ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

YEAR TO 31ST DECEMBER 2019

Faroese Company Registration No/VAT No: 2695/475653

PERFORMANCE SUMMARY

KEY METRICS DKK 1,000	3 months to 31st Dec 2019	3 months to 31st Dec 2018	Full year 2019	Full year 2018
Income statement				
Revenue	0	0	0	0
Impairment on producing assets	0	0	0	0
Gross loss/profit	0	0	0	0
Exploration expenses	57	487	-376	-1,232
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	-54,729	28,592	-59,325	24,027
Operating loss (EBIT)	-54,673	29,100	-59,755	22,772
Depreciations	0	0	-54	-23
Loss before taxation (EBT)	-41,385	37,764	-67,579	32,679
Profit/Loss after taxation	-40,356	29,047	-63,764	23,962
Financial position				
Non-current assets	120,554	153,768	120,554	153,768
Current assets	26,855	37,746	26,855	37,746
Total assets	147,409	191,513	147,409	191,513
Current liabilities	82,368	70,279	82,368	70,279
Non-current liabilities	47,850	49,875	47,850	49,875
Total liabilities	130,218	120,154	130,218	120,154
Net assets/Equity	17,190	71,359	17,190	71,359
Cash flow and cash				
Cash provided by operating activities	-58,237	-18,353	-14,593	-19,871
Change in cash and cash equivalents	-6,041	14,431	-10,665	12,764
Cash and cash equivalents	15	260	15	260
Bank debt – excluding draw dow n	54,435	52,304	54,435	52,304
Share related key figures				
Earnings per share Basic	-10.91	7.86	-17.24	6.48
Earnings per share Diluted	-10.91	7.86	-17.24	6.48
Share price in DKK on OMX CPH and Oslo Stock Exchange	6/7.9	6/6.8	6/7.9	6/6.8

CHAIRMAN'S STATEMENT

Weathering the Storm and Facing the Future

We are living in extraordinary times. The sudden drop in oil demand caused by the Covid-19 crisis has caused the oil price to drop to levels not seen for almost 20 years. In addition to the sharp drop in demand the oil price has been further weakened by an increased oil supply, primarily from Saudi Arabia.

The world still needs oil and gas. The demand is still around 95 million barrels a day compared to the 100 million+ barrels we saw prior to the Covid-19 crisis. The glut in the market will prevail as long as the Covid-19 crisis lasts, but in the end market fundamentals will prevail. This may take time, and the oil and gas industry will have to brace itself for the coming period.

Atlantic Petroleum's main assets consist of milestone payments to be received from a 2015 sale of the UK Pegasus gas discovery and adjacent acreage, and a share of production revenues from the UK Orlando field that has produced oil since March 2019. Atlantic Petroleum is expecting petroleum revenue to Atlantic Petroleum to commence this year. It may be well below expectations due to the very low oil price we are seeing at the moments.

However, Atlantic Petroleum has no Capex budgeted for 2020, and the company has reduced its overheads to create a very low-cost base.

This means that the company is well equipped to weather the current storm in the market.

The board is addressing the company debt. We are in a dialogue with the main creditors London Oil and Gas in administration and Betri Banki. The aim is to restructure the company debt in 2020. This will depend on the general market conditions, but the board is expecting progress in the year once the market situation improves.

The value of the main asset, Orlando, has been adjusted to reflect the lower than expected production and lower than expected prices. The asset still represents a significant value to Atlantic Petroleum.

Once the debt is resolved or refinanced the plan is to use the positive cashflow expected to grow the company again by looking to acquire a small development and production asset. The market conditions right now are challenging but the expectation is that we will be entering a buyers' market for oil and gas assets and Atlantic Petroleum is well placed in such a situation.

Ben Arabo
Chairman of the Board
31st March 2020

CHIEF EXECUTIVE OFFICER'S STATEMENT

2019 was a busy year despite Atlantic Petroleum Group (the "Group") not participating in new venture projects.

The main focus being securing new financing following the passing of London Oil and Gas into UK administration.

While at the same time continuing to reduce overheads to create a very low-cost base, cutting General and administration costs in half.

The total advanced by LOG as at 31 December 2019 amounted to GBP 3.8MM plus accrued interest of GBP 0.5MM, bringing the total obligation to GBP 4.3MM.

The terms of the LOG facility are restrictive on the Company seeking alternate funding however this has been lifted by LOG's administrators.

The Chairman and I are confident that replacement future funding can be obtained to ensuring that new funding, along with other revenues starting in 2020, means that the Company can proceed as a going concern business with shareholder value preserved.

The Group secured a bridge loan facility in 2019 in the amount of DKK 5MM.

The Group has prepared financial projections for 2020 to quantify the additional funding requirement to meet the Group's general and administrative costs, interest costs and working capital commitments in the period up to receipt of deferred consideration income from the Orlando asset sale agreement. This funding requirement is estimated to be DKK 1.0MM – DKK 3.5MM, which will require an extension of the Bridge loan facility.

The Orlando field production commenced in March 2019. Initial production proved significantly lower than the expected 10,000 bopd and has been around 3,000 bopd. Therefore the expected cashflow in 2019 did not commence. Depending on production and the development in oil prices, the Group is expected to be cash generating, at the earliest in April 2020. If oil prices remain under 35USD/bbl cashflow will be postponed until oil prices again are over 35USD/bbl.

By order of the Danish Supervisory Body (Erhvervsstyrelsen), the financial statements for 2017 were amended, to recognize the deferred consideration receivable from the sale of Orlando. Which at the time was valued at 144.0 MM DKK.

The deferred consideration receivable is now valued at 110.4MM DKK, which is DKK 53.5MM less than at the beginning of the year.

Further details on the deferred consideration receivable from the sale of Orlando is included in note 19 to the consolidated accounts.

The Company also retains an economic interest in the Pegasus West field and adjacent discoveries via the sale of its interest to Third Energy Offshore in 2015 for a cash payment plus GBP 9.0MM in deferred milestone payments. The first, a GBP 2.5MM payment milestone, is to be paid on Pegasus West FDP approval. As of 25th November 2018, FDP has been submitted to the OGA and on its approval, expected in Q4 2020, the first payment is due to the Company.

Accordingly, there is material uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on additional financial support via the Bridge loan facility, extended credit terms from suppliers and/or alternative sources of finance, which may require LOG approval.

Negotiations with LOG to secure such additional financial support are ongoing and although the outcome is uncertain, the Board believes that the matter will be resolved such that the Group will be able to obtain additional finance to meet its obligations. For this reason, the accounts have been prepared on a going concern basis.

In the event that adequate additional funding is not forthcoming, and the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando and Pegasus assets to present the value of these assets on a break up basis.

Mark T. Højgaard
CEO
Tórshavn 31st March 2020

2020 OUTLOOK

Replacement of the LOG Convertible loan facility is a priority activity for the Group.

Initial production proved significantly lower that the expected 10,000 bopd and has been around 3,000 bopd. Therefore the expected cashflow in 2019 did not commence. Depending on production and the development in oil prices, Atlantic Petroleum is expected to be cash generating, at the earliest in April 2020. If oil prices remain under 35USD/bbl cashflow will be postponed until oil prices again are over 35USD/bbl.

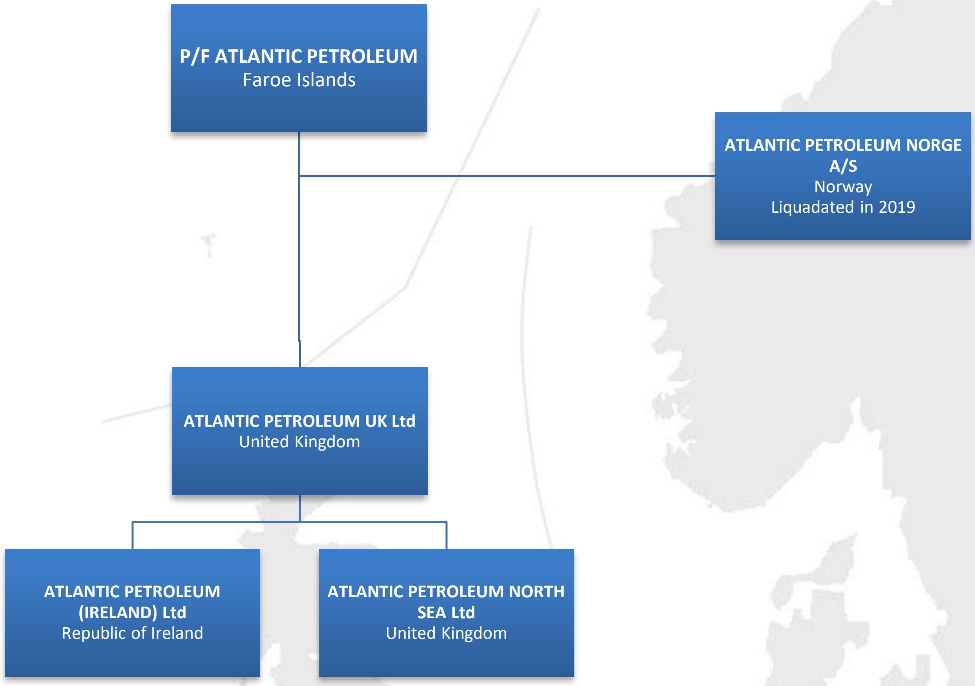
Deferred revenue payments from Pegasus are also expected during Q4 2020 which will enable part of the debt to Betri Bank to be paid.

Otherwise, within revenue and financing constraints the Group will be actively pursuing growth through participation in near production, or at production project targets in low political risk countries in the Northern Hemisphere.

ATLANTIC PETROLEUM GROUP STRUCTURE

The Atlantic Petroleum Group comprises the Faroes based parent company P/F Atlantic Petroleum and its four 100% owned subsidiaries in UK and Ireland.

P/F Atlantic Petroleum is listed on NASDAQ OMX Copenhagen under the ticker ATLA DKK and on Oslo Stock Exchange under the ticker ATLA NOK however the Board has initiated the delisting of the secondary Listing on Oslo Børs on the basis of continued cost saving.



PROJECT PORTFOLIO

SECURING REMAINING VALUE

The strategy for 2020 will be to pursue near or at production opportunities in low political risk countries in the Northern Hemisphere that bring low liability and strong upside.

As of January 1st 2020 the status of Group holds assets is:

Country	License	Field/Discovery/Prospect	Company	Equity	Comments
Ireland	SEL 2/07	Hook Head/Dunmore/Helvick	AP I	18.33%	Comerciality being reassessed

DEVELOPMENT & PRODUCTION

PRODUCING ASSETS

The Group does not hold producing assets.

DEVELOPMENT & NEAR DEVELOPMENT

The Group holds no Development of near Develoment assets.

EXPLORATION & APPRAISAL

Atlantic Petroleum has no exploration activity planned for 2020 and does not consider exploration a fiscally acceptable risk fo the Group in the near future.

DIRECTORS' REPORT

Financial Review

Going Concern

It was advised on the 22nd of March 2019 that LOG has entered into administration (an insolvency term within the United Kingdom) and will not advance further funds under the facility agreement.

The terms of the LOG facility restrict the Company from seeking alternate funding means, however it can be reported that these restrictions have been lifted by LOG's administrators.

Unless a new financing source can be provided shortly the Board has to emphasise that the Company future, due to lack of liquidity, faces a serious and critical situation that will question its ability to continue as going concern.

Nevertheless, the Company, its Board and Management are confident that a replacement of the facility provided by LOG can be obtained to ensuring that new funding, along with other revenues starting in 2020, means that the Company can proceed as a going concern business with shareholder value preserved.

The Group secured a bridge loan facility in 2019 in the amount of DKK 5MM.

Financial projections for 2020 have been prepared to quantify the additional funding requirement to meet the Group's general and administrative costs, interest costs and working capital commitments in the period up to receipt of deferred consideration income from the Orlando asset sale agreement. This funding requirement is estimated to be DKK 1,0MM – DKK 3.5MM, which will require an extension of the Bridge loan facility.

The Orlando field production commenced in March 2019. Initial production proved significantly lower that the expected 10,000 bopd and has been around 3,000 bopd. Therefore the expected cashflow in 2019 did not commence. Depending on production and the development in oil prices, Atlantic Petroleum is expected to be cash generating, at the earliest in April 2020. If oil prices remain under 35USD/bbl cashflow will be postponed until oil prices again are over 35USD/bbl.

The deferred consideration receivable is now valuated at 110.4MM DKK, which is DKK 53.5MM less than at the beginning of the year.

Reserves are based on Atlantic Petroleum's support document, dated August 2018, based on the operator technical and economic report

The technical and economic report by the Operator is primarily based on the CPR by Gaffney, Cline & Associates dated March 2015, which is the latest technical documentation available to Atlantic Petroleum.

The reserves are on this ground estimated to 17.3 MMBbl

Atlantic Petroleum is aware of a newsletter from Decipher stating "The Orlando estimated 2P recoverable reserves remain unchanged at c. 10 MMbbls". However Atlantic Petroleum has not received any technical documentation backing this estimation, the latest formal information Atlantic Petroleum has regarding reserves is the before mentioned support document.

If reserves were to be estimated at 10MMbbl the valuation of Orlando would be 72.5MM DKK.

This would affect the Income Statement with 37.9MM DKK further loss.

Further details on the deferred consideration receivable from the sale of Orlando is included in note 19 to the consolidated accounts.

The Company also retains an economic interest in the Pegasus West field and adjacent discoveries via the sale of its interest to Third Energy Offshore in 2015 for a cash payment plus GBP 9.0MM in deferred milestone payments. The first, a GBP 2.5MM payment milestone, is to be paid on Pegasus West FDP approval. As of 25th November 2018, FDP has been submitted to the OGA and on its approval, expected in Q4 2020, the first payment is due to the Company.

Accordingly, there is material uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on additional financial support via the Bridge loan facility, extended credit terms from suppliers and/or alternative sources of finance, which may require LOG approval.

Negotiations with LOG to secure such additional financial support are ongoing and although the outcome is uncertain, the Directors believe that the matter will be resolved such that the Group will be able to obtain additional finance to meet its obligations. For this reason, the accounts have been prepared on a going concern basis.

In the event that adequate additional funding is not forthcoming, and the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group's economic interest in the Orlando and Pegasus assets to present the value of these assets on a break up basis.

Consolidated Income Statement

The result after tax for 2019 was a net loss of DKK 63.8MM (2018: profit of DKK 24.0MM) and a net loss of DKK 40.4MM for the last quarter of 2019 (4Q 2018: Profit of DKK 16.0MM).

The company had a gross profit of DKK 0MM in 2019 (2018: Gross profit of DKK 0MM).

Exploration cost amounted to DKK 0.4MM in 2019 (2018: DKK 1.2MM). The severe trading conditions has resulted in the Group writing off all exploration expenditures in 2019.

General and administration costs amounted to DKK 5.8MM in 2019 (2018: DKK 11.3MM).

Loss before taxation totaled DKK 67.6MM (2018: Profit of DKK 32.7MM).

Total shareholders' equity amounted to DKK 17.2MM at the end of 2019 (2018: DKK 71.4MM).

Net cash provided from operating activities amounted to DKK -14.6MM (2018: DKK -19.9MM).

Cash and cash equivalents totaled DKK 0.0MM at the end of 2019 (2018: DKK 0.3MM).

Consolidated Statement of Financial Position

Total assets at the end of 2019 amounted to DKK 147.4MM (2018: DKK 191.5MM).

Consolidated Assets

Exploration and evaluation assets amounted to DKK 0 at the end of 2019 (2018: DKK 0MM).

Development and production assets amounted to DKK 0MM at the end of 2019 (2018: DKK 0MM).

Trade and other receivables were DKK 147.3MM at the end of 2019 (2018: DKK 191.1MM). All trade and other receivables are due within one year except for the Orlando and Pegasus deferred consideration DKK 147.4MM, of which 26.9MM is expectet to be due within one year.

Cash and cash equivalents were at DKK 0.0MM at the end of 2019 (2018: DKK 0.3MM).

Consolidated Liabilities

Total liabilities amounted to DKK 130.2MM at the end of 2019 (2018: DKK 120.2MM).

Total current liabilities totalled DKK 82.4MM at the end of 2019 (2018: DKK 70.3MM).

Short term debt amounted to DKK 54.4MM (2018: DKK 52.3MM). The short term debt increased due to the Group's inability to make the scheduled repayment and interest of the loan with Betri Bank. Trade and other payables amounted to DKK 24.1MM (2018: DKK 18.0MM).

Tax payable totalled DKK 3.8MM at the end of 2019 (2018: DKK 0.0MM)

Total non-current liabilities amounted to DKK 47.9MM at the end of 2019 (2018: DKK 49.9MM).

Deferred tax liability totalled DKK 0.0MM at the end of 2019 (2018: DKK 6.8MM)

Non-current liabilities also consist of long term provision for abandonment costs of three wells in Ireland.

Consolidated Equity

The total shareholders' equity amounted to DKK 17.2MM at the end of 2019 (2018: DKK 71.4MM).

Cash Flow

Net cash provided from operating activities amounted to DKK -14.6MM (2018: DKK -19.9MM).

Capital expenditures in the period were DKK -3.0MM (2018: DKK 12.8MM).

Net Cash Position

At the start of 2019, the net cash position, excluding the exploration finance facility, amounted to DKK -52.0MM. At year end 2019 this had increased to a net cash position of DKK -54.4MM (2018: DKK -52.0MM) comprising DKK 0.0MM (2018: DKK 0.3MM) of cash and cash equivalent balances, short term bank loans of DKK 54.4MM (2018: DKK 52.3MM) and a long term bank loan of DKK 0MM (2018: DKK 0MM).

Significant Events after the Balance Sheet Date

In the first quarter of 2020, the the oil marked has crashed. This partly due the COVID-19 virus, but also due to the pricewar between Russia and Saudi Arabia. The Brent price that at year end was USD 66 bbl, has declined to USD 27.21 bbl at 23rd March 2020.

Future prices used to evaluate Orlando are futures at 9th Januar 2020.

If using futures 23rd March 2020 for the valuation of the deferred consideration from Orlando, the value would be DKK 85.5MM. This would affect the Income Statement with DKK 24.9MM further loss.

Risk Management

Evident from the preceding pages of this year's report, the challenges seen since 2015 have resulted in a stronger basis from which the Group can operate. However, this is clouded by the status of London Oil and Gas and its ability to honour its funding commitments. The Board will pursue an alternative arrangement to fill the future funding requirements alongside projected revenues in order to protect shareholder value.

Atlantic Petroleum is typically exposed to a number of different market and operational risks arising from core business activities. The risks can be internal as well as external in nature.

Market risks also include changes in currency exchange rates and interest rates. The changes can affect the value of the assets, liabilities and future cash flows.

Foreign currency

The Group reports in DKK, which means exchange rate exposure related to USD, GBP, NOK and EUR. Operational currency risks relate to oil sales, gas sales and operating costs. On the investment side, the Group is also exposed to fluctuations in USD, GBP, NOK and EUR exchange rates as the Group's most material investments in oil and gas assets are made in these currencies.

Credit risk

Where Atlantic Petroleum has sums deposited in short-term bank accounts in USD, GBP, NOK and DKK there may be a currency and a credit risk attached to such cash balances (bank deposits).

Operational risk

Through its core business Atlantic Petroleum may become exposed to operational risk including the possibility that the Group may experience, among other things, a loss in oil and gas production or an offshore catastrophe. The Company works with and will monitor operators and partners to ensure that HSE and asset integrity are given the highest priority. The Group also has an insurance programme in place to cover the potential impact of any catastrophic events.

Atlantic Petroleum has traditionally operated in the, United Kingdom, the Republic of Ireland, and Norway and the political climate in these countries is perceived as being stable.

Insurance

The Group had in place an insurance package covering equipment, subsurface facilities and operation and as and when required, the Group had insurance cover on offshore pollution and third party liability.

In view of the Company having relinquished its last operational license in the UK and as the licenses in Irish waters are not yet subject to appraisal or development the Company has, as a cost reducing level and based on advice, decided to suspend the above elements of its programme for 2020.

The Company does however continue to hold coverage that includes business interruption coverage, covering a proportion of the cash flow arising from revenue producing fields. Atlantic Petroleum has in addition an insurance covering office and staff.

The Group is confident that its insurance policies cover the overall insurance requirement of the current business and provides insurance cover for the Group's general and standard risk exposure in relation to property damage, personal injury and liability.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) Policy

Atlantic Petroleum's culture and operating activities are conducted with a high priority for ethical standards. Being a responsible company in all of our operations is an integral part of Atlantic Petroleum and we continue to implement high ethical and practical standards in all our activities.

Atlantic Petroleum is committed to the review and continuous improvement of corporate social responsibility and environment, health and safety performance. To meet these commitments, we will operate in accordance with the following principles:

- Conduct our business activity in compliance with the law.
- Act openly and honestly in business dealings.
- Comply with best practice in our corporate governance.
- Behave responsibly and with sensitivity to local communities in all areas where we operate.
- Provide sustainable benefits and avoid the creation of a dependency culture.
- Integrate CSR and EHS responsibility throughout our activities.
- Recognise that all parties working on Atlantic Petroleum's behalf can impact our operation and reputation and that we all share a common responsibility.
- Ensure, wherever possible, that our partners' approach to CSR is compliant with our own standards.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Use continuous assessment to ensure our CSR activities meet identified performance objectives.

Environment, Health and Safety (EHS) Policy

Atlantic Petroleum's activities are undertaken with integrity, responsibility and respect for the environment and the community in which these activities take place. This entails conducting operations in an ethically and practically sound manner that minimises risks and places high priority on the safety of those involved in Atlantic Petroleum's oil and gas operations.

Atlantic Petroleum is committed to:

- Comply with all applicable Environment, Health and Safety (EHS) laws, regulations and standards and to apply responsible standards where legislation is inadequate or does not exist.
- A systematic framework of hazard identification and risk assessment through which safe operations can be managed.
- Develop effective EHS management systems to identify and manage risks associated with its activities by focusing on risk avoidance and prevention.
- Establish accountability and responsibility for EHS within organisational line management.
- Provide training, equipment and facilities necessary to maintain a safe and healthy worksite.
- Practice pollution prevention and seek viable ways to minimize the environmental impact of operations, reduce waste, conserve resources and respect biodiversity.
- Protect and minimise any harm to the environment in our oil and gas activities, and continuously focus on improving our environmental procedures.
- Monitor and review our CSR and EHS policies and procedures as appropriate to ensure suitability and effectiveness.
- Ensure that partners and contractors' policies and activities are compliant with our own standards, and recognise that all working on our behalf can impact our operation and reputation and that we all share a common responsibility for our safety.

Shareholder Information

Atlantic Petroleum aims to maintain a regular dialogue with the shareholders through the formal channel of stock exchange announcements, interim reports, annual reports, Annual General Meetings and presentations to investors and analysts.

Group Board
Ben Arabo, Chairman
Kaj Johannessen, Deputy Chairman
Mourits Joensen – Board Member

Henrik Olesen, Chairman(Resigned 25th July 2019)
Charles Hendry, Deputy Chairman(Resigned 25th July 2019)
Yves Paletta – Board Member(Resigned 25th July 2019)

Management
Mark T. Højgaard, CEO

Graeme Fawcett, CEO, (Resigned 24th May 2019)

At year end 2019 Atlantic Petroleum was listed on NASDAQ OMX Copenhagen (primary), and on Oslo Stock Exchange (secondary). Trading in Atlantic Petroleum shares can be done by contacting:

- Members of NASDAQ OMX Copenhagen
- Members of Oslo Stock Exchange
- A stockbroker or a financial institution

NASDAQ OMX ticker:	ATLA DKK
OSLO:	ATLA NOK
Bloomberg ticker:	ATLA IR
Reuters ticker:	FOATLA.IC

Financial calendar

- Thursday 30th April: Annual General Meeting.
- Friday 29th May: 1st Quarter 2020 Condensed Consolidated Interim Report to be issued.
- Monday 31st August: 2nd Quarter 2020 Condensed Consolidated Interim Report to be issued.
- Monday 30th November: 3rd Quarter 2020 Condensed Consolidated Interim Report to be issued.

Share Price 2019

P/F Atlantic Petroleum has its main listing on NASDAQ OMX Copenhagen and secondary listing on Oslo Stock Exchange. The year 2019 started with a share price of DKK 6.00. The closing price at year end was DKK 6.00.

Further information about the Group is available on Atlantic Petroleum's website www.petroleum.fo.

Please address enquiries related to the stock market and investor relations to:

Atlantic Petroleum
Tel.: + 298 591601
E-mail: petroleum@petroleum.fo

Auditors

The consolidated accounts for 2019 have been audited by JANUAR State Authorised Public Accountants P/F. The financial statements of the subsidiary companies for the year ended 31st December 2019, Atlantic Petroleum UK and Atlantic Petroleum North Sea were audited by Anderson Anderson & Brown LLP in Aberdeen and Atlantic Petroleum (Ireland), for the year ended 31st December 2019, were audited by KPMG in Dublin.

Results and Dividends

The Group's result after taxation for the year amounted to a loss of DKK 63.8MM (2018: Profit of DKK 24.0MM). Payment of a dividend is not proposed.

Shareholders Capital and Vote

The issued share capital in Atlantic Petroleum is DKK 3,697,860 consisting of 3,697,860 fully paid shares, each with a nominal value of DKK 1.

Each share holds one vote and all shares have the same rights. For more details, please refer to the articles of associations of the Parent Company which can be found on the Company's website www.petroleum.fo.

Dematerialisation of paper shares

In October 2005, Atlantic Petroleum commenced dematerialisation of paper shares. All shares issued before 2004 (paper shares) have been called in for electronic registration. As at 31st December 2019, there were paper shares in issue with the nominal value of DKK 6,665 The process to convert the shares into electronic registration will continue in 2020.

Distribution of Share capital

By year end 2019 Atlantic Petroleum had around 7,000 shareholders representing more than 30 countries. The majority of the share capital was represented by Danish and Faroese investors.

Substantial Shareholders

At 31st December 2019, the following shareholders are listed according to §28 b in the Companies Act:

Betri Group:

- P/F Eik Banki & P/F Betri

The listed shareholder above holds interests in excess of 5% of the issued ordinary share capital of the Parent Company.

Director Profiles

Ben Arabo

Chairman of the Board of P/F Atlantic Petroleum

Ben Arabo has more than 20 years of experience from the oil and gas industry. He was the CEO of Atlantic Petroleum for 7 years from 2010 – 2017. Before joining Atlantic Petroleum in 2010 he worked for the American independent oil and gas company Hess Corporation for 14 years in various roles and in various locations.

Ben Arabo has a MSc in International Business

Number of shares held in Atlantic Petroleum:

Holds directly and indirectly 2,451 shares at year-end 2019 – no change in portfolio in 2019.

Kaj Johannessen

Deputy Chairman of P/F Atlantic Petroleum

Kaj Johannessen has more than 25 years of commercial and financial experience from various positions in financial management, banking and the public sector. Kaj Johannessen currently holds the position as CEO at Farcod P/F, Enniberg P/F and Ametyst P/F, he also serves as board member in a number of companies, including Atlantic Airways P/F.

Kaj Johannessen has a MSc in Economics and Business Administration, specializing in Financing, International Business and Management Accounting.

Number of shares held in Atlantic Petroleum:

Holds no shares at year-end 2019 – no change in portfolio in 2019

Mourits Joensen

Board Member of P/F Atlantic Petroleum

Mourits Joensen has more than 15 years of commercial and financial experience from various positions in financial management, banking and statistics. He was the CFO of Atlantic Petroleum 2010 – 2015. Prior to joining Atlantic Petroleum he held the position as Finance and Administration Manager of the Faroese Employment Service Fund.

Mourits Joensen has a MSc in Economics and a MBA from Heriot-Watt.

Number of shares held in Atlantic Petroleum:
Holds directly and indirectly 334 share at year-end 2019 – no change in portfolio in 2019.

As a matter of Corporate Governance the independence of the Directors is evaluated yearly.

All of the Board members are independent of the Company.

Board Meetings

In 2019, the Board of P/F Atlantic Petroleum held 15 board meetings, including tele meetings.

Management Profiles

Mark T. Højgaard

CEO of the Atlantic Petroleum Group

Mark T. Højgaard has more than 20 years of experience in auditing and accounting. Mark T. Højgaard is licensed as Certified Public Accountant in the Faroe Islands and serves concurrently as CEO/Partner of Grannskoðarastovan í Runavík Sp/f.

Mark T. Højgaard has a MSc in Business Administration and Auditing.

Mark took up his position as CEO of Atlantic Petroleum on 24th May 2019.

Number of shares held in Atlantic Petroleum:

Holds no shares at year-end 2019 – no change in portfolio in 2019

Directors' Interests and Remuneration

Beneficial interests of the Board of Directors holding office at the year-end, related parties and indirect holdings of the Group are set out below:

There are no Board of Director beneficial interest of holding during the period.

The Board of Directors do not receive any share related compensation from the Group.

CEO's Interests and Remuneration

Beneficial interests of the CEO holding office at the year-end, related parties and indirect holdings of the Group are set out below:

There has been no CEO beneficial interest or holding during the period

Stock Exchange Announcements 2019

Please refer to www.petroleum.fo where the announcements to the stock exchanges can be read in full.

CORPORATE GOVERNANCE REPORT

As a Faroese registered company listed on NASDAQ OMX Copenhagen, and on Oslo Stock Exchange, Atlantic Petroleum is obliged to comply with Faroese, Danish, and Norwegian securities law and stock exchange rules. The stock exchange rules require listed companies to take a position on corporate governance recommendations on a "comply or explain" basis. As a dual listed company, Atlantic Petroleum has chosen to base the corporate governance policy on the highest standard and thus follows both the recommendations on NASDAQ OMX Copenhagen, and Oslo Stock Exchange, with the exemptions summarised below: Atlantic Petroleum has reviewed and implemented recent changes and recommendations on Corporate Governance.

A summary of Atlantic Petroleum's non-compliance procedure and recommendations are stated below. Further information is available on the Company's website, www.petroleum.fo

Openness and Transparency
Information and publication of information:

Because of the Group's international operations, all information is published in English and, where required, Faroese.

Retirement Age
The Supervisory Board has not found it necessary to lay down a retirement age for the Supervisory Board members. The annual report contains information about the age of the Supervisory Board members.

Election Period
The members of the Supervisory Board are elected for 1 year at a time. Re-election is allowed. For the time being there is no limit of how often Board members can be re-elected.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD:
Whilst the undernoted Group remuneration policies remain, they were in effect **suspended** throughout 2019 given the market conditions, the challenges facing the Group and the downsizing activities undertaken. The key actions on remuneration in 2019 were, where-ever possible, to freeze management and staff salaries and board fees, make no bonus award nor make any LTIP awards for 2019.

Remuneration Policy
Remuneration to the members of the Supervisory Board and the Executive Board is on the same level as comparable companies in order to attract, retain and motivate the members of the Supervisory Board.

Remuneration Policy for Senior Executives of Atlantic Petroleum

Overall Aim
The aim of Atlantic Petroleum's (the "Company") Remuneration Policy for senior executives is to provide a reward framework which ensures that key executives are appropriately attracted, retained and motivated and which is fit for purpose in the markets in which the Company operates and where it and its peer groups are listed.

Remuneration Strategy
The Company's remuneration strategy is to provide a competitive remuneration package which rewards Directors and employees fairly and responsibly for their contributions and aims to deliver superior remuneration for superior performance.

The total reward package will consist of elements such as Salary, Annual Performance Bonuses, Long Term Incentives and Pension Contributions and Other Benefits.

The guiding principles behind the setting and implementation of this policy are that:

Balanced
There should be an appropriate balance between fixed and performance-related elements and the provision of equity over the longer-term and which focuses executives on delivering the business strategy;

Competitive
Remuneration packages should be sufficiently competitive taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry;

Equitable

There should be an appropriate level of gearing in the package to ensure that executives receive an appropriate proportion of the value created for shareholders while taking into account pay and conditions throughout the remainder of the Group and where the Company operates and is listed;

Risk-weighted

Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the overall remuneration policy should not encourage inappropriate operational risk; and

Aligned

Executives will be encouraged to build a meaningful holding in the Company to further align their interests with those of shareholders.

The Remuneration Committee will review on an annual basis whether its remuneration policy remains appropriate for the relevant financial year. Factors taken into account by the Remuneration Committee will include:

- overall corporate performance;
- market conditions affecting the Company;
- the recruitment market in the Company's sector;
- changing market practice; and
- changing views of institutional shareholders and their representative bodies.

Base Salary

No salaried staff are employed

Annual Performance Bonus

No bonuses were paid for the 2019 Financial Year.

Long Term Incentive Plans

No Longterm Incentive Plans existed during the 2019 Financial Year

Share Based Payments

No Share Based payments were made during the 2019 Financial Year

Additional Benefits

No additional benefits were applied during the 2019 Financial Year.

Non-Executive Directors Fees

The Non-Executive Director ("NED") fees will be structured as follows:

- A base fee will be paid for carrying out day to day duties as an NED; and
- Additional fees will be provided for extra responsibilities, for example chairing the Audit, Nominations or Remuneration committees.

Fees should be sufficiently competitive taking into account the level of remuneration paid to Non-Executives in similar companies within the industry.

These policies were implemented in 2012.

STATEMENT BY MANAGEMENT ON THE ANNUAL AND CONSOLIDATED REPORT AND ACCOUNTS

The Management and Board of Directors have today considered and approved the Annual and Consolidated Report and Accounts of P/F Atlantic Petroleum for the financial year 1st January 2019 to 31st December 2019.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the financial reporting requirements of NASDAQ OMX in Copenhagen, the financial reporting requirements of the Oslo Stock Exchange and additional Faroese disclosure requirements for annual reports of listed companies.

In our opinion, the accounting policies used are appropriate and the Annual and Consolidated Report and Accounts give a true and fair view of the Group's financial positions at 31st December 2019 as well as the results of the Group's activities and cash flows for the financial year 1st January 2019 to 31st December 2019.

Tórshavn 31st March 2020

Management:

Mark T. Højgaard
CEO

Board of Directors:

Ben Arabo *Chairman*	Kaj Johannessen *Deputy Chairman*	Mourits Joensen *Director*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of P/F Atlantic Petroleum

Our qualified opinion

In our opinion, the Annual and Consolidated Financial Statements, except for the possible effects of the matter described in the paragraph "Basis for qualified opinion" give a true and fair view of the Parent Company's and the Group's financial position at 31 December 2019 and of the results of the Parent Company's and the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Business Act.

What we have audited

The Consolidated Financial Statements and the Parent Company Financial Statements of Atlantic Petroleum P/F for the financial year 1 January to 31 December 2019 which comprise the income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company and cash flow statement for the Group. Collectively referred to as the "Financial Statements".

Basis for qualified opinion

We have been unable to obtain sufficient and appropriate audit evidence to substantiate the estimates made by management regarding the deferred consideration receivable held at 31 December 2019, which is included in the balance sheet, in the line item Other Receivables at 110,4 mDKK and relates to the production of the Orlando field. These estimates have been disclosed in note 19 but are based on a historical Competent Persons Report commissioned in 2014 by Atlantic Petroleum. Since then, there has been a change in ownership of the Operator, a field development plan submitted, and the Orlando field is now in production. The reserves estimate management have used, is contradictory to recent information made available in the public domain by the Operator. Atlantic Petroleum is no longer a joint venture partner of the Orlando field and, therefore, management are no longer party to the Operator's more recent reports and production models relating to the 2P recoverable reserves and the future production profile.

The figure included in the financial statements is 110,4 mDKK, if the estimates were revised using the information available in the public domain, the deferred consideration receivable would be 72,5 mDKK, and the impairment charge in the income statement would increase by 37,9 mDKK.

Due to significant uncertainty relating to the basic assumption made by management, we are unable to provide an opinion on the deferred consideration receivable on the Orlando field, included in the line item Other Receivables, and the possible effects hereof.

We conducted our audit in accordance with International Standards on Auditing (ISA's) and the additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

Apart from the for possible effects of the matter described above in our "Basis for qualified opinion", we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty regarding Going Concern

As the board and management have stated in note 1.1 to the annual accounts, the group's source of funding, London Oil and Gas, went into administration in 2019. The company has received bridge funding which secures the company in the short term.

However, the group's going concern status is depending on the groups abilities to obtain positive cash flows in the near future, wherein the contingent receivables from Orlando field are expected to contribute. We have not been able to obtain sufficient audit evidence regarding the valuation of the royalty payments receivable from the Orlando SPA.

Without qualifying our opinion, we emphasise, that this issue, in combination with the uncertainty relating to the bridge financing agreement, gives reason for material uncertainty relating to the group's status as a going concern.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements in Denmark and the Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2019. During our audit we identified Going Concern and Sale of Development Facilities as Key Audit Matters.

Our audit of Sale of Development Facilities, entered to the line item "Other Receivables", led us to qualify our opinion regarding value measurement of the deferred consideration receivable. Further we found it appropriate to provide information regarding material uncertainty relation to the parent company's and the Groups ability to continue as Going Concern.

Hence do not provide information regarding Key Audit Matters and refer to the paragraphs "Basis for qualified opinion" and "Material uncertainty regarding Going Concern" above.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any kind of assurance opinion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during our audit, or otherwise appears to be materially misstated.

Further it is our responsibility to consider whether the Management's review provides the information required under the international Financial Reporting standards as adopted by the EU.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements, except for the possible effects of our qualification in the paragraph "Basis for qualified opinion" above, and has been prepared in accordance with the requirements of the International Financial Reporting Standards as adopted by the EU.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Business Act and for the preparation of Parent Company and Group Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Parent Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in the Faroes Islands, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management. Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tórshavn, 31. March 2020

Januar P/F
løggilt grannskoðanarvirki
State authorized Public Accountants

Company reg.no. 5821

Heini Thomsen
State Authorised Public Accountant
mne33274

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2019

DKK 1,000	Note	2019	2018
Revenue	3	0	0
Costs of sales	4	0	0
Gross profit/loss		**0**	**0**
Exploration expenses		-376	-1,232
Orlando deferred consideration	19	-53,513	0
Pre-licence exploration cost		-45	-81
General and administration cost	6,7,8	-5,768	-11,311
Depreciation PPE and intangible assets	10	-54	-23
Other operating cost/income	9	0	35,420
Operating loss	**3**	**-59,755**	**22,772**
Interest income and finance gains	5	558	15,806
Interest expenses and other finance costs		-8,382	-5,900
Loss before taxation		**-67,579**	**32,679**
Taxation	11	3,815	-8,716
Profit/Loss after taxation		**-63,764**	**23,962**
Earnings per share (DKK):			
Basic		-17.24	6.48
Diluted		-17.24	6.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2019

DKK 1,000	**2019**	**2018**
Items that may be recycled in P/L:		
Profit/loss for the period	-63,764	23,962
Exchange rate differences	9,594	-12,679
Total comprehensive Income/loss in the period	**-54,169**	**11,284**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 31st Dec 2019	at 31st Dec 2018
Non-current assets			
Intangible assets	14	0	0
Intangible exploration and evaluation assets	15	0	0
Tangible development and production assets	16	0	0
Property plant and equipment	17	86	134
Other receivables	19	120,468	153,634
Deferred tax asset	25	0	0
		120,554	**153,768**
Current assets			
Trade and other receivables	19	26,839	37,485
Cash and cash equivalents	24	15	260
		26,855	**37,746**
Total assets		**147,409**	**191,513**
Current liabilities			
Short term bank debt	21,24	54,435	52,304
Trade and other payables	20	24,126	17,974
Current tax payable		3,807	0
		82,368	**70,279**
Non-current liabilities			
Long term bank debt	21	0	0
Convertible loan facility		36,071	31,841
Long term provisions	23	11,780	11,238
Deferred tax liability		0	6,796
		47,850	**49,875**
Total liabilities		**130,218**	**120,154**
Net assets		**17,190**	**71,359**
Equity			
Share capital	26	3,698	3,698
Translation reserves		96,403	86,809
Retained earnings		-82,911	-19,147
Total equity shareholders´ funds		**17,190**	**71,359**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2019

DKK 1,000	Share capital	Translation reserves	Retained earnings	Total
At 1st January 2018	**3,698**	**99,488**	**-43,110**	**60,076**
LTIP awarded in the period, net	0	0	0	**0**
Translation reserves	0	-12,679	0	**-12,679**
Result for the period	0	0	23,962	**23,962**
At 31st Dec. 2018	**3,698**	**86,809**	**-19,147**	**71,359**
LTIP awarded in the period, net	0	0	0	**0**
Translation reserves	0	9,594	0	**9,594**
Result for the period	0	0	-63,764	**-63,764**
At 31st Dec. 2019	**3,698**	**96,403**	**-82,911**	**17,190**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2019

DKK 1,000	2019	2018
Operating activities		
Operating loss	-59,755	22,772
Other income	0	0
Impairment on exploration and evaluation assets	75	2,475
Relinquishment and disposal of licences	0	0
Depreciation, depletion and amortisation	48	25
Impairment on producing licences	0	0
Change in inventories	0	0
Change in trade and other receivables	43,812	-36,027
Change in trade and other payables	6,152	-3,731
Interest revenue and finance gain received	0	0
Interest expenses and other finance cost	-4,924	-5,385
Income taxes	0	0
Net cash flow provided by operating activities	**-14,593**	**-19,871**
Investing activities		
Capital expenditure	-2,975	12,817
Net cash used in investing activities	**-2,975**	**12,817**
Financing activities		
Change in short term debt	2,131	607
Change in long term debt	4,771	19,211
Net cash flow provided from financing activities	**6,902**	**19,819**
Change in cash and cash equivalents	**-10,665**	**12,764**
Cash and cash equivalents at the beginning of the period	260	446
Currency translation differences	10,420	-12,950
Total cash and cash equivalents at the beginning of the	**10,680**	**-12,505**
Cash and cash equivalents at the end of the period	**15**	**260**

NOTES TO THE CONSOLIDATED ACCOUNTS

Note 1.1 Going Concern

It was advised on the 22nd of March 2019 that LOG has entered into administration (an insolvency term within the United Kingdom) and will not advance further funds under that facility agreement.

The terms of the LOG facility restrict the Company from seeking alternate funding means, however it can be reported that those restrictions have been lifted by LOG's administrators.

Unless a new financing source can be provided shortly the Board has to emphasise that the Company future, due to lack of liquidity, faces a serious and critical situation that will question its ability to continue as going-concern.

Nevertheless, the Company, its Board and Management are confident that a replacement of the facility provided by LOG can be obtained to ensuring that new funding, along with other revenues starting in 2020, means that the Company can proceed as a going concern business with shareholder value preserved.

The Group secured a bridge loan facility in 2019 in the amount of DKK 5MM.

Financial projections for 2020 have been prepared to quantify the additional funding requirement to meet the Group's general and administrative costs, interest costs and working capital commitments in the period up to receipt of deferred consideration income from the Orlando asset sale agreement. This funding requirement is estimated to be DKK 1.0MM – DKK 3.5MM, which will require an extension of the Bridge loan facility.

The Orlando field production commenced in March 2019. Initial production proved significantly lower that the expected 10,000 bopd and has been around 3,000 bopd. Therefore the expected cashflow in 2019 did not commence. Depending on production and the development in oil prices, Atlantic Petroleum is expected to be cash generating, at the earliest in April 2020. If oil prices remain under 35USD/bbl cashflow will be postponed until oil prices again are over 35USD/bbl.

Reserves are based on Atlantic Petroleum's support document, dated August 2018, based on the operator technical and economic report

The technical and economic report by the Operator is primarily based on the CPR by Gaffney, Cline & Associates dated March 2015, which is the latest technical documentation available to Atlantic Petroleum.

The reserves are on this ground estimated to 17.3 MMBbl

Atlantic Petroleum is aware of a newsletter from Decipher stating "The Orlando estimated 2P recoverable reserves remain unchanged at c. 10 MMbbls"

Atlantic Petroleum has not received any technical documentation backing this estimation, the latest formal information Atlantic Petroleum has regarding reserves is the before mentioned support document.

If reserves were to be estimated at 10MMbbl the valuation of Orlando would be 72.5MM DKK.

This would affect the Income Statement with 37.9MM DKK further loss.

Future prices used to evaluate Orlando are futures at 9th Januar 2020.

In the first quarter of 2020, the the oil marked has crashed. This partly due the COVID-19 virus, but also due to the pricewar between Russia and Saudi Arabia. The Brent price that at year end was USD 66 bbl, has declined to USD 27.21 bbl at 23rd March 2020.

If using futures 23rd March 2020 for the valuation of the deferred consideration from Orlando, the value would be DKK 85.5MM. This would affect the Income Statement with DKK 24.9MM further loss.

Further details on the deferred consideration receivable from the sale of Orlando is included in note 19 to the consolidated accounts.

The Company also retains an economic interest in the Pegasus West field and adjacent discoveries via the sale of its interest to Third Energy Offshore in 2015 for a cash payment plus GBP 9.0MM in deferred milestone payments. The first, a GBP 2.5MM payment milestone, is to be paid on Pegasus West FDP approval. As of 25th November 2018, FDP has been submitted to the OGA and on its approval, expected in Q4 2020, the first payment is due to the Company.

Accordingly, there is material uncertainty regarding the going concern status of the Group. The ability of the Group to continue as a going concern is dependent on additional financial support via the Bridge loan facility, extended credit terms from suppliers and/or alternative sources of finance, which may require LOG approval.

Negotiations with LOG to secure such additional financial support are on going and although the outcome is uncertain, the directors believe that the matter will be resolved such that the Group will be able to obtain additional finance to meet its obligations. For this reason, the accounts have been prepared on a going concern basis.

In the event that adequate additional funding is not forthcoming, and the Group is unable to continue to trade, significant downward adjustments would be required to the fair value of the Group’s economic interest in the Orlando and Pegasus assets to present the value of these assets on a break up basis.

Note 1.2 Corporate information

The consolidated financial statements of the Group, which comprise P/F Atlantic Petroleum, as the parent, and all its subsidiaries, for the year ended 31st December 2019 was authorised for issue in accordance with a resolution of the Directors on 31st March 2020.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchanges on NASDAQ OMX Copenhagen and Oslo Stock Exchange. The principal activities of the Company and its subsidiaries (the Group) are Oil & Gas exploration, appraisal, development and production in the Faroe Islands, United Kingdom, Norway, and Ireland. Financial statements for the Group’s ultimate parent are presented on the Group’s website: www.petroleum.fo.

2.1 Basis of preparation

Accounting Convention

The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the Council of the European Union (EU) and the additional Danish disclosure requirements according to the Faroese Company Accounts Act, the financial reporting requirements of NASDAQ OMX Copenhagen and Oslo Stock Exchange for listed companies.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The financial information has been prepared on a historical cost basis and fair value conventions on the basis of the accounting policies set out below. The consolidated financial statements are presented in DKK and all values rounded to the nearest thousand, except where othewise indicated.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of P/F Atlantic Petroleum and entities controlled by P/F Atlantic Petroleum (its subsidiaries) made up at the end of each accounting period.

Control is achieved where P/F Atlantic Petroleum has the power to control the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The interests in the subsidiaries are eliminated with the Parent Company's proportionate ratio of the fair value of the subsidiaries assets, liabilities and provisions measured at the date of acquisition or establishment of the subsidiary.

2.3 Significant accounting judgements, estimates and assumptions

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

In the opinion of Atlantic Petroleum's management, the following estimates and associated judgements are material for the financial reporting:

• determination of underground oil and gas reserves. The assessment of reserves is a complex process involving various parameters such as analysis of geological data, commercial aspects, etc., each of which is subject to uncertainty. The assessment is material to the determination of the recoverable amount and depreciation profile for oil and gas assets,

• determination of the recoverable amount and depreciation profile for production assets. Determination of the recoverable amount is based on assumptions concerning future earnings, oil prices, interest rate levels, etc., each of which is subject to uncertainty. The depreciation profile has been determined on the basis of the expected use of the production assets, and is consequently subject to the same risks relating to reserves, future earnings, etc., as apply to the determination of the value of the production assets,

• determination of the deferred consideration receivable. The assesment is based on a production profile based on 2P Reserves (mid-point on Operators 2018 revenue estimate and 2014 Competent Persons Report); and Discount factor of 10% based on current cost of capital to the Atlantic Petroleum Group.

• determination of abandonment obligations. Provisions for abandonment obligations are subject to particular uncertainty as far as concerns the determination of the costs associated with removal of the production assets, and the timing of the removal,

• and assessment of contingent liabilities and assets.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unforeseen events or circumstances may occur. Moreover, the Atlantic Petroleum Group is subject to risks and uncertainties that may cause actual results to differ from these estimates. Special risks for the Atlantic Petroleum Group are described in the section Director's Report under Risk Management.

Assumptions for forward-looking statements and other estimation uncertainties at the balance sheet date that involve a considerable risk of changes that may lead to a material adjustment in the carrying amount of assets or liabilities within the coming financial year are disclosed in the notes.

The Group's intangible exploration and evaluation assets, amounts to DKK 0MM (2018: DKK 0MM) and the Group's development and production assets amounts to DKK 0MM at 31st December 2019 (2018: DKK 0MM). The Group's abandonment obligations as of 31st December 2019 amounts to DKK 11.8MM (2018: DKK 11.2MM).

2.4 Summary of significant accounting policies

Interest in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control.

Acquisitions of oil and gas properties are accounted for under the purchase method where the transaction meets the definition of a business combination. Transactions involving the purchases of an individual field interest, or a group of field interests, that do not qualify as a business combination are treated as asset purchases, irrespective of whether the specific transactions involved the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis.

Proceeds on disposal are applied to the carrying amount of the specific exploration and evaluation asset or development and production asset disposed of and any surplus is recorded as a gain on disposal in the income statement.

Investments in joint ventures are recognised by proportionate consolidation at the share of the jointly controlled assets and liabilities, classified by nature, and the share of revenue from the sale of the joint product, along with the share of the expenses incurred by the jointly controlled operation. Liabilities and expenses incurred in respect of the jointly controlled operation are also recognised.

Translation of Foreign Currencies

For each individual entity, which is recognised in the consolidated accounts, a functional currency is determined in which the entity measures its results and financial position. The functional currency is the currency of the primary economic environment in which the entity operates. Transactions in other currencies than the functional currency are transactions in a foreign currency.

A foreign currency transaction is, on initial recognition, recorded in the functional currency, at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction.

At each balance sheet date receivables, payables and other monetary items in foreign currency are translated to the functional currency using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items, at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, shall be recognised in the income statement under financial revenues and expenses.

On consolidation the results and financial position of the Group’s individual entities with different functional currencies than the Group’s presentation currency (DKK) are translated into the Group’s presentation currency using the following procedure:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet.
- Income and expenses are translated at exchange rates at the dates of the transactions.

All resulting exchange differences are recognised directly in equity as a separate component of equity.

For practical reasons an average rate for the period that approximates the exchange rates at the dates of the transactions is used.

Income Statement

Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, sales taxes, excise duties and similar levies. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Sale of hydrocarbons is recognised when transfer of risk to the buyer has taken place. Sale of hydrocarbons is measured at fair value and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Cost of Sales

Cost of sales comprises cost directly related to the operation of oilfields, cost of goods sold, depreciations, lease payments and other costs related to the operation of producing oil fields. Rentals payable for assets under operating leases are charged to the income statement on a straight-line basis over the lease term. Impairment of development and production assets is also recognised here.

Pre-licence Exploration Cost

Pre-licence exploration expenses comprise cost incurred prior to having obtained the legal rights to explore an area and other general exploration costs which are not specifically directed to a licence and economic use is of less than a year.

Exploration Expenses

Exploration expenses comprise the cost of the impairment of exploration and evaluation assets and relinquishment cost.

General and Administration Cost

Administrative expenses comprise employment costs to the management and administration, staff, depreciations and other costs related to the general administration of the Group.

Financial Income and Expenses

Financial income and expenses comprise interests, currency differences, dividend income from investments and amortisation of financial assets and liabilities.

Taxation

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off corporation tax assets against corporation tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Statement of Financial Position

Intangible Assets

Intangible Assets

Items of intangible assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Office equipment 3 – 10 years

Scrap value 0%

The residual value is reassessed annually.

Exploration and Evaluation Assets

The Group applies the successful efforts method of accounting for Exploration and Evaluation (E&E) costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources.

Under the successful efforts method of accounting all licence acquisition, exploration and appraisal costs are initially capitalised at cost in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure, incurred during the various exploration and appraisal phases, is then written off unless commercial reserves have been established or the determination process has not been completed.

The amounts capitalised include payments to acquire the legal right to explore, licence fees, cost of technical services and studies, seismic acquisition, exploratory drilling and testing and other directly attributable cost.

Finance costs that are directly attributable to E&E assets are capitalised in accordance with IAS 23. In the Parent Company these costs are expensed to the Income Statement.

Cost incurred prior to having obtained the legal rights to explore an area (pre-licence cost) are expensed directly to the income statement under Pre-licence exploration cost as they have incurred.

E&E assets are not amortised prior to the conclusion of appraisal activities.

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. Every year or if there otherwise are indications of impairment the assets will be tested for impairment. Where, in the opinion of the Directors, there is impairment, E&E assets are written down accordingly, through the Income Statement under Exploration Expenses.

If commercial reserves have been discovered and a field development plan has been approved by the authorities, the carrying value of the relevant E&E asset is reclassified as a tangible asset, development and production asset. Before the reclassification the asset will be tested for indications of impairment. If however, commercial reserves have not been found, the capitalised cost are charged to the profit and loss account under Exploration Expenses after conclusion of appraisal activities.

Tangible Assets

Development and Production Assets

Development and production assets are accumulated generally on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in the accounting policy for E&E assets above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning. In the Parent Company finance costs are expensed to the profit and loss account.

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit-of-production (UOP) method by reference to the ratio of production in the period and the related commercial reserves of the field.

An impairment test is performed once a year or whenever events and circumstances arising during the development or production phase indicate that the carrying value of a development or production asset may exceed its recoverable amount.

The carrying value is compared against the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows, derived from expected production of commercial reserves.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement under the relevant item. The cash-generating unit applied for impairment test purposes is generally the field, except that a number of field interests may be grouped as a single cash-generating unit where the cash flows of each field are interdependent. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The depreciation and impairment are charged to the Income Statement under Cost of sales.

Decommissioning

Provision for decommissioning is recognised in full when the liability occurs. The amount recognised is the present value of the estimated future expenditure. A corresponding tangible fixed asset is also created at an amount equal to the provision. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement under General and Administration costs item on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Operating assets and office equipment 3 – 10 years.

Scrap value 0%

The residual value is reassessed annually.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and Other Receivables

Trade and other receivables are recognised at amortised costs and are reduced by appropriate allowances for estimated irrecoverable amounts.

Bank Deposits (Cash and Cash-Equivalents)

Cash and cash equivalent includes cash in hand and deposits held at call with banks with maturity dates of less than three months.

Equity, Translation Reserve

The translation reserve comprises foreign exchange rate adjustments arising on translation of the financial statements of foreign entities with a functional currency that is different from the presentation currency (DKK) of Atlantic Petroleum Group.

Bank Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Other Payables

Other payables are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Included in the item Provisions is provision for decommissioning costs.

Segment Reporting

In the opinion of the directors the operations of the Group comprise one class of business, the production and sale of hydrocarbons. Its primary segment reporting will be by geographical region.

Cash Flow Statement

The cash flow statement is prepared according to the indirect method and presents cash flow from operations, investments and financing activities.

Cash Flow from Operating Activities

Cash flows from operating activities are presented using the indirect method, whereby the net profit or loss for the period is adjusted for the effects of non-cash transactions, accruals, tax-payments and items of income or expense associated with investing or financing cash flows.

Cash Flow from Investment Activities

Cash flows from investment activities comprises cash flows in conjunction with buying and selling entities and activities, buying and selling intangible, tangible and other non-current assets and buying and selling securities which are not recognised as cash and cash equivalents.

Cash Flow from Financing Activities

Cash flows from financing activities comprise the raising of new share capital and loans, amortisation on loans and payment of dividends.

3 Geographical segmental analysis

DKK 1,000	2019	2018
Revenues by origin:		
United Kingdom	0	0
	0	**0**
Operating loss/profit by origin:		
Faroe Islands	-4,193	-5,809
United Kingdom	-54,759	27,693
Norway	-55	-303
Other	-748	1,192
	-59,755	**22,772**

4 Cost of sales

DKK 1,000	2019	2018
Operating costs	0	0
Produced oil in inventory at market value	0	0
Amortisation and depreciation, PPE:		
Oil and gas properties	0	0
Impairment	0	0
	0	**0**

5 Interest income & expense and finance gain & cost

DKK 1,000	2019	2018
Interest income and finance gain:		
Short term deposits	0	0
Time Value	558	14,462
Unwinding of discount on decommissioning provision	0	0
Exchange differences	0	1,345
	558	**15,806**
Interest expense and other finance cost:		
Bank loan and overdrafts	3,132	2,849
Creditors	1,787	0
Time Value	265	515
Unwinding of discount on decommissioning provision	0	0
Others	5	2,536
Exchange differences	3,193	0
	8,382	**5,900**

6 Auditors' remuneration

DKK 1,000	2019	2018
Audit services:		
Statutory and Group audit, parent company auditor	229	250
Review of interim Financial Statements	0	0
Audit subsidiaries	478	111
	707	**361**
Tax services:		
Consulting and advisory services	215	45
	215	**45**

7 Employee cost

DKK 1,000	2019	2018
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	510	929
Managing Director – CEO***	873	1,552
Administration, technical staff and other emplyees		
	1,384	**2,481**
Share based payment – LTIP accounting charge****:		
Managing Director – CEO	0	0
Administration, technical staff and other employees	0	0
	0	**0**
Pension costs:		
Managing Director – CEO	18	0
Administration, technical staff and other employees	0	0
	18	**0**
Social security costs	19	20
Other staff costs	0	0
	19	**20**
Total employee costs	**1,421**	**2,501**

	2019	2018
Average number of employees during the year:		
Technical and operations	**0**	**0**
Management and administration	**1**	**1**
	1	**1**

There remains one full time employee of Atlantic Petroleum.

* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration.

** Staff numbers include Managers.

*** The notice of termination for the CEO is one month.

**** See also note Share based payments below.

8 Share based payments

	2019	2018
Number of options		
1st January	0	0
Lapsed during the period	0	0
Expired during the period	0	0
At 31st December	**0**	**0**
Weighted average exercise price DKK		
1st January	0	0
Lapsed during the period	0	0
Expired during the period	0	0
At 31st December	**0**	**0**

9 Other operating cost/income

DKK 1,000	**2019**	**2018**
Orlando, Ettrick & Blackbird	0	8
Pegasus	0	35,412
Other operating income related to sales of licenses	0	0
Other operating income relaed to sales of activity	0	0
	0	35,420

As of 25th November 2018, FDP has been submitted by Sprit Energy for the development of Pegasus West; sold by APUK to Third Energy Offshore in 2015. Therefore, approval is expected in 4Q 2020 which will trigger a milestone payment of GBP 2.5MM from Third Energy Offshore to the Company. Additionally, if FDP is approved, first gas will be expected in late 2022; triggering the second milestone payment of GBP 2.5MM. APUK has therefore realised a gain of £4.11MM due to the expectation of receiving the deferred consideration agreed under the Pegasus Sale and Purchase Agreement.

10 Depreciation

DKK 1,000	**2019**	**2018**
Depreciations included in general and administration costs	54	23
	54	**23**

11 Tax

DKK 1,000	2019	2018
Current tax :		
Tax repayable/(payable) in UK	3,695	0
Tax repayable/(payable) in NO	-519	0
Tax repayable/(payable)	0	1
Total current tax	**3,176**	**1**
Deferred tax:		
Deferred tax cost in UK	-6,991	2,459
Deferred tax	0	6,257
Total deferred tax	**-6,991**	**8,715**
Tax credit/tax on loss/profit on ordinary activities	**-3,815**	**8,716**

12 Dividend

No dividend is proposed. (2018: DKK Nil)

13 Earnings per share

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 year.

Basic and diluted earnings per share are calculated as follows:

DKK 1,000	2019	2018
Basic		
Profit/loss after tax	-63,764	23,962
Weighted average number of shares	3,697,863	3,697,863
Earnings per share	-17.24	6.48
Diluted		
Profit/loss after tax	-63,764	23,962
Weighted average number of shares	3,697,863	3,697,863
Earnings per share	-17.24	6.48

14 Intangible assets

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Costs		
At 1st January	12,260	12,260
Exchange movements	0	0
Additions/Adjustments	0	0
At end of period	**12,260**	**12,260**
Amortisation and depreciation		
At 1st January	12,260	12,260
Exchange movements	0	0
Charge this period	0	0
At end of period	**12,260**	**12,260**
Net book value at end of period	**0**	**0**

15 Oil and gas – Intangible exploration and evaluation assets

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Costs		
At 1st January	0	0
Exchange movements	0	0
Additions	75	2,475
Disposal/relinquishment of licences	0	0
Explorations expenditures written off/sold	-75	-2,475
At end of period	**0**	**0**

The amounts for intangible E&E assets represent the active exploration projects. These amounts will be written off to the income statement as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

16 Oil and gas – Tangible development and production assets

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Costs		
At 1st January	0	786,046
Exchange movements	0	0
Disposal/Additions	0	-786,046
At end of period	**0**	**0**
Amortisation and depreciation		
At 1st January	0	786,046
Exchange movements	0	0
Depreciation, charge	0	0
Impairment, charge	0	-786,046
At end of period	**0**	**0**
Net book value at end of period	**0**	**0**

Depreciation and amortisation for oil and gas properties is calculated on a unit-of-production basis, using the ratio of oil and gas production in the period to the estimated quantities of proved and probable reserves at the end of the period plus production in the period, on a field-by-field basis. Proved and probable reserve estimates are based on a number of techniques to generate its estimates and regularly references its estimates against those of joint venture partners or external consultants. However, the amount of reserves that will ultimately be recovered from any field cannot be known with certainty until the end of the field's life.

17 Property, plant and equipment assets

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Costs		
At 1st January	2,647	2,673
Exchange movements	107	-26
Additions	0	0
At end of period	**2,754**	**2,647**
Amortisation and depreciation		
At 1st January	2,513	2,514
Exchange movements	101	-24
Charge this period	54	23
At end of period	**2,668**	**2,513**
Net book value at end of period	**86**	**134**

18 Investments and associates

Priscipal subsidiary undertakings of the Parent Company, all of which are 100 percent owned, are as follow:

Name of Company	Business and area of operation	Country of registration
Atlantic Petroleum Norge AS**	Exploration, developmend and production, Norway	Norway
Atlantic Petroleum UK Limited	Exploration, developmend and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, developmend and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, developmend and production, UK	England and Wales

*Held through subsidiary undertaking
** Atlantic Petroleum Norge AS was liquitated in 2019

19 Trade and other receivables

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Non-Current		
Other receivables	120,468	153,634
	120,468	153,634
Current		
Trade receivables	-96	360
Prepayments and accrued income	0	0
Other taxes and VAT receivable	29	221
Other receivables	26,907	36,905
	26,839	37,485
Net receivables	147,307	191,119

All trade and other receivables are due within one year except for the Orlando and Pegasus deferred consideration DKK 147.4MM, of which 26.9MM is expected to be due within one year

The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

Orlando deferred consideration

By order of the Danish Supervisory Body (Erhvervsstyrelsen), the financial statements for 2017 were amended, to recognize the deferred consideration receivable from the sale of Orlando. Which at the time was evaluated at 144.0 MM DKK.

Under the Sale and Purchase Agreement regarding Orlando, APNS is due to receive deferred considerations equalling 2% of the sale proceeds from the first 5,000,000 barrels of Orlando petroleum and an amount equalling 4.35% of the Orlando petroleum in excess of the first 5,000,000 barrels.

The deferred consideration receivable is valuated at 110.4MM DKK, which is DKK 53.5MM less than at the beginning of the year.

Reserves are based on Atlantic Petroleum's support document dated August 2018 based on the operator technical and economic report – stated as an effective updated CPR and performed by limited recommission by RPR as a desktop evaluation of updated well re-entry and repurposed data provided and with no site visit.

The report takes a spread approach to production reserves with each probability centre having a high low based on the updated review of the upper horizon coupled with expected contribution by the newly entered lower horizon and conditioned by the well completion method Decipher use in recovering from the lower horizon.

Recoverable MMBO	**1P**	**2P**	**3P**
Base level	8.5	15.4	21.52
Upper level	12.3	19.3	23.8

The aformentioned technical and economic report by the Operator is primarily based on the CPR by Gaffney, Cline & Associates dated March 2015, which is the latest technical documentation available to Atlantic Petroleum.

The CPR stating Orlando reserves at:

1P – Proved	**2P – Proved plus Probable**	**3P – Proved plus Probable plus Possible**
8.48MMBbl	15.32MMBbl	21.52MMBbl

The reserves are thus a mid point in the technical and economic of between 15.4 to 19.3 MMBbl recoverable.

The reserves are on this ground estimated to 17.3 MMBbl

Atlantic Petroleum is aware of a newsletter from Decipher issued August 2019 stating "The Orlando estimated 2P recoverable reserves remain unchanged at c. 10 MMbbls"

Atlantic Petroleum has not received any technical documentation backing this estimation, the latest formal information Atlantic Petroleum has regarding reserves is the before mentioned support document.

If reserves were to be estimated at 10MMbbl the valuation of Orlando would be 72.5MM DKK.

This would affect the Income Statement with 37.9MM DKK further loss.

Production rates are based on a 21% decline profile with initial production at 10,000 bopd, however as a result of issues with the upper completion, peak rates have been restricted to around 5,000 bopd. The actual production has been around 3,000 bopd.

The valuation is therefore based on a production of 3,000 bopd until the total production equals the total production by the original profile when declined to 3,000 bopd.

Oil price is based on Brent crude futures at 9th January 2020.

In the first quarter of 2020, the the oil marked has crashed. This partly due the COVID-19 virus, but also due to the price war between Russia and Saudi Arabia. The Brent price that at year end was USD 66 bbl, has declined to USD 27.21 bbl at 23rd March 2020.

If using futures 23rd March 2020 for the valuation of the deferred consideration from Orlando, the value would be 85.5MM DKK.

This would affect the Income Statement with 24.9MM DKK.

Exchange rates are based on exchange rates at 31st December 2019

Pegasus deferred consideration

Under the Sale and Purchase Agreement regarding Pegasus, APUK is due to receive differed milestone payments:

- £2.5MM to be paid on Pegasus West FDP approval;
- £2.5MM to be paid on Pegasus West first gas; and
- £4.0MM to be paid on any subsequent FDP approval on the 3 licenses sold.

As of 25th November 2018, FDP has been submitted by the Licence Partners. Therefore, approval is expected in 4Q 2020 which will trigger the first payment to the Company. Additionally, if the FDP is approved, first gas will be expected in late 2022; triggering the second milestone payment.

20 Trade and other payables

DKK 1,000	**At 31st Dec 2019**	**At 31st Dec 2018**
Trade payables*	13,576	7,976
Accrued expenses	469	486
Other payables	10,081	9,513
	24,126	17,974

All trade and other payables are due within one year.
The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.
* Other payables 2019 consist of a liability regarding the settlement Ettrick & Blackbird, the liability is DKK 10.1MM (GBP 1.15MM). London Oil & Gas Limited has provided a guarantee in the sum of GBP 1,15MM in favour of the beneficiaries.

21 Cash, short and long term debt

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Cash:		
Cash at bank and in hand	15	260
Total cash	15	260
Short term debt:		
Short term bank loans	54,435	52,304
Total short term borrowings	54,435	52,304
Long term debt:		
Long term bank loans	0	0
Total long term borrowings	0	0

The borrowings are repayable as follows:

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Bank loans analysed by maturity		
Within one year	54,435	52,304
In one to five years	0	0
	54,435	52,304

At year end 2019 the total short- and long-term loans amounted to DKK 54.4MM (2018: DKK 52.3MM).

22 Obligations under leases

There are no remaining production installation leases that Atlantic Petroleum is a party to.

23 Provisions for long-term liabilities and charges

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Decommissioning costs:		
At 1st January	11,238	11,932
Exchange movements	4	36
Reversal E&B	0	0
Reversal APIR 2017	0	-1,212
Addition of future decommissioning costs during the year	537	483
At 31st December	11,780	11,238
Total provision	11,780	11,238

The decommissioning provision represents the present value of decommissioning costs relating to the oil and gas interests, which are expected to be incurred between 2018 and 2031. These provisions have been created based on operators' estimates. Based on the current economic environment, assumptions have been made which the management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time.

Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

24 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates.

Interest rate risk profile of financial liabilities
The interest rate profile of the financial liabilities of the Group as at 31st December was:

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Floating rate		
DKK	54,435	52,304
NOK	0	0
Total	**54,435**	**52,304**

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

Interest rate risk profile of financial assets

The interest rate profile of the financial assets of the Group as at 31st December was:

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Floating rate		
Held in DKK	15	19
Held in GBP	0	233
Held in USD	0	1
Held in EUR	0	1
Held in NOK	0	6
Total	**15**	**260**

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.
The fair values of the financial assets and financial liabilities are:

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Carrying amount		
Cash and short-term deposits	15	260
Bank loans and credit facility	-54,435	-52,304
Long-term bank loan	0	0
Fair value		
Cash and short-term deposits	15	260
Bank loans and credit facility	-54,435	-52,304
Long-term bank loan	0	0

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

Currency risk

No currency exposures were hedged during the year and thus there is a currency risk.
Please see risk management section for currency risk exposures.

25 Deferred tax

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Deferred tax assets	0	0
	0	**0**

DKK 1,000	2019	2018
Deferred tax liability	0	6,796
	0	**6,796**

The Group has DKK210.1MM of tax credits and allowances in its UK companies however in the absence of certainty over the availability of future taxable profits the value of these has been discounted to zero.

26 Share capital

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
Balance at 1st January	3,698	3,698
Shares issued		
Balance at 31st December	3,698	3,698

Ordinary Shares	At 31st Dec 2019	At 31st Dec 2018
1DKK shares		
Authorised	8,626,703	8,626,703
Called up, issued and fully paid	3,697,860	3,697,860
DKK 1,000		
Authorised	8,627	8,627
Called up, issued and fully paid	3,698	3,698

27 Analysis of changes in net debt/cash

DKK 1,000	At 31st Dec 2019	At 31st Dec 2018
a) Reconciliation of net cash flow to movement in net debt/cash:		
Movement in cash and cash equivalents	-432	-187
Proceeds from long-term loans	-24,135	-19,905
Proceeds from short-term loans	-2,738	-607
Increase/decrease in net cash in the period	**-27,305**	**-20,699**
Opening net cash	-63,186	-63,186
Closing net cash/debt	**-90,491**	**-83,885**
b) Analysis of net cash/debt:		
Cash and cash equivalents	15	260
Short-term debt	-54,435	-52,304
Long-term debt	-36,071	-31,841
Total net cash/debt	**-90,491**	**-83,885**

28 Capital comittments 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 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 Betri 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.

Atlantic Petroleum UK Limited had a loan facility at year end 2019 with the following bank: P/F Betri of DKK 52.0 MM. P/F Atlantic Petroleum has provided a parent guarantee for this loan facility.

The Company has offered security to lender in connection with the loan agreement in receivables from the Pegasus contingent asset.

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

29 Contingent considerations

Under the Sale and Purchase Agreement regarding Orlando, APNS is due to receive deferred considerations equalling 2% of the sale proceeds from the first 5,000,000 barrels of Orlando petroleum and an amount equalling 4.35% of the Orlando petroleum in excess of the first 5,000,000 barrels.

Under the Sale and Purchase Agreement regarding Pegasus, APUK is due to receive differed milestone payments:

- £2.5MM to be paid on Pegasus West FDP approval;
- £2.5MM to be paid on Pegasus West first gas; and
- £4.0MM to be paid on any subsequent FDP approval on the 3 licenses sold.

As of 25th November 2018, FDP has been submitted by the Licence Partners. Therefore, approval is expected in 4Q 2020 which will trigger the first payment to the Company. Additionally, if the FDP is approved, first gas will be expected in late 2022; triggering the second milestone payment.

30 Related party disclosures

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

PARENT COMPANY INCOME STATEMENT

For the year ended 31st December 2019

DKK 1,000	Note	2019	2018
Revenue		0	0
Costs of sales		0	0
Gross profit/loss		**0**	**0**
Exploration expenses		0	0
Pre-licence exploration cost		-45	-81
General and administration cost	2.3	-4,148	-5,728
Depreciation PPE and intangible assets	6	0	0
Other operating cost/income	5	0	0
Operating loss		**-4,193**	**-5,809**
Interest income and finance gains	7	1,547	832
Interest expenses and other finance costs	7	4,097	-2,893
Loss before taxation		**1,450**	**-7,870**
Taxation		0	-1
Profit/Loss after taxation		**1,450**	**-7,871**
Distribution of profit:			
Retained earnings		1,450	-7,871
Distribution in total		**1,450**	**-7,871**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2019

DKK 1,000	2019	2018
Items that may be recycled in P/L:		
Profit/loss for the period	1,450	-7,871
Total comprehensive Income/loss in the period	**1,450**	**-7,871**

PARENT COMPANY FINANCIAL POSITION

31st December 2019

DKK 1,000	Note	At 31st Dec 2018	At 31st Dec 2018
Non-current assets			
Intangible assets	10	0	0
Property plant and equipment	11	0	0
Investment in subsidiary	9	51,868	51,868
		51,868	**51,868**
Current assets			
Trade and other receivables	12	26	391
Reveivables from subsiduary	12	8,183	7,903
Cash and cash equivalents	24	15	19
		8,225	**8,313**
Total assets		**60,093**	**60,181**
Current liabilities			
Exploration finance facility		0	0
Short term bank debt	21	2,393	2,336
Trade and other payables	13	7,669	1,908
Current tax payable		0	0
		10,062	**4,244**
Non-current liabilities			
Long term debt – intercompany		106,668	118,255
Long term bank debt		0	0
Convertible loan facility		36,071	31,841
		142,738	**150,095**
Total liabilities		**152,800**	**154,339**
Net assets		**-92,708**	**-94,158**
Equity			
Share capital		3,698	3,698
Share based bonus schemes – LTIP	4		
Retained earnings		-96,406	-97,856
Total equity shareholders´ funds		**-92,708**	**-94,158**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2019

DKK 1,000	Share capital	Retained earnings	Total
At 1st January 2018	**3,698**	**-89,986**	**-86,288**
Result for the period	0	-7,870	**-7,870**
At 1st January 2019	**3,698**	**-97,856**	**-94,158**
Result for the period	0	1,450	**1,450**
At 31st Dec. 2019	**3,698**	**-96,406**	**-92,708**

PARENT COMPANY CASH FLOW STATEMENT

For the year ended 31st December 2019

DKK 1,000	2019	2018
Operating activities		
Operating loss	-4,193	-5,809
Depreciation, depletion and amortisation	0	0
Change in trade and other receivables	365	-80
Change in trade and other payables	5,761	-183
Interest revenue and finance gain received	1,547	832
Interest expenses and other finance cost	4,097	-2,893
Income taxes	0	-1
Net cash flow provided by operating activities	**7,577**	**-8,134**
Investing activities		
Capital expenditure	0	0
Net cash used in investing activities	**0**	**0**
Financing activities		
Change in intercompany accounts	-11,867	-12,145
Change in short term debt	57	-1
Change in long term debt	4,230	19,905
Net cash flow provided from financing activities	**-7,580**	**7,758**
Change in cash and cash equivalents	**-4**	**-375**
Cash and cash equivalents at the beginning of the period	19	394
Cash and cash equivalents at the end of the period	**15**	**19**

PARENT COMPANY NOTES TO THE ACCOUNTS

1 Corporate information

The financial statements for the Company P/F Atlantic Petroleum for the year ended 31st December 2019, according to the requirement in the Faroese Company Accounts Act, were authorised for issue in accordance with a resolution of the directors on 31st March 2020.

P/F Atlantic Petroleum is a public limited company incorporated and domiciled in the Faroe Islands and listed on the exchanges on NASDAQ OMX Copenhagen and Oslo Stock Exchange. The principal activities of the Company are Oil & Gas exploration, and appraisal in the Faroe Islands.

2 Auditors' remuneration

DKK 1,000	2019	2018
Audit services:		
Statutory and Group audit, parent company auditor	229	250
Review of interim Financial Statements	0	0
	229	**250**

3 Employee cost

DKK 1,000	2019	2018
Staff costs, including executive directors:		
Wages and salaries		
Board of directors	510	929
Managing Director – CEO***	873	1,552
Administration, technical staff and other emplyees		
	1,384	**2,481**
Share based payment – LTIP accounting charge****:		
Managing Director – CEO	0	0
Administration, technical staff and other employees	0	0
	0	**0**
Pension costs:		
Managing Director – CEO	0	0
Administration, technical staff and other employees	0	0
	0	**0**
Social security costs	19	20
Other staff costs	0	0
	19	**20**
Total employee costs	**1,403**	**2,501**

	2019	2018
Average number of employees during the year:		
Technical and operations	**0**	**0**
Management and administration	**1**	**1**
	1	**1**

* The Board of Directors' remuneration by person and the CEO's remuneration is disclosed in the Director's Report - Directors' Interests and Remuneration and in Management's Interests and Remuneration.

** Staff numbers include Managers.

*** See also note Share based payments below.

The notice of termination for the CEO is one month.

4 Share based payments

	2019	2018
Number of options		
1st January	0	0
Lapsed during the period	0	0
Expired during the period	0	0
At 31st December	**0**	**0**
Weighted average exercise price DKK		
1st January	0	0
Lapsed during the period	0	0
Expired during the period	0	0
At 31st December	**0**	**0**

5 Other operating income

DKK 1,000	**2019**	**2018**
Service rendering to subsidiaries	0	0
	0	0

6 Depreciation

DKK 1,000	**2019**	**2018**
Depreciations included in general and administration costs	0	0
	0	**0**

7 Interest revenue and expenses & finance gain and cost

DKK 1,000	2019	2018
Interest income and finance gain:		
Short term deposits	0	0
Exchange differences	1,547	832
	1,547	**832**
Interest expense and other finance cost:		
Bank loan and overdrafts	384	136
Others	-8,561	2,531
Exchange differences	2,485	225
	-5,692	**2,893**

8 Dividend

No interim dividend is proposed. (2018: DKK Nil)

9 Investment in subsidiaries

DKK 1,000	2019	2018
Costs		
At 1st January	51,869	51,869
At end of period	**51,869**	**51,869**

Priscipal subsidiary undertakings of the Parent Company, all of which are 100 percent owned, are as follow:

Name of Company	Business and area of operation	Country of registration
Atlantic Petroleum Norge AS**	Exploration, developmend and production, Norway	Norway
Atlantic Petroleum UK Limited	Exploration, developmend and production, UK	England and Wales
Atlantic Petroleum (Ireland) Limited*	Exploration, developmend and production, Ireland	Republic of Ireland
Atlantic Petroleum North Sea Limited*	Exploration, developmend and production, UK	England and Wales

*Held through subsidiary undertaking
** Atlantic Petroleum Norge AS was liquitated in 2019

In connection with the debt facility, P/F Atlantic Petroleum has pledged as security to the lenders the shares in the wholly owned subsidiary Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

10 Intangible assets

DKK 1,000	2019	2018
Costs		
At 1st January	1,467	1,467
Additions/Adjustments	0	0
At end of period	**1,467**	**1,467**
Amortisation and depreciation		
At 1st January	1,467	1,467
Charge this period	0	0
At end of period	**1,467**	**1,467**
Net book value at end of period	**0**	**0**

11 Property, plant and equipment

DKK 1,000	2019	2018
Costs		
At 1st January	850	850
Additions	0	0
At end of period	**850**	**850**
Amortisation and depreciation		
At 1st January	850	850
Charge this period	0	0
At end of period	**850**	**850**
Net book value at end of period	**0**	**0**

12 Trade and other receivables

DKK 1,000	2019	2018
Trade receivables	0	304
Other taxes and VAT receivable	26	87
Reveivables from subsiduary	8,183	7,903
Net assets	8,209	8,294

All trade and other receivables are due within one year.

The carrying values of the trade and other receivables are equal to their fair value as at the balance sheet date.

The amount due from subsidiary undertakings relates to balances, which bears no interest and are payable upon request. In connection with the Company´s debt facility, P/F Atlantic Petroleum has pledged as security the intra-company receivables from Atlantic Petroleum UK Limited. See note regarding capital commitments and guarantees.

13 Trade and other payables

DKK 1,000	2019	2018
Trade payables*	7,473	1,639
Accrued expenses	196	269
Other payables	0	0
	7,669	1,908

All trade and other payables are due within one year.
The carrying values of the trade and other payables are equal to their fair value as at the balance sheet date.

14 Cash, short and long-term debt

DKK 1,000	2019	2018
Cash:		
Cash at bank and in hand	15	19
Total cash	15	19
Short term debt:		
Short term bank loans	2,393	2,336
Total short term borrowings	2,393	2,336
Long term debt:		
Long term bank loans	0	0
Total long term borrowings	0	0

The borrowings are repayable as follows:

DKK 1,000	2019	2018
Bank loans analysed by maturity		
Within one year	2,393	2,336
In one to five years	0	0
	2,393	2,336

18 Financial instruments

The Group's activities expose it to financial risks of changes, primarily in oil and gas prices, but also foreign currency exchange and interest rates.

Interest rate risk profile of financial liabilities
The interest rate profile of the financial liabilities of the Group as at 31st December was:

DKK 1,000	2019	2018
Floating rate		
DKK	2,393	2,336
NOK	0	0
	2,393	2,336
Total	**2,393**	**2,336**

The floating rate comprises bank borrowings bearing interest at rates set by reference to DKK CIBOR exposing the Group to a cash flow interest rate risk.

A 1 per cent point change per annum in the interest would have a hypothetic effect of DKK 0,02MM (2018: DKK 0,2MM) on the result and equity.

Interest rate risk profile of financial assets
The interest rate profile of the financial assets of the Group as at 31st December was:

DKK 1,000	2019	2018
Floating rate		
Held in DKK	15	19
Held in GBP	0	0
Held in USD	0	0
Held in EUR	0	0
Held in NOK	0	0
	15	19
Total	**15**	**19**

The floating rate cash and short-term deposits consists of cash held in interest-bearing current accounts by reference to DKK CIBOR.

The fair values of the financial assets and financial liabilities are:

DKK 1,000	2019	2018
Carrying amount		
Cash and short-term deposits	15	19
Bank loans and credit facility	-2,393	-2,336
Long-term bank loan	0	0
Fair value		
Cash and short-term deposits	15	19
Bank loans and credit facility	-2,393	-2,336
Long-term bank loan	0	0

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. The estimated fair values have been determined using market information and appropriate valuation methodologies. Values recorded are indicative and will not necessarily be realised. Non-interest bearing financial instruments, accounts receivable from customers, and accounts payable are recorded materially at fair value reflecting their short-term maturity and are not shown in the above table.

Currency risk

No currency exposures were hedged during the year and thus there is a currency risk.
Please see risk management section for currency risk exposures.

Contacts

P/F Atlantic Petroleum
P.O.Box 1228
Yviri við Strond 4
FO-110 Tórshavn
Faroe Islands
Telephone +298 59 16 01
E-mail: petroleum@petroleum.fo
www.petroleum.fo
VAT/Tax No. Faroes 475.653
Reg. No. Faroes 2695

Atlantic Petroleum UK Ltd / Atlantic Petroleum North Sea Ltd
5 Strarford Place
London W1C 1AX
United Kingdom
Telephone +298 59 16 01

Atlantic Petroleum (Ireland) Ltd
Registered address
6th Floor
2 Grand Canal Square
Dublin 2
Ireland

Auditors Parent Company
JANUAR, State Authorised Public Accountants P/F
P.O.Box 30, Óðinshædd 13
FO-110 Tórshavn
Faroe Islands
Telephone +298 314 700
Fax +298 351 701
E-mail: januar@januar.fo
www.januar.fo

Auditors Subsidiaries
Atlantic Petroleum UK Ltd/
Atlantic Petroleum North Sea Ltd:
Anderson Anderson & Brown LLP
Kingshill View
Kingswells Causeway
Prime Four Business Park
Aberdeen AB15 8PU
United Kingdom

Atlantic Petroleum (Ireland) Ltd:
KPMG
Stokes Place
St Stephens Green
Dublin 2
Ireland