



ATLANTIC PETROLEUM

P/F ATLANTIC PETROLEUM

# CONDENSED CONSOLIDATED INTERIM REPORT

FOR THE 6 MONTHS ENDED 30<sup>th</sup> JUNE 2019

## RESTRUCTURING DEBT

Atlantic Petroleum's primary focus in the first two quarters of 2019 has been to secure alternative funding following its lender London Oil and Gas Limited (LOG) went into administration early in 2019. LOG has since 2016 provided loans to Atlantic Petroleum but with LOG under administration, the Group's focus has been to secure funding to replace LOG funding.

In August Atlantic Petroleum signed a Standstill agreement with LOG in administration. Further the Group secured a bridge loan facility to secure working capital until cash flow commences from the Orlando field expected to be later in 2019.

Atlantic Petroleum has received updates from the operator Decipher Production Limited stating that the Orlando field commenced production on the 29<sup>th</sup> March 2019.

According to Decipher the Orlando reservoir is capable of producing over 10,000 bopd. However, as a result of issues with the upper completion, peak rates have been restricted to around 5,000 bopd.

Under the Sale and Purchase Agreement regarding Orlando, the Group is due to receive deferred considerations of 2% of the sale proceeds after the first USD 50MM in gross field revenue up to the first 5MM barrels of Orlando production. Thereafter the deferred consideration increases to 4.35% of the sales proceeds. Based on the early production data from Orlando, assuming production rates of around 5,000 bopd., the Group now expects cash flow from the field later in 2019.

Atlantic Petroleum continues to hold an economic interest in the Pegasus gas field and surrounding area. An Initial Field Development Plan on Pegasus was submitted in late 2018 and Government sanction is expected in the near future, triggering a GBP 2.5MM deferred cash payment to Atlantic Petroleum as per the Pegasus Sales and Purchase Agreement from 2015. The outlook for additional milestone payments two and three remains positive and could trigger additional GBP 6.5MM in deferred consideration over the coming years.

Atlantic Petroleum shares are currently suspended on Nasdaq OMX and Oslo Stock Exchange. Atlantic Petroleum is in dialogue with Nasdaq OMX on lifting the suspension in the near future.

In February 2018 an EGM in Atlantic Petroleum decided that Atlantic Petroleum should apply for a delisting from the secondary listing on Oslo Stock Exchange. The Board intends to enter into a dialogue with Oslo Stock Exchange on how to progress this issue in 2019.

## HIGHLIGHTS & OUTLOOK

Highlights for Q2 2019 were:

Net loss: DKK 17.4MM (Q1: DKK 2.9MM)

Gross profit was DKK 0.0MM (Q1: DKK 0.0MM)

Operating loss was DKK 4.0MM (Q1: DKK 2.4MM)

Net assets/share-holders equity was DKK 54.0MM (Q1: DKK 78.1MM)

Bank debt was DKK 52.4MM (Q1: DKK 52.3MM)

G&A cost was DKK 3.8MM (Q1: DKK 2.2MM)

Whilst the expectation to Orlando reserves remain within the expected envelope, the restricted field production at around 5,000 bopd, means that there has been a need to re-evaluate and downgrade the Orlando asset value by DKK 17.2MM due to the time value of money. Due to this downgrade Atlantic Petroleum now expects a net loss in 2019.

# PERFORMANCE SUMMARY

▶ KEY METRICS	6 months to 30 <sup>th</sup> Jun 2019	6 months to 30 <sup>th</sup> Jun 2018	3 months to 30 <sup>th</sup> Jun 2019	3 months to 30 <sup>th</sup> Jun 2018	Full year 2018
DKK 1,000					
<b>Income statement</b>					
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	-166	-1,285	-37	-663	-1,232
Earning before interest, tax, depreciation, amortization and exploration expense (EBITDAX)	-3,804	-2,783	-1,539	-1,133	24,027
Operating loss (EBIT)	-4,015	-4,091	-1,587	-1,773	22,772
Depreciations	-45	-23	-11	-23	-23
Loss before taxation (EBT)	-21,071	-3,440	-18,797	-723	32,679
Profit/Loss after taxation	-17,396	-3,440	-14,534	-723	23,962
<b>Financial position</b>					
Non-current assets	139,679	104,984	139,679	104,984	153,768
Current assets	37,335	53,964	37,335	53,964	37,746
Total assets	177,015	158,948	177,015	158,948	191,513
Current liabilities	107,791	72,265	107,791	72,265	70,279
Non-current liabilities	15,200	28,319	15,200	28,319	49,875
Total liabilities	122,991	100,584	122,991	100,584	120,154
Net assets/Equity	54,024	58,364	54,024	58,364	71,359
<b>Cash flow and cash</b>					
Cash provided by operating activities	44,163	-2,925	25,014	-14	-19,871
Change in cash and cash equivalents	-1,508	-1,612	9,263	295	12,764
Cash and cash equivalents	-537	562	-566	-249	260
Bank debt – excluding drawdown on the exploration finance facility	52,351	53,004	68	690	52,304
<b>Share related key figures</b>					
Earnings per share Basic	-4.70	-0.93	-0.77	-0.20	6.48
Earnings per share Diluted	-4.70	-0.93	-0.77	-0.20	6.48
Share price in DKK on OMX CPH and Oslo Stock Exchange	6/10	7/9	6/10	7/9	6/10

# OUR PORTFOLIO 30<sup>TH</sup> JUNE 2019 STATUS ON KEY LICENCES

## SECURING REMAINING VALUE

Atlantic Petroleum has further rationalized its portfolio in 2018 and will look to further rationalise on best commercial terms for the Group. Nevertheless, 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 June 30<sup>th</sup> 2019 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 2019.

# SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

## THE FOLLOWING SIGNIFICANT EVENTS HAVE OCCURRED AFTER 30<sup>th</sup> JUNE 2019:

- On the 2<sup>nd</sup> July 2019 Atlantic Petroleum called for a Extraordinary General Meeting to be held on the 25<sup>th</sup> July 2019.
- Atlantic Petroleum signed a Bridge loan facility and a Standstill on the 23<sup>rd</sup> July 2019.
- The Extraordinary General Meeting held on 25<sup>th</sup> July 2019, elected new Board of Directors. The new Board of Directors consists of Ben Arabo, Chairman; Kaj Johannessen, Deputy Chairman; and Mourits Joensen, Board member.
- Production from Orlando began at a lower rate than expected; the field Operator has confirmed that issues with the “upper completion” on the well have restricted output to 5,000 bpd. But the Orlando estimated 2P recoverable reserves remain unchanged at circa 10MM barrels.

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

The Condensed Consolidated Interim Report for the first six months of 2019 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 30<sup>th</sup> June 2019, and of the results of the Group’s operations and cash flow for the period 1<sup>st</sup> January – 30<sup>th</sup> June 2019.

Tórshavn 30<sup>th</sup> August 2019

***Management:***

Mark T. Højgaard  
CEO

***Board of Directors:***

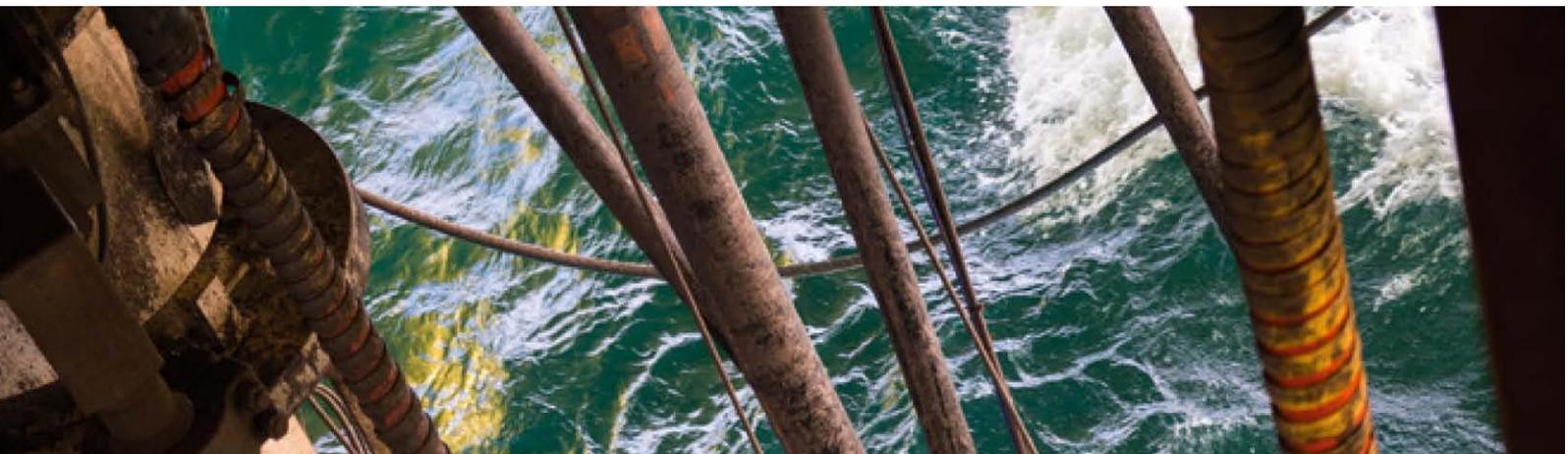
Ben Arabo  
Chairman

Kaj Johannessen  
Deputy Chairman

Mourits Joensen  
Board Member

# **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE 6 MONTHS ENDED  
30<sup>th</sup> JUNE 2019**





## CONSOLIDATED INCOME STATEMENT

DKK 1,000	Note	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	3 months to 30 <sup>th</sup> June 2019	3 months to 30 <sup>th</sup> June 2018	Full year 2018
Revenue	5	0	0	0	0	0
Costs of sales	6	0	0	0	0	0
<b>Gross profit/loss</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Exploration expenses		-166	-1,285	-37	-663	-1,232
Pre-licence exploration cost		-45	-8	-1	-8	-81
General and administration cost		-3,760	-2,775	-1,537	-1,079	-11,311
Depreciation PPE and intangible assets	13	-45	-23	-11	-23	-23
Other operating cost/income		0	0	0	0	35,420
<b>Operating loss</b>	<b>5</b>	<b>-4,015</b>	<b>-4,091</b>	<b>-1,587</b>	<b>-1,773</b>	<b>22,772</b>
Interest income and finance gains	7	0	2,509	-4,554	2,507	15,806
Interest expenses and other finance costs	7	-17,056	-1,858	-12,657	-1,457	-5,900
<b>Loss before taxation</b>		<b>-21,071</b>	<b>-3,440</b>	<b>-18,797</b>	<b>-723</b>	<b>32,679</b>
Taxation	8	3,675	0	4,262	0	-8,716
<b>Profit/Loss after taxation</b>		<b>-17,396</b>	<b>-3,440</b>	<b>-14,534</b>	<b>-723</b>	<b>23,962</b>
Earnings per share (DKK):						
Basic		-4.70	-0.93	-3.93	-0.20	6.48
Diluted		-4.70	-0.93	-3.93	-0.20	6.48

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	3 months to 30 <sup>th</sup> June 2019	3 months to 30 <sup>th</sup> June 2018	Full year 2018
Items that may be recycled in P/L:					
Profit/loss for the period	-17,396	-3,440	-14,534	-723	23,962
Exchange rate differences	60	1,728	-9,587	-544	-12,679
<b>Total comprehensive Income/loss in the period</b>	<b>-17,336</b>	<b>-1,712</b>	<b>-24,122</b>	<b>-1,267</b>	<b>11,284</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK 1,000	Note	at 30 <sup>th</sup> June 2019	at 30 <sup>th</sup> June 2018	At 31st Dec 2018
<b>Non-current assets</b>				
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	91	136	134
Other receivables	14	139,588	98,624	153,634
Tax repayable		0	0	0
Deferred tax asset		0	6,224	0
		<b>139,679</b>	<b>104,984</b>	<b>153,768</b>
<b>Current assets</b>				
Trade and other receivables	14	37,872	53,402	37,485
Cash and cash equivalents		-537	562	260
		<b>37,335</b>	<b>53,964</b>	<b>37,746</b>
<b>Total assets</b>		<b>177,015</b>	<b>158,948</b>	<b>191,513</b>
<b>Current liabilities</b>				
Exploration finance facility		0		0
Short term bank debt		52,351	53,004	52,304
Trade and other payables	15	55,439	19,261	17,974
Current tax payable		0	0	0
		<b>107,791</b>	<b>72,265</b>	<b>70,279</b>
<b>Non-current liabilities</b>				
Exploration finance facility		0	0	0
Long term bank debt		0	0	0
Convertible loan facility		0	11,936	31,841
Long term provisions		11,428	12,025	11,238
Deferred tax liability		3,772	4,358	6,796
		<b>15,200</b>	<b>28,319</b>	<b>49,875</b>
<b>Total liabilities</b>		<b>122,991</b>	<b>100,584</b>	<b>120,154</b>
<b>Net assets</b>		<b>54,024</b>	<b>58,364</b>	<b>71,359</b>
<b>Equity</b>				
Share capital		3,698	3,698	3,698
Share based bonus schemes – LTIP				
Translation reserves		86,869	101,216	86,809
Retained earnings		-36,543	-46,550	-19,147
<b>Total equity shareholders' funds</b>		<b>54,024</b>	<b>58,364</b>	<b>71,359</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DKK 1,000	Share capital	Share based Payments LTIP and Bonus	Translation reserves	Retained earnings	Total
<b>At 1st January 2018</b>	<b>3,698</b>	<b>0</b>	<b>99,488</b>	<b>-43,110</b>	<b>60,076</b>
LTIP awarded in the period, net	0		0	0	0
Translation reserves	0	0	1,728	0	1,728
Result for the period	0	0	0	-3,440	-3,440
<b>At 30th June 2018</b>	<b>3,698</b>	<b>0</b>	<b>101,216</b>	<b>-46,550</b>	<b>58,364</b>
LTIP awarded in the period, net	0		0	0	0
Translation reserves	0	0	-14,407	0	-14,407
Result for the period	0	0	0	27,402	27,402
<b>At 31st Dec. 2018</b>	<b>3,698</b>	<b>0</b>	<b>86,809</b>	<b>-19,147</b>	<b>71,359</b>
LTIP awarded in the period, net	0		0	0	0
Translation reserves	0	0	60	0	60
Result for the period	0	0	0	-17,396	-17,396
<b>At 31th June 2019</b>	<b>3,698</b>	<b>0</b>	<b>86,869</b>	<b>-36,543</b>	<b>54,024</b>

# CONSOLIDATED CASH FLOW STATEMENT

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
<b>Operating activities</b>			
Operating loss	-4,015	-4,091	22,772
Impairment on exploration and evaluation assets	56	0	2,475
Relinquishment and disposal of licences	0	0	0
Depreciation, depletion and amortisation	43	23	25
Impairment on producing licences	0	0	0
Change in inventories	0	0	0
Change in trade and other receivables	13,659	3,066	-36,027
Change in trade and other payables	37,465	-2,444	-3,731
Interest revenue and finance gain received	0	2,509	0
Interest expenses and other finance cost	-3,045	-1,858	-5,385
Income taxes	0	-130	0
<b>Net cash flow provided by operating activities</b>	<b>44,163</b>	<b>-2,925</b>	<b>-19,871</b>
<b>Investing activities</b>			
Capital expenditure	-14,067	6	12,817
<b>Net cash used in investing activities</b>	<b>-14,067</b>	<b>6</b>	<b>12,817</b>
<b>Financing activities</b>			
Change in short term debt	47	1,307	607
Change in long term debt	-31,651	0	19,211
<b>Net cash flow provided from financing activities</b>	<b>-31,604</b>	<b>1,307</b>	<b>19,819</b>
<b>Change in cash and cash equivalents</b>	<b>-1,508</b>	<b>-1,612</b>	<b>12,764</b>
Cash and cash equivalents at the beginning of the period	260	446	446
Currency translation differences	711	1,728	-12,950
<b>Total cash and cash equivalents at the beginning of the period</b>	<b>971</b>	<b>2,174</b>	<b>-12,505</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>-537</b>	<b>562</b>	<b>260</b>

# NOTES TO THE ACCOUNTS

## 1. Going Concern

The Company has earlier addressed the scope and extent of the LOG convertible loan facility and that it is scheduled to commence repayment from May 2019. LOG is open to extending the repayment to alleviate current financial pressures.

It was advised on the 22nd of March 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 in short order 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 found quickly so as to be in place prior to the arrival of revenues in the second half 2019 from the Orlando prospect, given that short term cash is needed to support settling the LOG facility and interest, supporting obligations with Betri under their surviving loan agreement as well as day to day operating costs for an Exchange listed company.

On the 23<sup>rd</sup> July 2019 The Company entered into a Standstill with LOG and secured a unsecured bridge loan providing working capital until cashflow from Orlando to commence late 2019.

This action is receiving encouraging responses which on conclusion into a formal agreement and with the LOG administrator's agreeing with the Company a reasonable exit value will mean the Company can proceed as a going concern business and shareholder value preserved. At this stage such a funding solution seems realistic with potential lenders expressing an interest to provide the required financing shortly.

The Management of Atlantic Petroleum is fully aware of the urgency of the situation and the need to act pragmatically to ensure survival of the Company and based on the above fully expects to have resolved the finance situation by end of 2019.

On this basis, the Company's Board and Management find that the financial position represented in this Condensed Consolidated Interim Report 2Q 2019 is correct.

Consequently, and to our best judgement at this stage, the Board overall maintains that the P/F Atlantic Petroleum company continues as a going-concern business.

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 as at and for the year ended 31<sup>st</sup> December 2018 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](http://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 31<sup>st</sup> December 2018.

### **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 31<sup>st</sup> December 2018.

## 5. Geographical segmental analysis

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
<b>Revenues by origin:</b>			
United Kingdom	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating loss/profit by origin:</b>			
Faroe Islands	-2,983	-2,339	-5,809
United Kingdom	-697	-1,319	27,693
Norway	-60	0	-303
Other	-275	0	1,192
	<b>-4,015</b>	<b>-3,658</b>	<b>22,772</b>

## 6. Cost of sales

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
Operating costs	0	0	0
Produced oil in inventory at market value	0	0	0
<b>Amortisation and depreciation, PPE:</b>			
Oil and gas properties	0	0	0
Impairment	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>

## 7. Interest income & expense and finance gain & cost

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
<b>Interest income and finance gain:</b>			
Short term deposits	0	0	0
Time Value	0	0	14,462
Unwinding of discount on decommissioning provision	0	0	0
Exchange differences	0	2,509	1,345
	<b>0</b>	<b>2,509</b>	<b>15,806</b>
<b>Interest expense and other finance cost:</b>			
Bank loan and overdrafts	1,472	1,429	2,849
Creditors	1,569	0	0
Time Value	15,103	0	515
Unwinding of discount on decommissioning provision	0	0	0
Others	4	0	2,536
Exchange differences	-1,092	429	0
	<b>17,056</b>	<b>1,858</b>	<b>5,900</b>

## 8. Taxation

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
<b>Current tax :</b>			
Tax repayable/(payable) in UK	0	0	0
Tax repayable/(payable) in NO	-526	0	0
Tax repayable/(payable)	0	0	1
<b>Total current tax</b>	<b>-526</b>	<b>0</b>	<b>1</b>
<b>Deferred tax:</b>			
Deferred tax cost in UK	-3,105	0	2,459
Deferred tax	0	0	6,257
<b>Total deferred tax</b>	<b>-3,105</b>	<b>0</b>	<b>8,715</b>
<b>Tax credit/tax on loss/profit on ordinary activities</b>	<b>3,675</b>	<b>0</b>	<b>8,716</b>

## 9. DIVIDENDS

No interim dividend is proposed. (30<sup>th</sup> June 2018: DKK nil)

## 10. Intangible assets

DKK 1,000	at 30 <sup>th</sup> June 2019	at 30 <sup>th</sup> June 2018	At 31st Dec 2018
<b>Costs</b>			
At 1 <sup>st</sup> January	12,260	12,260	12,260
Exchange movements	0	0	0
Additions/Adjustments	0	0	0
<b>At end of period</b>	<b>12,260</b>	<b>12,260</b>	<b>12,260</b>
<b>Amortisation and depreciation</b>			
At 1 <sup>st</sup> January	12,260	12,260	12,260
Exchange movements	0	0	0
Charge this period	0	0	0
<b>At end of period</b>	<b>12,260</b>	<b>12,260</b>	<b>12,260</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>

**11. Oil and gas – Intangible exploration and evaluation assets**

DKK 1,000	at 30 <sup>th</sup> June 2019	at 30 <sup>th</sup> June 2018	At 31st Dec 2018
<b>Costs</b>			
At 1 <sup>st</sup> January	0	0	0
Exchange movements	0	0	0
Additions	56	0	2,475
Disposal/relinquishment of licences	0	0	0
Explorations expenditures written off/sold	-56	0	-2,475
<b>At end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>

**12. Oil and gas – Tangible development and production assets**

DKK 1,000	at 30 <sup>th</sup> June 2019	at 30 <sup>th</sup> June 2018	At 31st Dec 2018
<b>Costs</b>			
At 1 <sup>st</sup> January	0	786,046	786,046
Exchange movements	0	-29,083	0
Disposal/Additions	0	0	-786,046
<b>At end of period</b>	<b>0</b>	<b>756,963</b>	<b>0</b>
<b>Amortisation and depreciation</b>			
At 1 <sup>st</sup> January	0	786,046	786,046
Exchange movements	0	-29,083	0
Depreciation, charge	0	0	0
Impairment, charge	0	0	-786,046
<b>At end of period</b>	<b>0</b>	<b>756,963</b>	<b>0</b>
<b>Net book value at end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>

**13. Property, plant and equipment assets**

DKK 1,000	at 30 <sup>th</sup> June 2019	at 30 <sup>th</sup> June 2018	At 31st Dec 2018
<b>Costs</b>			
At 1 <sup>st</sup> January	2,647	2,673	2,673
Exchange movements	11	3	-26
Additions	0	0	0
<b>At end of period</b>	<b>2,658</b>	<b>2,676</b>	<b>2,647</b>
<b>Amortisation and depreciation</b>			
At 1 <sup>st</sup> January	2,513	2,517	2,514
Exchange movements	9	0	-24
Charge this period	45	23	23
<b>At end of period</b>	<b>2,567</b>	<b>2,540</b>	<b>2,513</b>
<b>Net book value at end of period</b>	<b>91</b>	<b>136</b>	<b>134</b>

#### 14. Trade and other receivables

All trade and other receivables are due within one year except for the Orlando and Pegasus deferred consideration DKK 177.2MM, of which 37.6MM 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.

Under the Sale and Purchase Agreement regarding Orlando, APNS is due to receive deferred considerations equaling 2% of the sale proceeds after the first USD 50MM in gross field revenue up to the first 5,000,000 barrels of Orlando petroleum and an amount equaling 4.35% of the Orlando petroleum in excess of the first 5,000,000 barrels. Production from the Orlando field commenced in April 2019.

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.

Additionally, if the FDP is approved, first gas will be expected in late 2021; 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 35.623MM (GBP 4.279MM)

**16. Earnings per share**

DKK 1,000	6 months to 30 <sup>th</sup> June 2019	6 months to 30 <sup>th</sup> June 2018	Full year 2018
<b>Basic</b>			
Profit/loss after tax	-17,396	-3,007	23,962
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-4.70	-0.81	6,480.08
<b>Diluted</b>			
Profit/loss after tax	-17,396	-3,007	23,962
Weighted average number of shares	3,697,863	3,697,863	3,697,863
Earnings per share	-4.70	-0.81	6,480.1

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 30<sup>th</sup> June 2019**

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 guarantees on behalf of Atlantic Petroleum Norge AS to the Norwegian government for liabilities relating to its exploration and appraisal activities.

P/F Atlantic Petroleum has provided a parent guarantee to the UK Department for Energy and Climate Change in connection with Atlantic Petroleum UK Limited assets in the UKCS:

- (i) the parent will always provide necessary finance to enable Atlantic Petroleum UK Limited to fulfil its obligations in the UK area
- (ii) the parent will not alter Atlantic Petroleum UK Limited legal rights, so that the Company cannot fulfil its obligations
- (iii) the parent will undertake Atlantic Petroleum UK Limited financial obligations if the Company fails to do so

P/F Atlantic Petroleum has a senior secured loan agreement with P/F Eik Banki. The Company has offered the following security to lender in connection with the loan agreement:

- (i) shares in Atlantic Petroleum UK Limited and Atlantic Petroleum North Sea Limited
- (ii) receivables from Atlantic Petroleum UK Limited
- (iii) charge over proceeds from insurance coverage

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

Atlantic Petroleum UK Limited had a loan facility at year end 2018 with the following bank: P/F Betri of DKK 50.7MM. 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.

# GLOSSARY

APA	Awards in Predefined Areas
Appraisal well	A well drilled as part of an appraisal drilling programme which is carried out to determine the physical extent, reserves and likely production rate of a field
BOEPD	Barrels of Oil Equivalent per Day
BOE	Barrels of Oil Equivalent
BOPD	Barrels of Oil per Day
Brown Field Allowance	A UK tax allowance for certain mature fields, known as brown fields, will shield a portion of income from the Supplementary Charge, encouraging companies to invest in getting the very most out of existing fields and infrastructure in the UK Continental Shelf
DECC	UK Department of Energy & Climate Change
DKK	Danish kroner. The currency used in the Kingdom of Denmark
EBIT	Operating Profit - Earnings before Interest and Taxes
EBITDAX	Earnings before Interest, Taxes, Depreciation, Amortization and Exploration Expenses
EBIT Margin	% (Operating Margin) (EBIT/Sales)
EBITDAX Margin	% (EBITDAX/Sales)
E&P	Exploration & Production
Exploration	A general term referring to all efforts made in the search for new deposits of oil and gas
Exploration well	A well drilled in the initial phase in petroleum exploration
Farm out	A contractual agreement with an owner who holds a working interest in an area to assign all or part of that interest to another party in exchange for payment or fulfilling contractually specified conditions
FDP	Field Development Plan
FPSO	A Floating Production, Storage and Offloading unit used by the oil and gas industry for the processing of hydrocarbons and for storage of oil
Gross Margin	% (Gross profit or loss/Sales)
ISA	International Standard on Auditing
IFRS	International Financial Reporting Standards
Lead	Areas thought to contain hydrocarbons.
Lease Undertaking	When a discovery is made in a licensed area and the licensee is not in a position to declare the discovery commercial during the period of the licence but expects to be able to do so in the foreseeable future, the licensee may apply for a Lease Undertaking. This is an undertaking by the Minister, subject to certain conditions, to grant a Petroleum Lease at a stated future date. The holder of a Lease Undertaking is required to hold a Petroleum Prospecting Licence which will govern activities under the Lease Undertaking
Ltd	A limited liability company
MM	Million
NCS	Norwegian Continental Shelf
Net Cash	Cash and cash equivalents less Short & Long Term Debt
Oil field	An accumulation of hydrocarbons in the subsurface
PPE	Property, Plant and Equipment
Prospect	An area of exploration in which hydrocarbons have been predicted to exist in economic quantity
Return on Equity	(ROE) (%) (Profit for the period excl. Minorities/Average Equity excl. Minorities)
ROE	Return on Equity
Spud	To start drilling a well
TSR	Total Shareholder Return
Water injector well	A well into which water is pumped in order to increase the yield of adjacent wells
2D/3D	2D and 3D seismic is an acoustic measuring technology which generates a cross-section of the deep seabed and is used primarily when initially reconnoitring for the presence of oil or gas reservoirs. 3D has a narrower grid, which gives a better map of the area
Wildcat	An exploration well drilled in an unproven area to find out whether petroleum exists in a prospect

# CONTACTS

## **P/F Atlantic Petroleum**

Yviri við Strond 4  
P.O.Box 1228  
FO-110 Tórshavn  
Faroe Islands  
Telephone +298 59 16 01  
E-mail: [petroleum@petroleum.fo](mailto:petroleum@petroleum.fo)  
[www.petroleum.fo](http://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**
- **Atlantic Petroleum Norge AS**

For subsidiary's contact details please see company website