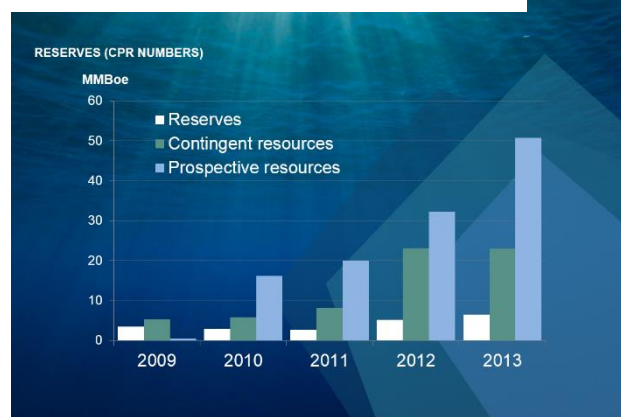
The licence group is in the process of application with the PAD to convert the licence into a Lease Undertaking where development options will be studied. In November 2013, it was announced that the joint venture had agreed a phased farm-in by ABT Oil & Gas into the Helvick and Dunmore oil discoveries. 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 spudded in April 2013. It was plugged and abandoned in July 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.

RESERVES GROWTH DELIVERED



Source: Competent Person's Reports by Fugro Robertson (year 2009-2012) & GCA (year end 2013)

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 30TH SEPTEMBER 2014:

- **On 6th October 2014** Atlantic Petroleum announced that drilling of the Ivory well (6707/10-3 S) in PL528B had commenced. Atlantic Petroleum Norge has a 9%* working interest in PL528B located in the Norwegian Sea. The licence is located adjacent to the Statoil-operated Aasta Hansteen field development which is due to come on stream in 2017. Centrica Resources (Norge) is operator of the licence with an equity interest of 40%. Other licence partners are Statoil Petroleum 35%, Rocksource Exploration Norway 10%, Atlantic Petroleum Norge 9%* and Repsol Exploration Norge 6%*. *Subject to government approval for the deal with Repsol Exploration Norge announced on 22nd August 2014.
- **On 8th October 2014** Atlantic Petroleum announced that the Company, together with Iona Energy UK Limited (Iona) the Orlando Field Operator, had signed all necessary agreements with CNR International (U.K.) Limited ("CNR") the Operator of the Ninian Central Platform ("NCP") securing the offtake arrangements for the Orlando field development. (Atlantic Petroleum 25% interest, and Iona 75% interest).
- **On 4th November 2014** Atlantic Petroleum issued an operations update. Full year 2014 production guidance was in this announcement revised to 1,520-1,600 boepd from previously 1,650-1,950 boepd.
- **On 6th November 2014** Atlantic Petroleum announced that Atlantic Petroleum UK Limited had been offered for award six licences in the UK 28th Round. These six licences are part of the 134 licences that DECC has offered to partnership groups, covering 252 blocks or part blocks. A further group of blocks are still outstanding and are under environmental assessment. Atlantic Petroleum applied for five licences in the areas that are still outstanding. Atlantic Petroleum applied for 11 licences in total.
- **On 12th November 2014** Atlantic Petroleum announced that the 43/13b-7 Pegasus West gas discovery drill stem tested (DST'd) at a combined rate of circa 91 million standard cubic feet of gas per day (MMscfpd) from three Carboniferous intervals. Well testing has now been completed and the well is being suspended for use as a future producer.



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

The Condensed Consolidated Interim Report for the first nine months of 2014 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 2014, and of the results of the Group's operations and cash flow for the period 1st January – 30th September 2014.

Tórshavn 12th November 2014

Management:

Ben Arabo
CEO

Board of Directors:

Birgir Durhuus
Chairman

Jan E. Evensen
Deputy Chairman

Diana Leo

David A. MacFarlane

Barbara Y. Holm

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 2014, and the related condensed consolidated statements of income and cash flows and notes for the nine months ended 30th September 2014.

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 2014, and of the results of its operations and its cash flows for the nine months ended 30th September 2014 in accordance with International Financial Reporting Standards 34 "Interim Financial Reporting" as adopted by the European Union.

Tórshavn 12th November 2014

JANUAR

State Authorized Public Accountants P/F

Jógvan Amonsson

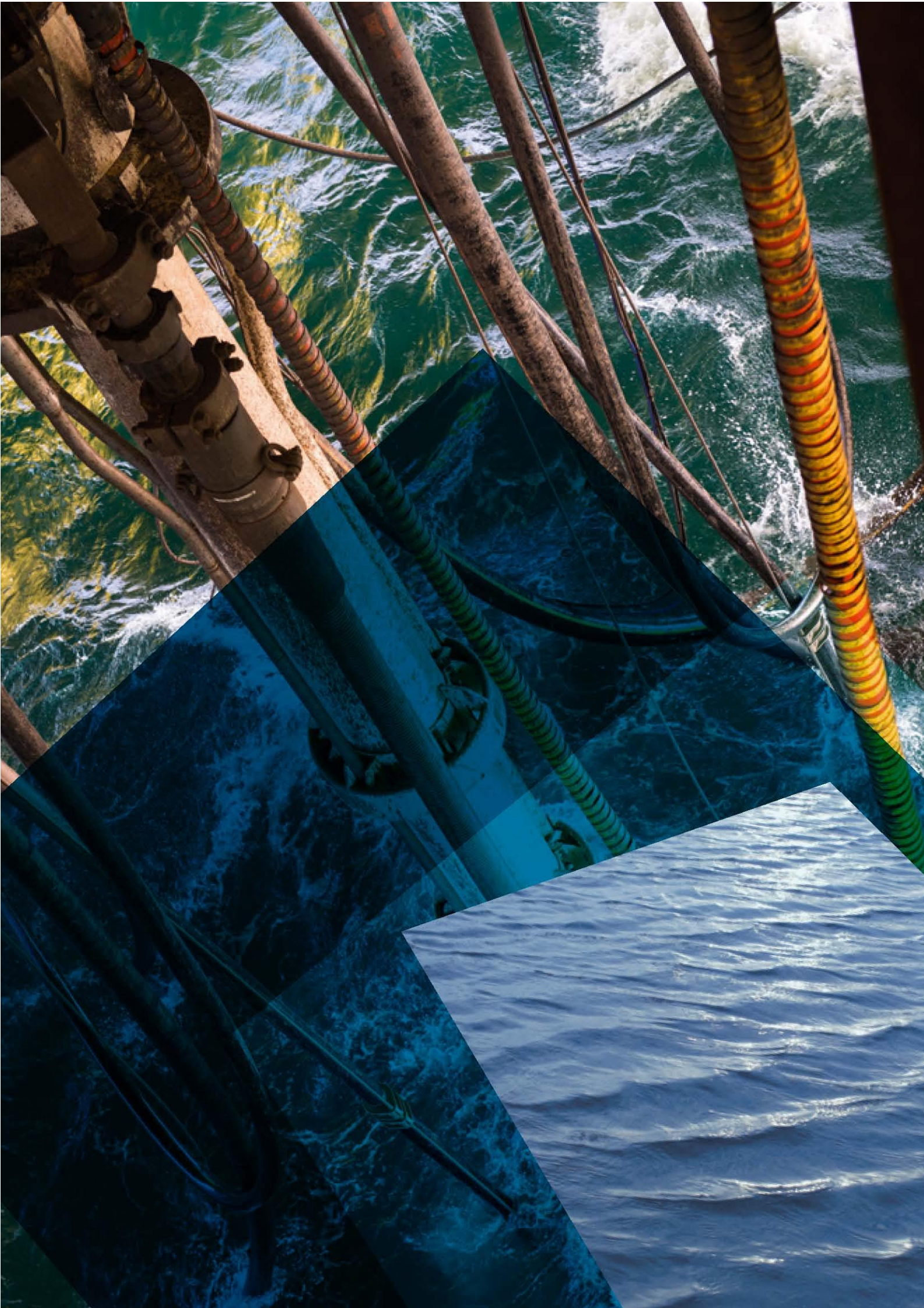
State Authorized Public Accountant

Fróði Sivertsen

State Authorized Public Accountant

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 9 MONTHS ENDED
30th SEPTEMBER 2014**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	3 months to 30 th September 2014	3 months to 30 th September 2013	9 months to 30 th September 2014	9 months to 30 th September 2013	Full year 2013
Revenue	3	63,410	114,063	261,588	328,295	417,421
Cost of sales	4	-47,903	-35,189	-183,697	-158,592	-221,767
Gross profit		15,507	78,874	77,891	169,703	195,655
Exploration expenses		-52,411	-39,272	-156,525	-113,775	-119,647
Pre-licence exploration costs		-3,140	-2,588	-9,845	-8,656	-11,064
General and administration costs		-13,279	-16,081	-38,632	-44,083	-58,410
Depreciation PPE and intangible assets		-4,322	-2,071	-12,518	-6,084	-8,162
Operating loss/profit	3	-57,645	18,861	-139,629	-2,896	-1,629
Interest income and finance gains		55	-8,834	287	4,217	1,454
Interest expenses and other finance costs	5	-909	-2,779	-19,065	-9,096	-11,448
Loss/profit before taxation		-58,499	7,248	-158,407	-7,775	-11,623
Taxation	6	17,971	-28,815	81,905	-16,251	-14,051
Loss after taxation		-40,528	-21,567	-76,502	-24,025	-25,674
Earnings per share (DKK):						
Basic	13	-10.96	-8.21	-20.69	-9.15	-9.54
Diluted	13	-10.96	-8.21	-20.69	-9.15	-9.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	3 months to 30 th September 2014	3 months to 30 th September 2013	9 months to 30 th September 2014	9 months to 30 th September 2013	Full year 2013
Items that may be recycled in Income statement:					
Loss for the period	-40,528	-21,567	-76,502	-24,025	-25,674
Exchange rate differences	18,091	11,587	43,598	-18,281	-19,530
Value of Futures contracts	12,642	-4,616	8,358	-6,504	-6,776
Total comprehensive loss in the period	-9,795	-14,596	-24,546	-48,810	-51,980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	At 30 th September 2014	At 30 th September 2013	At 31 st December 2013
Non-current assets				
Goodwill	7	57,727	54,985	54,354
Intangible assets	8	22,063	12,360	26,482
Intangible exploration and evaluation assets	9	229,885	217,462	216,682
Tangible development and production assets	10	642,317	636,089	621,504
Property plant and equipment	11	2,348	2,824	2,782
Tax repayable		117,806	20,748	0
		1,072,146	944,468	921,804
Current assets				
Inventories		50,080	33,229	38,759
Trade and other receivables		58,506	55,043	48,493
Tax repayable		45,053	24,494	43,509
Financial assets		7,444	0	0
Cash and cash equivalents		157,412	53,052	184,613
		318,495	165,818	315,375
Total assets		1,390,641	1,110,286	1,237,179
Current liabilities				
Exploration finance facility		45,053	24,494	25,058
Short term bank debt		19,500	19,500	19,500
Short term liabilities		0	0	116
Trade and other payables		87,850	67,333	94,836
Financial liabilities		0	641	914
Current tax payable		16,514	10	1,117
		168,917	111,978	141,541
Non-current liabilities				
Exploration finance facility		93,696	17,330	0
Long term bank debt		58,500	58,500	58,500
Long term provisions		186,073	184,536	172,790
Deferred tax liability		306,004	248,396	267,003
		644,273	508,762	498,293
Total liabilities		813,190	620,740	639,834
Net assets		577,451	489,546	597,345
Equity				
Share capital		369,786	262,670	367,670
Share premium account		233,444	227,542	232,903
Share based bonus schemes - LTIP	14	5,118	2,516	3,123
Futures Contracts Value		7,444	-641	-914
Translation reserves		56,035	13,684	12,435
Retained earnings		-94,376	-16,225	-17,873
		577,451	489,546	597,345

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Own shares	Share premium account	Share based	Futures contracts value	Translation reserves	Retained earnings	Total
				Payments LTIP and Bonus				
At 1st January 2013	262,670	0	227,527	1,314	5,863	31,966	7,801	537,140
Own shares bought (1,521 shares)	0	-263	0	0	0	0	0	-263
Own shares sold (1,521 shares)	0	263	0	0	0	0	0	263
Changes in Capital gains/losses on shares bought/sold	0	0	15	0	0	0	0	15
Changes in Futures contracts value	0	0	0	0	-6,504	0	0	-6,504
Changes in share based bonus schemes	0	0	0	1,202	0	0	0	1,202
Changes in translation reserves	0	0	0	0	0	-18,281	0	-18,281
Result for the period	0	0	0	0	0	0	-24,025	-24,025
At 30th September 2013	262,670	0	227,542	2,516	-641	13,684	-16,225	489,546
Capital raise	105,000	0	5,361	0	0	0	0	110,362
Changes in share based bonus schemes	0	0	0	607	0	0	0	607
Changes in Futures contracts value	0	0	0	0	-273	0	0	-273
Translation reserves	0	0	0	0	0	-1,249	0	-1,249
Result for the period	0	0	0	0	0	0	-1,648	-1,648
At 1st January 2014	367,670	0	232,903	3,123	-914	12,435	-17,873	597,345
Capital raise	2,116	0	541	0	0	0	0	2,657
Changes in Futures contracts value	0	0	0	0	8,358	0	0	8,358
Changes in share based bonus schemes	0	0	0	1,995	0	0	0	1,995
Translation reserves	0	0	0	0	0	43,598	0	43,598
Result for the period	0	0	0	0	0	0	-76,502	-76,502
At 30th September 2014	369,786	0	233,444	5,118	7,444	56,035	-94,376	577,451

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	9 months to 30 th September 2014	9 months to 30 th September 2013	Full year 2013
Operating activities			
Operating loss	-139,629	-2,896	-1,629
Allocated consolidated capitalised interest	1,603	1,963	2,541
Impairment on exploration and evaluation assets	104,551	76,152	70,833
Relinquishment/Disposal of licences	51,871	37,623	48,814
Depreciation, depletion and amortisation	84,447	71,196	103,189
Change in inventories	-8,127	-19,178	-24,695
Change in trade and other receivables	-127,235	15,817	25,955
Change in trade and other payables	-57,026	-72,985	-41,321
Interest revenue and finance gains received	287	4,217	1,454
Interest expenses and other finance costs paid	-19,065	-9,096	-11,448
Income taxes	101,353	21,912	45,454
Net cash flow from operating activities	-6,970	124,725	219,146
Investing activities			
Capital expenditure	-140,872	-352,324	-408,763
Net cash flow from investing activities	-140,872	-352,324	-408,763
Financing activities			
Change in share capital	2,116	0	105,000
Change in share premium cost/cost of capital raise	541	0	5,376
Change in short term debt	19,106	0	25,058
Change in long term debt	93,696	41,824	0
Net cash flow from financing activities	115,458	41,824	135,434
Change in cash and cash equivalents	-32,384	-185,775	-54,183
Cash and cash equivalents at the beginning of the period	184,613	242,521	242,521
Currency translation differences	5,183	-3,694	-3,725
Total cash and cash equivalents at the beginning of the period	189,796	238,827	238,796
Cash and cash equivalents at the end of the period	157,412	53,052	184,613

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 2013 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 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 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31st December 2013.

3 GEOGRAPHICAL SEGMENTAL ANALYSIS

DKK 1,000	9 months to 30th September 2014	9 months to 30 th September 2013	Full year 2013
Revenues by origin:			
Faroe Islands	0	0	0
United Kingdom	260,739	328,295	417,421
Norway	849	0	0
Other	0	0	0
	261,588	328,295	417,421
Operating loss/profit by origin:			
Faroe Islands	-22,265	-15,231	-5,459
United Kingdom	53,317	78,403	93,765
Norway	-169,926	-25,523	-48,963
Other	-755	-40,544	-40,973
	-139,629	-2,896	-1,629

4 COST OF SALE

DKK 1,000	9 months to 30th September 2014	9 months to 30 th September 2013	Full year 2013
Operating costs	100,859	110,696	148,894
Produced oil in inventory at market value	9,306	-19,178	-24,695
Amortisation and depreciation, PPE:			
Oil and gas properties	73,532	67,074	97,567
	183,697	158,592	221,767

5 INTEREST INCOME & EXPENSE AND FINANCE GAINS & COSTS

DKK 1,000	9 months to 30th September 2014	9 months to 30 th September 2013	Full year 2013
Interest income and finance gains:			
Short term deposits	287	64	586
Exchange differences	0	4,153	867
	287	4,217	1,454
Interest expense and other finance costs:			
Bank loan and overdrafts	8,782	6,216	8,992
Creditors	1	7	7
Unwinding of discount on decommissioning provision	2,632	2,501	2,036
Unwinding of discount on liabilities	0	258	259
Others	240	114	153
Exchange differences	7,410	0	0
	19,065	9,096	11,448

6 TAXATION

DKK 1,000	9 months to 30th September 2014	9 months to 30 th September 2013	Full year 2013
Current tax :			
Tax payable in UK	-14,694	-78	-1,565
Tax repayable in Norway	116,047	21,990	47,019
Total current tax	101,353	21,912	45,454
Deferred tax:			
Deferred tax cost in UK	-103,919	-40,355	-97,452
Deferred tax income in UK	88,402	0	50,687
Deferred tax cost in Norway	-3,931	0	-12,739
Deferred tax income in Norway	0	2,192	0
Total deferred tax	-19,448	-38,163	-59,504
Tax credi/tax on loss/profit on ordinary activities	81,905	-16,251	-14,051

As at 30th September 2014, the Group has a net deferred tax asset of DKK 42.9MM (31st December 2013: DKK 20.2MM).

This is made up of the following amounts: Effect of capital allowances in excess of depreciation: DKK 2.2MM (31st December 2013: DKK 5.5MM) and effect of tax loss available: DKK 45.1MM (31st December 2013: DKK 25.7MM).

The loss can be carried forward indefinitely.

7 GOODWILL

DKK 1,000	At 30th September 2014	At 30 th September 2013	At 31 st December 2013
At 1 st January	54,354	57,693	57,693
Exchange movements	3,373	-2,708	-3,339
At end of period	57,727	54,985	54,354

8 INTANGIBLE ASSETS

DKK 1,000	At 30th September 2014	At 30 th September 2013	At 31 st December 2013
Costs			
At 1 st January	33,834	17,227	17,227
Exchange movements	1,263	-1,563	-2,101
Additions	6,555	2,440	18,707
At end of period	41,652	18,104	33,834
Amortisation and depreciation			
At 1 st January	7,351	638	638
Exchange movements	463	-298	-513
Charge this period	11,775	5,404	7,225
At end of period	19,589	5,744	7,351
Net book value at end of period	22,063	12,360	26,482

9 INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

DKK 1,000	At 30th September 2014	At 30 th September 2013	At 31 st December 2013
Costs			
At 1 st January	216,682	215,777	215,777
Exchange movements	8,651	-9,340	-9,846
Additions	161,123	124,801	149,679
Traded during the year	0	0	-9,654
Disposal/relinquishment of licences	-51,769	-37,550	-48,742
Explorations expenditures written off	-104,572	-76,152	-77,752
Consolidated interest written off	-230	-73	-2,780
At end of period	229,885	217,462	216,682

10 TANGIBLE DEVELOPMENT AND PRODUCTION (D&P) ASSETS

DKK 1,000	At 30th September 2014	At 30 th September 2013	At 31 st December 2013
Costs			
At 1 st January	1,211,488	943,017	943,017
Exchange movements	86,845	-21,126	-21,226
Additions	52,348	273,518	289,697
At end of period	1,350,681	1,195,409	1,211,488
Amortisation and depreciation			
At 1 st January	589,984	502,175	502,175
Exchange movements	44,849	-9,929	-9,759
Charge	73,532	67,074	97,567
At end of period	708,364	559,320	589,984
Net book value at end of period	642,317	636,089	621,504

11 PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	At 30th September 2014	At 30 th September 2013	At 31 st December 2013
Costs			
At 1 st January	5,914	4,993	4,993
Exchange movements	260	-134	-348
Additions	218	1,044	1,270
At end of period	6,392	5,903	5,914
Amortisation and depreciation			
At 1 st January	3,133	2,437	2,437
Exchange movements	169	-36	-241
Charge this period	742	678	937
At end of period	4,044	3,079	3,133
Net book value at end of period	2,348	2,824	2,782

12 DIVIDENDS

No interim dividend is proposed. (30th September 2013: DKK nil)

13 EARNINGS PER SHARE

	Profit after tax		Weighted average number of shares		Earnings per share	
	2014 DKK 1,000	2013 DKK 1,000	2014 1,000	2013 1,000	2014 DKK	2013 DKK
Basic						
3 months to 30th September	-40,528	-21,567	3,698	2,627	-10.96	-8.21
Diluted						
3 months to 30th September	-40,528	-21,567	3,698	2,627	-10.96	-8.21
Basic						
9 months to 30th September	-76,502	-24,025	3,697	2,627	-20.69	-9.15
Diluted						
9 months to 30th September	-76,502	-24,025	3,697	2,627	-20.69	-9.15

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

**14 SHARE BASED PAYMENT SCHEMES
-LONG TERM INCENTIVE PLAN (LTIP)**

	At 30 th September 2014		At 31 st December 2013	
	Number of options	Weighted average exercise price DKK	Number of options	Weighted average exercise price DKK
1st January	44,156	163.57	22,352	169.50
Granted during the period	23,741	125.00	21,804	157.50
Lapsed during the period	0	0	0	0
Exercised during the period	0	0	0	0
Outstanding at end of period	67,897	150.09	44,156	163.57
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.

15 CAPITAL COMMITMENTS AND GUARANTEES

P/F Atlantic Petroleum has provided a parent guarantee to fulfil all obligations which the wholly owned subsidiary Atlantic Petroleum UK Limited has, and its wholly owned subsidiary Atlantic Petroleum North Sea Limited (formerly Volantis Exploration Limited), has in connection with the farm-in agreement with Iona Ltd regarding UK licences P1606, Block 3/3b and P1607, Block 3/8d.

15 CAPITAL COMMITMENTS AND GUARANTEES - CONTINUED

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 (formerly Volantis Exploration Limited).

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 DnB the lender of the bank credit facility established in March 2013 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 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
- (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 2014 of approximately DKK 262.7MM. The capital expenditure is in respect of the Group's interests in its exploration and development production licences.

16 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.

17 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