

ATLANTIC PETROLEUM CONTINUES TO DELIVER

With revenues approaching 600 million DKK (80 m EUR), Atlantic Petroleum had its best year ever in 2012, increasing profits, production rate, development assets, and exploration acreage—and delivering on its stated growth strategy.

IT WAS an upbeat message that came from Ben Arabo, the CEO of Atlantic Petroleum, as he presented the company's Annual and Consolidated Report and Accounts 2012. A record breaking year that went beyond expectation in everything from production to financial performance with revenues growing from 435 million to just under 600 m DKK (80 m EUR), 2012 saw higher production performance, increased development assets, increased reserves and resources, geographical expansion, and more exploration acreage added to secure future income streams.

Likewise, reserves were reevaluated to higher levels, effectively prolonging the lifetime of production asset Chestnut.

"It's very good news all over," Mr. Arabo said.

"We had an excellent year. We had the highest ever revenue, highest ever operating profit, and net cash from operating activities was the highest ever. We expanded our geographical focus, we went into Norway and the Netherlands, and particularly Norway has a large impact on our longer term strategy. We also expanded our license portfolio and more important, we got two new development assets."

Reported highlights of 2012 included total revenues of 596.7 m DKK (80 m EUR) compared to 434.8 m (58.3 m EUR) in 2011; a gross profit of 321.9 m DKK (43.2 m EUR) compared with 173.6 m (23.3 m EUR) in 2011; an operating profit of 246.8 m DKK (33.1 m EUR) against 126.3 m (16.3 m EUR) in 2011; total assets at 1.1 billion DKK (150

m EUR) against 777 m (104.2 m EUR) in 2011; and net cash flow from operating activities at 367.6 m DKK (49.3 m EUR) against 269.9 m (36.2 m EUR) in 2011.

The company's average realized oil price increased to 112.3 USD per barrel of oil equivalents (boe) against 108.7

USD in 2011. Other factors contributing to revenue growth included higher net production, which amounted to 928,000 boe compared to 737,000 boe in 2011.

"We set out in 2010 to grow all categories and I think we've delivered," Mr. Arabo said.



"The production exceeded by far what we expected. The main things that helped us there was that we had some work-overs on Ettrick, and Chestnut just keeps performing better than expected, not least thanks to our operators."

DOUBLED RESERVES: "The biggest progress, I think, this year has to do with reserves," Mr. Arabo added. "Because we had 2.6 m barrels in reserves last year. We produced 928,000 barrels but then we have net additions and revisions of 3.43 m. From the existing fields that we had last year, Fugro Robertson, our CPR [Competent Persons Report] provider, estimated there were 2.6 m barrels left to produce. But in 2012 we got a 430,000 barrels upgrade on the existing fields. In addition to that we bought Orlando, which has now been sanctioned, so that adds 3 m barrels to the reserves base, doubles it. The Chestnut remaining reserves estimate increased in spite of the production in 2012. So we basically gained an extra year of production on Chestnut."

Besides farming-in to four exploration licenses in the Dutch sector of the North Sea, Atlantic Petroleum entered Norway through the acquisition of Emergy Exploration, including offices and staff and two Norwegian licenses, a move aimed at positioning Atlantic



Petroleum well for future growth in exploration.

"That's one of the places where we are looking for the growth that's going to carry the company well into the next decade," Mr. Arabo said.

"The reason for Atlantic Petroleum entering Norway is that Norway is a very prolific exploration area with very good terms and conditions for exploration companies."

Also of strategic importance was the purchase of a 25-percent interest in two licenses in the UK containing the Orlando and Kells discoveries, both set for development with first oil expected in 2014 and 2015, respectively. The acquisition more than doubled Atlantic Petroleum's reserves, contingent resource, and prospective resource.

Mr. Arabo said: "Orlando and Kells were bought late in 2012 and I think that's probably the most significant thing that we've done at least when it comes to the activity levels in 2013 and 2014."

During 2012 the company was also awarded four licenses in the 27th licensing round of the UK Continental Shelf.

Four exploration/appraisal wells were spudded throughout the year, including Brugdan II in the Faroes and Orchid, Spaniards, and Polecat in the UK.

Atlantic Petroleum CEO Ben Arabo; The Aoka Mizu FPSO (floating production, storage and offloading unit) at the Ettrick field (top).

Atlantic Petroleum

PO Box 1228, FO-110 Tórshavn

www.petroleum.fo

petroleum@petroleum.fo

Tel.: +298 350100

Fax: +298 350101

CEO: Ben Arabo

Business Dev. Director: Nigel Thorpe

CFO: Mourits Joensen

Technical Director: Wayne J. Kirk

Atlantic Petroleum Norge

Managing Director: Jonny Hesthammer

Atlantic Petroleum is a full-cycle exploration and production (E&P) company. The company's asset portfolio spans the full-cycle E&P value chain of exploration, appraisal, development through to production and is located in some of the world's most prolific hydrocarbon basins. Atlantic Petroleum's main focus is on offshore North West Europe where the company can generate growth from its existing asset base and be prepared to acquire new assets.

At year end 2012 Atlantic Petroleum held a total of 40 oil and gas licenses in the UK, Faroe Islands, Ireland, Norway and the Netherlands, producing oil & gas from three fields in the UK part of the North Sea. Three fields are under development or near development. Atlantic Petroleum participates in joint ventures with around 30 high quality partners.

2012 net total production: 928,000 barrels of oil equivalents (boe). Total revenues amounted to 596.7 million DKK (80m EUR).

2012 operational highlights:

- Acquired Emergy Exploration A/S adding Company presence in Norway and two Norwegian licenses.
- Acquired 25% interest in licenses P1606 and P1607 containing the Orlando and Kells discoveries. With the acquisition reserves (2P), contingent and prospective resources more than doubled.
- Awarded interest in four licenses in Dutch sector of Southern Gas Basin.
- Awarded four licenses in UKCS 27th Licence Round.
- Four exploration/appraisal wells drilled: Orchid, Brugdan II, Spaniards & Polecat.

Atlantic Petroleum is listed on NASDAQ OMX Iceland and on NASDAQ OMX Copenhagen.

NASDAQ OMX ticker:

FO-ATLA & FO-ATLA CSE

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