



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE 9 MONTHS ENDED 30th SEPTEMBER 2020

LOOKING FORWARD

2020 has been a turbulent year on the markets. The sudden drop in oil demand in 2020 due to the Covid-19 crisis triggered the oil price to drop to levels not seen for almost 20 years.

The world still needs oil and gas. The demand is still significantly lower than the 100 million+ barrels prior to the Covid-19 crisis. The glut in the market will prevail as long as the Covid-19 crisis lasts, but our view is that in the end market fundamentals will prevail.

The oil price has since the crash in March/April, when it dropped to USD 20 bbl, been steadily climbing and is now around USD 47 bbl.

Atlantic Petroleum's main asset is the deferred consideration from the Orlando field. First oil from the Orlando field was achieved in March 2019. Initial production rates around 3,000 bopd proved to be significantly lower than the expected 10,000 bopd.

Cashflow from Orlando, originally anticipated in 2020, has still not materialised, due to the low rates and due to the fact that the field has been shut down for part of the year in 2020. Atlantic Petroleum will make a public announcement upon receiving first revenue from Orlando.

The operator, Decipher Energy, has stated in their public accounts that a workover on the Orlando production is being planned, and that they have revised the reserves downwards. Atlantic Petroleum has also revised the reserves downward resulting in a one-off non-cash DKK 48.7MM impairment on the asset.

Under the Sale and Purchase Agreement regarding Orlando, the Atlantic Petroleum is due to receive a deferred consideration of 2% from sale proceeds after the first USD 50MM in gross field revenue up to 5MM barrels of Orlando production. Thereafter the deferred consideration increases to 4.35%.

Depending on Orlando production and the development in oil prices, Atlantic Petroleum is expecting to be cash generating in 2021.

Atlantic Petroleum continues to hold an economic interest in the Pegasus gas 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 milestone payment of GBP 2.5MM will be due on Pegasus West FDP approval. The FDP was submitted on 25th November 2018 and when sanctioned by OGA expected to be in early 2021, the first payment will be due to Atlantic Petroleum.

If all milestones on the Pegasus assets are achieved, they could trigger additional GBP 6.5MM in deferred consideration over the coming years.

Atlantic Petroleum is minimising running costs until revenue is received from Orlando. As announced earlier in 2020 Atlantic Petroleum has applied for the company to be delisted from its secondary listing on Oslo Børs. Atlantic Petroleum P/F will be delisted from the Oslo Stock Exchange from 11th January 2021. The last day of listing will be 8th January 2021. The Company will retain its main listing on Nasdaq OMX in Copenhagen.

HIGHLIGHTS & OUTLOOK

Highlights for the first 9 months in 2020 were:

G&A cost was DKK 1.9MM (9M 2019: DKK 4.6MM)

Operating loss was DKK 56.1MM (9M 2019: DKK 5.1MM)

Net loss: DKK 55.2MM (9M 2019: DKK 23.4MM)

Net assets/share-holders equity was DKK -45.4MM (End 2019: DKK 17.2MM)

Bank debt was DKK 56.5MM (End 2019: DKK 54.4MM)

We have reduced the General and administration costs to a minimum level, and Atlantic Petroleum has no exposure to production costs on our assets.

Depending on production from the UK Orlando field and the development in oil prices, Atlantic Petroleum is expecting to be cash generating in 2021.

PERFORMANCE SUMMARY

► KEY METRICS	9 months to 30 th Sep 2020	9 months to 30 th Sep 2019	3 months to 30 th Sep 2020	3 months to 30 th Sep 2019	Full year 2019
DKK 1,000					
Income statement					
Revenue	0	0	0	0	0
Impairment on producing assets	0	0	0	0	0
Gross loss/profit	0	0	0	0	0
Exploration expenses	250	-432	284	-267	-376
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	-56,350	-4,596	-49,157	-792	-59,325
Operating loss (EBIT)	-56,100	-5,082	-48,874	-1,067	-59,755
Depreciations	0	-54	0	-9	-54
Loss before taxation (EBT)	-55,172	-26,194	-50,071	-5,123	-67,579
Profit/Loss after taxation	-55,172	-23,408	-50,071	-6,012	-63,764
Financial position					
Non-current assets	60,263	150,047	60,263	150,047	120,554
Current assets	24,692	28,086	24,692	28,086	26,855
Total assets	84,955	178,133	84,955	178,133	147,409
Current liabilities	83,748	110,035	83,748	110,035	82,368
Non-current liabilities	46,625	16,434	46,625	16,434	47,850
Total liabilities	130,373	126,469	130,373	126,469	130,218
Net assets/Equity	-45,418	51,663	-45,418	51,663	17,190
Cash flow and cash					
Cash provided by operating activities	3,744	43,644	-1,679	-519	-14,593
Change in cash and cash equivalents	7,710	-4,625	-1,710	-3,117	-10,665
Cash and cash equivalents	26	6	26	6	15
Bank debt – excluding drawdown	56,481	53,028	56,481	53,028	54,435
Share related key figures					
Earnings per share Basic	-14.92	-6.33	-13.54	-1.63	-17.24
Earnings per share Diluted	-14.92	-6.33	-13.54	-1.63	-17.24
Share price in DKK on OMX CPH and Oslo Stock Exchange	3.5/3.8	6/10	3.5/3.8	6/10	6/7.9

OUR PORTFOLIO 30TH SEPTEMBER 2020

STATUS ON KEY LICENCES

SECURING REMAINING VALUE

Atlantic Petroleum has further rationalized its portfolio in 2019 and will look to further rationalise on best commercial terms for the Group. Nevertheless, the strategy for 2020 will be to pursue near-production or production opportunities in low political risk countries in the Northern Hemisphere that bring low liabilities and strong upside.

As of September 30th 2020 the status of Group assets is:

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

Development & Production

PRODUCING ASSETS

The Group does not hold producing assets.

DEVELOPMENT & NEAR DEVELOPMENT

The Group holds no development or near development assets.

Exploration & Appraisal

Atlantic Petroleum has no exploration activity planned for 2020.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 30th SEPTEMBER 2020:

- Atlantic Petroleum has been notified by Oslo Børs that the shares in Atlantic Petroleum P/F will be delisted from the Oslo Stock Exchange from 11th January 2021. The last day of listing will be 8th January 2021.
- No significant events after the Balance Sheet Date.

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

The Condensed Consolidated Interim Report for the first nine months of 2020 comprises the Consolidated Statement of Financial Position of P/F Atlantic Petroleum and its subsidiaries. The Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

We consider the accounting policies used to be appropriate, such that the interim report gives a true and fair view of the Group’s assets, liabilities and financial position at 30th September 2020, and of the results of the Group’s operations and cash flow for the period 1st January – 30th September 2020.

Tórshavn 30th November 2020

Management:

Mark T. Højgaard
CEO

Board of Directors:

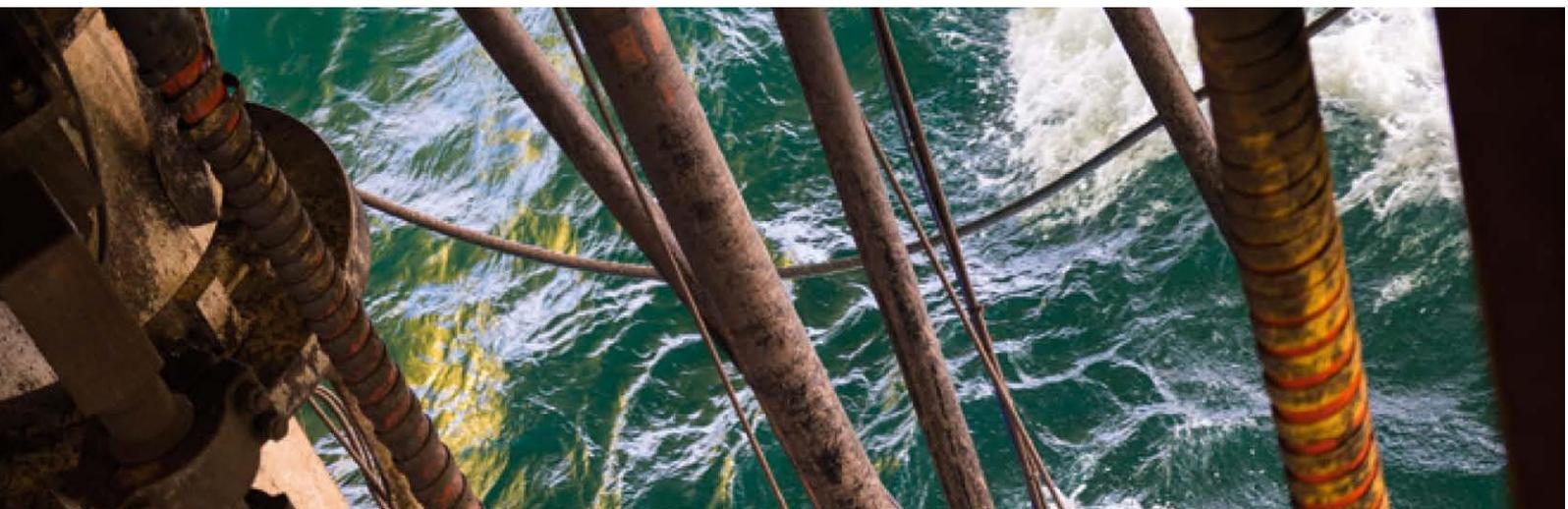
Ben Arabo
Chairman

Kaj Johannessen
Deputy Chairman

Mourits Joensen
Board Member

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE 9 MONTHS ENDED
30th SEPTEMBER 2020**



CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	3 months to 30 th Sept 2020	3 months to 30 th Sept 2019	Full Year 2019
Revenue	5	0	0	0	0	0
Costs of sales	6	0	0	0	0	0
Gross profit/loss		0	0	0	0	0
Exploration expenses		250	-432	284	-267	-376
Orlando deferred consideration	14	-54,420		-48,726		-53,513
Pre-licence exploration cost		0	-45	0	0	-45
General and administration cost		-1,929	-4,551	-431	-792	-5,768
Depreciation PPE and intangible assets		0	-54	0	-9	-54
Other operating cost/income		0	0	0	0	0
Operating loss		-56,100	-5,082	-48,874	-1,067	-59,755
Interest income and finance gains	7	3,691	-16,253	-923	-16,253	558
Interest expenses and other finance costs	7	-2,763	-4,859	-275	12,197	-8,382
Loss before taxation		-55,172	-26,194	-50,071	-5,123	-67,579
Taxation	8	0	2,786	0	-889	3,815
Profit/Loss after taxation		-55,172	-23,408	-50,071	-6,012	-63,764
Earnings per share (DKK):						
Basic		-14.92	-6.33	-13.54	-1.63	-17.24
Di		-14.92	-6.33	-13.54	-1.63	-17.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	3 months to 30 th Sept 2020	3 months to 30 th Sept 2019	Full Year 2019
Items that may be recycled in P/L:					
Profit/loss for the period	-55,172	-23,408	-50,071	-6,012	-63,764
Exchange rate differences	-7,437	3,712	1,572	3,652	9,594
Total comprehensive Income/loss in the period	-62,608	-19,696	-48,499	-2,360	-54,169

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 30 th Sept 2020	at 30 th Sept 2019	at 31 st Dec 2019
Non-current assets				
Intangible assets	10	0	0	0
Intangible exploration and evaluation assets	11	0	0	0
Tangible development and production assets	12	0	0	0
Property plant and equipment	13	0	83	86
Other receivables	14	60,263	149,964	120,468
Tax repayable		0	0	0
Deferred tax asset		0	0	0
		60,263	150,047	120,554
Current assets				
Trade and other receivables	14	24,666	28,080	26,839
Cash and cash equivalents		26	6	15
		24,692	28,086	26,855
Total assets		84,955	178,133	147,409
Current liabilities				
Exploration finance facility		0	0	0
Short term bank debt		56,481	53,028	54,435
Trade and other payables	15	23,723	57,007	24,126
Current tax payable		3,544	0	3,807
		83,748	110,035	82,368
Non-current liabilities				
Exploration finance facility		0	0	0
Long term bank debt		0	0	0
Convertible loan facility	15	34,925	0	36,071
Long term provisions		11,701	11,765	11,780
Deferred tax liability		0	4,669	0
		46,625	16,434	47,850
Total liabilities		130,373	126,469	130,218
Net assets		-45,418	51,663	17,190
Equity				
Share capital	16	3,698	3,698	3,698
Share based bonus schemes – LTIP				
Translation reserves		88,967	90,521	96,403
Retained earnings		-138,083	-42,555	-82,911
Total equity shareholders' funds		-45,418	51,663	17,190

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Translation reserves	Retained earnings	Total
At 1st January 2019	3,698	86,809	-19,147	71,359
LTIP awarded in the period, net	0	0	0	0
Translation reserves	0	3,712	0	3,712
Result for the period	0	0	-23,408	-23,408
At 30th September 2019	3,698	90,521	-42,555	51,663
LTIP awarded in the period, net	0	0	0	0
Translation reserves	0	5,883	0	5,883
Result for the period	0	0	-40,356	-40,356
At 31st Dec. 2019	3,698	96,403	-82,911	17,190
LTIP awarded in the period, net	0	0	0	0
Translation reserves	0	-7,437	0	-7,437
Result for the period	0	0	-55,172	-55,172
At 30th September 2020	3,698	88,967	-138,083	-45,418

CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
Operating activities			
Operating loss	-56,100	-5,082	-59,755
Other income	0	0	0
Impairment on exploration and evaluation assets	64	56	75
Relinquishment and disposal of licences	0	0	0
Depreciation, depletion and amortisation	86	51	48
Impairment on producing licences	0	0	0
Change in inventories	0	0	0
Change in trade and other receivables	62,378	13,075	43,812
Change in trade and other payables	-404	39,033	6,152
Interest revenue and finance gain received	0	0	0
Interest expenses and other finance cost	-2,280	-3,489	-4,924
Income taxes	0	0	0
Net cash flow provided by operating activities	3,744	43,644	-14,593
Investing activities			
Capital expenditure	3,145	-17,679	-2,975
Net cash used in investing activities	3,145	-17,679	-2,975
Financing activities			
Change in short term debt	2,046	724	2,131
Change in long term debt	-1,225	-31,314	4,771
Net cash flow provided from financing activities	821	-30,590	6,902
Change in cash and cash equivalents	7,710	-4,625	-10,665
Cash and cash equivalents at the beginning of the period	15	260	260
Currency translation differences	-7,699	4,370	10,420
Total cash and cash equivalents at the beginning of the period	-7,684	4,630	10,680
Cash and cash equivalents at the end of the period	26	6	15

NOTES TO THE ACCOUNTS

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 the Board has to emphasize 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 2021, 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 4MM, 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.

Depending on production and the development in oil prices, Atlantic Petroleum is expecting to be cash generating in 2021.

Reserves have in prior reports been 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 were on that ground estimated to 17.3 MMBbl.

The operator, Decipher Energy, has stated in their public accounts that a workover on the Orlando production is being planned, and that they have revised the reserves downwards. Atlantic Petroleum has not received any technical documentation regarding the revised reserve estimation by the Operator.

Atlantic Petroleum has, however, also revised the reserves downward resulting in a one-off non-cash DKK 48.7MM impairment on the asset. The estimation is based on the 1P – Proved Reserves in the CPR by Gaffney, Cline & Associates dated March 2015.

Further details on the deferred consideration receivable from the sale of Orlando is included in note 14 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 early 2021, 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.

2. GENERAL INFORMATION

P/F Atlantic Petroleum is a limited company incorporated and domiciled in the Faroe Islands and listed on NASDAQ OMX Copenhagen and on Oslo Stock Exchange.

The principal activities of the Company and its subsidiaries (the Group) are oil and gas exploration, appraisal, development and production historically in the UK, Ireland, Norway, Netherlands and the Faroe Islands; but in the future principally in Eastern Europe and the Eurasian Economic Union.

The Annual and Consolidated Report and Accounts of the Group for the year ended 31st December 2019 are available upon request from the Company's registered office at Yviri við Strond 4, P.O. Box 1228, FO-110 Tórshavn, Faroe Islands or at www.petroleum.fo.

This Condensed Consolidated Interim Report is presented in DKK.

3. STATEMENT OF COMPLIANCE

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 *Interim Financial Reporting* as adopted by the EU. It does not include all of the information required for full Annual Financial Statements and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31st December 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31st December 2019.

5. Geographical segmental analysis

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
Revenues by origin:			
United Kingdom	0	0	0
	0	0	0
Operating loss/profit by origin:			
Faroe Islands	-1,705	-3,525	-4,193
United Kingdom	-54,625	-955	-54,759
Norway	0	-60	-55
Other	231	-542	-748
	-56,100	-5,082	-59,755

6. Cost of sales

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
Operating costs	0	0	0
Produced oil in inventory at market value	0	0	0
Amortisation and depreciation, PPE:			
Oil and gas properties	0	0	0
Impairment	0	0	0
	0	0	0

7. Interest income & expense and finance gain & cost

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
Interest income and finance gain:			
Short term deposits	0	0	0
Time Value	581	-16,253	558
Unwinding of discount on decommissioning provision	0	0	0
Exchange differences	3,111	0	0
	3,691	-16,253	558
Interest expense and other finance cost:			
Bank loan and overdrafts	2,082	1,720	3,132
Creditors	198	1,765	1,787
Time Value	482	199	265
Unwinding of discount on decommissioning provision	0	0	0
Others	0	4	5
Exchange differences	0	1,172	3,193
	2,763	4,859	8,382

8. Taxation

11 Tax	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
DKK 1,000			
Current tax :			
Tax repayable/(payable) in UK	0	0	3,695
Tax repayable/(payable) in NO	0	-523	-519
Tax repayable/(payable)	0	0	0
Total current tax	0	-523	3,176
Deferred tax:			
Deferred tax cost in UK	0	-2,263	-6,991
Deferred tax	0	0	0
Total deferred tax	0	-2,263	-6,991
Tax credit/tax on loss/profit on ordinary activities	0	-2,786	-3,815

9. Dividends

No interim dividend is proposed. (30th September 2019: DKK nil)

10. Intangible assets

DKK 1,000	at 30 th Sept 2020	at 30 th Sept 2019	At 31 st Dec 2019
Costs			
At 1 st January	12,260	12,260	12,260
Exchange movements	0	0	0
Additions/Adjustments	-12,260	0	0
At end of period	0	12,260	12,260
Amortisation and depreciation			
At 1 st January	12,260	12,260	12,260
Exchange movements	0	0	0
Charge this period	-12,260	0	0
At end of period	0	12,260	12,260
Net book value at end of period	0	0	0

11. Oil and gas – Intangible exploration and evaluation assets

DKK 1,000	at 30 th Sept 2020	at 30 th Sept 2019	At 31 st Dec 2019
Costs			
At 1 st January	0	0	0
Exchange movements	0	0	0
Additions	64	56	75
Disposal/relinquishment of licences	0	0	0
Explorations expenditures written off/sold	-64	-56	-75
At end of period	0	0	0

12. Oil and gas – Tangible development and production assets

DKK 1,000	at 30 th Sept 2020	at 30 th Sept 2019	At 31 st Dec 2019
Costs			
At 1 st January	0	0	0
Exchange movements	0	0	0
Disposal/Additions	0	0	0
At end of period	0	0	0
Amortisation and depreciation			
At 1 st January	0	0	0
Exchange movements	0	0	0
Depreciation, charge	0	0	0
Impairment, charge	0	0	0
At end of period	0	0	0
Net book value at end of period	0	0	0

13. Property, plant and equipment assets

DKK 1,000	at 30 th Sept 2020	at 30 th Sept 2019	At 31 st Dec 2019
Costs			
At 1 st January	2,647	2,647	2,647
Exchange movements	0	34	107
Additions	-2,647	0	0
At end of period	0	2,681	2,754
Amortisation and depreciation			
At 1 st January	2,513	2,513	2,513
Exchange movements	0	32	101
Charge this period	-2,513	54	54
At end of period	0	2,598	2,668
Net book value at end of period	0	83	86

14. Trade and other receivables

All trade and other receivables are due within one year except for the Orlando and Pegasus deferred consideration DKK 84.9MM, of which 24.6MM 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 annual accounts for 2017 were amended, to recognize the deferred consideration receivable from the sale of Orlando. Which at the time was evaluated at 144.0MM 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 valued at 50.1MM DKK.

The operator, Decipher Energy, has stated in their public accounts that a workover on the Orlando production is being planned, and that they have revised the reserves downwards. Atlantic Petroleum has not received any technical documentation regarding the revised reserve estimation by the Operator.

Atlantic Petroleum has however also revised the reserves downward resulting in a one-off non-cash DKK 48.7MM impairment on the asset.

Reserves are 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

Due to lack of visibility and uncertainty Atlantic Petroleum is estimating the reserves at 8.48MMBbl recoverable. This is the 1P – Proved Reserves Case from the CPR.

If reserves were to be estimated at 10MMbbl the valuation of Orlando would be 61.8MM DKK.

This would affect the Income Statement with 39.6MM 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 1st October 2020.

In the first quarter of 2020, the the oil market 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, declined to below USD 20 bbl in April. At 30th September 2020 the oil price was USD 40.96 bbl and is now around USD 47 bbl.

Exchange rates are based on exchange rates at 30th September 2020

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. Approval was expected in Q2 2019, but due to a dispute over prioritization of capacity at the Cygnus Alpha platform, approval has been delayed and is now expected in early 2021 which will trigger the first payment to the Company.

Additionally, if the FDP is approved, first gas will be expected 24 months later; triggering the second milestone payment.

15. Trade and other payables

Since LOG entered into administration, the lone facility provided by LOG, although a convertible loan, has been reclassified to current trade and other payables, the amount being DKK 35.0MM (GBP 4.279MM)

16. Earnings per share

DKK 1,000	9 months to 30 th Sept 2020	9 months to 30 th Sept 2019	Full year 2019
Basic			
Profit/loss after tax	-55,172	-23,408	-63,764
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-14.92	-6.33	-17.24
Diluted			
Profit/loss after tax	-55,172	-23,408	-63,764
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-14.92	-6.33	-17.24

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

17. CAPITAL COMMITMENTS AND GUARANTEES AT 30th September 2020

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 30th September 2020 with P/F Betri Banki of DKK 54.0MM. 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.

18. CONTINGENT CONSIDERATIONS

Further to the sale of Pegasus to Third Energy Offshore Limited (TEOL), TEOL are due to make further payments to Atlantic Petroleum UK Limited of up to £9MM, see also note 14.

19. RELATED PARTY TRANSACTIONS

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

CONTACTS

P/F Atlantic Petroleum

Lucas Debesargøta 8
P.O.Box 1228
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

SUBSIDIARIES

- **Atlantic Petroleum UK Ltd**
- **Atlantic Petroleum North Sea Ltd**
- **Atlantic Petroleum (Ireland) Ltd**

For subsidiary's contact details please see company website